Koester Metals, Inc.
Made2Manage® ERP

KMI Stays Sharp With Made2Manage Enterprise Portal

Since its founding more than a quarter century ago, privately held Koester Metals, Inc. (KMI) has remained on the cutting edge, sometimes literally, of the times and the technology. A manufacturer of high-quality sheet metal enclosures and precision sheet metal fabrications for industry, KMI is a world-class supplier. The Defiance, Ohio-based company has the credentials to prove it, too, since becoming ISO 9002 certified, more than a year ago.

As might be expected, KMI uses tomorrow's world-class technology to meet today's challenges. At the heart of the company's manufacturing expertise lies an advanced 2,000-watt LVD laser for precision sheet metal cutting to precisely controlled dimensions. The cutting machine's repeatability and accuracy can be 0.005 inches or better. That's just part of KMI's assortment of computer numerical controlled robots, welders, brakes, presses and a finishing department consisting of three paint booths and a force drying oven. The company also offers state-of-the-art CAD/CAM design and design assistance services to Original Equipment Manufacturer's (OEM's) to lower their total cost.

To control its 70,000-square-foot-operation, KMI turned to another cutting-edge leader, the Made2Manage ERP System.

All This and the Web, Too

However, as the old century ended, KMI faced some new challenges. A large percentage of the company's business involved custom, one-of-a-kind manufacturing. This was lucrative, but custom jobs don't lend themselves to the efficiencies possible with e-commerce and e-business. There's little to be gained, for instance, by converting job-shop customers to an online system. Such customers have no real inventory to check, and for these customers it's not really possible to order things with a Web browser.

Therefore, KMI needed to transition its customer base to one with more repeat business. As part of a growth strategy, KMI planned to expand its non-custom revenue to include precision sheet metal fabrications. KMI had already moved beyond being just a design and job-shop house. The company wanted to now emphasize not only design and initial manufacturing but also ongoing production.

Given that this was the 21st century, however, it was required that KMI somehow provide an online interface that benefited both itself and its customers. Unlike custom job clients, ongoing production customers would have an inventory to check, could order things online and might gain from electronic business-to-business interactions.

An example is the typical business task of billing. As shipments of goods are made, invoices are printed, gathered into groups, sorted, folded and then mailed. At the receiving end, the reverse happens. At that point, a check is cut, and the paper dance between vendor and customer begins again. Reducing or eliminating that cycle would be a win-win situation for all parties.

KMI was looking for something that, in Koester's words, "… saves us time, saves our customers time, and provides them with information they otherwise would have to make a phone call to get."

KMI also needed to improve its internal report generation. The company had, over the years, developed a number of custom spreadsheets and reports designed to ferret out information. These back-office applications provided the data needed to manage the business. But such reports frequently were created with information that wasn't real-time. In order to enhance its business intelligence, KMI needed improved back-office integration.

No Place Like Home

Faced with these requirements, KMI started looking for an answer. Like Dorothy in the Wizard of Oz, in the end the company found that the solution was there all along and that there's no place like home. More accurately, there's no place like the Web home provided by M2M VIP.

Koester was familiar with the application suites of the Made2Manage Enterprise Business System through long years of use. The original implementation of Made2Manage software enabled KMI to sustain several years of 25-plus percent growth. That's no easy accomplishment for a small company dedicated to custom jobs. But thanks to the Made2Manage business system, KMI was better able to manage the substantial increase in business. Made2Manage applications have allowed KMI to improve inventory control, materials control, and job costing and a great deal of redundant data entry has been eliminated.

Because of this positive past history and its current needs, KMI was very interested when M2M VIP was demonstrated at the Consona User Conference. Koester recalls thinking that the product and service had the right mix of capabilities and features. The package allows customers to check account and order status, view and search a catalog as well as communicate directly to a supplier. It does this on a hosted website for a low monthly fee. Software industry leaders have praised the service/product combination. For KMI, M2M VIP had the potential for customers to use it very effectively, especially those in the new client base.

"I would anticipate that a great many of those types of clients would find the site to be of benefit to them," says Koester. As a result, KMI signed up to try M2M VIP for several months. The company initially planned to extend the new site and service to a few, very carefully selected customers. Only a successful implementation would convince both existing and new customers of the value of the online service.

Up and Running

At the same User Conference, KMI was made aware of updated and improved connections between the Made2Manage business system database and other back-office applications. Koester notes that this solves the problem of less-than-current data being fed into reports or spreadsheets.

"We found the ability to actually do a live connect or a quick update of information in the database directly from the Made2Manage Enterprise Business System, so we can essentially have real-time updates to spreadsheet information," he remarks.

Koester reports that the M2M VIP implementation went fairly quickly, and KMI was soon able to present the new site and service to a few key customers. One of these, in collaboration with KMI, quickly used the service to streamline invoicing.

For this particular customer, KMI operated a replenishment system. Product was shipped in specially designed, reusable containers directly from KMI to the point of consumption on a weekly basis. Accompanying each shipment were documents detailing what was in each consignment. Parallel to the movement of goods was a flow of paper in the form of invoices. Thanks to M2M VIP, KMI was able to do away with the delivery of invoices. Now KMI generates an electronic invoice, and the customer checks that against the shipping documents. The savings in time has been considerable, although not extensively researched.

"A 50-percent savings is reasonable. Certainly the amount of time we spend stuffing invoices now is eliminated. We really don't even have to print them, however, we can print them to the screen," comments Koester.

An added bonus for the customer is that they can now see what is scheduled for delivery the next week. What's more, the customer can track work in process and see how many of a particular part is on hand at KMI. That can be compared to the size of an order. If those numbers don't match, then there could be a problem. With the new system, such problems will be detected earlier than before. That has some important, non-monetary benefits.

"It not only is something that can bring dollars back to you and your customer, but I think it also makes that customer feel that you're doing something for them," says Koester.

As a result, he expects that KMI will have an easier time attracting its new target clients.

Speaking of doing something for customers, Made2Manage Systems is a company that listens to its customers. The result is good service and a better product. Another consequence is that history is about to repeat itself, and that will probably be a good thing, according to Koester.

As he says, "We had a lot of input in 1990 on what types of things were going to be done. I think that's the case with the M2M VIP Enterprise Portal now. It's good for us, and it's good for anybody who gets involved."