

Material Handling in Manufacturing

CASE HISTORY

Manufacturer Cuts Cost, Improves Control with Software

Albertson's Stores Mill in Payson, Utah, is a medium-size, 198,000-square-foot manufacturing/storage site that employs 124 workers in the fabrication of retail store fixtures, like pharmacy furniture and photo booths.

The manufacturing software handles all the business functions, except payroll, and saves the company \$400,000 annually in labor and freight cost. The software automated some key processes, redeploying four office workers (\$200,000), eliminating a quarterly manual inventory (\$150,000) through better daily tracking, and another \$50,000 in air freight costs because of rarely missed ship dates.

"The software improves our inventory control," says Duane Lundell, general manager. "Before buying Visual Manufacturing, we had a bunch of miscellaneous software packages. Now, as inventory changes by the moment, we can up-

date inventory instead of having to do physical counts of what we have on hand. If we need to

locate a fixture in stock, all we have to do is go to a computer terminal to look up, with certainty, its location." This lets Alberston's Stores Mill order replacement inventory more accurately as well, cutting down on safety stock. "It's a double-edged sword though. The former safety stock levels allowed us to easily handle unexpected orders. It's good to have less inventory, but reaction time to rush orders can be less favorable."

The software lets the mill track waste percentage better for panel stock. "This waste tracking has benefited manufacturing greatly," says Lundell.

When the mill began its search for ERP/manufacturing software, it identified about 100 ERP systems on the Internet and provided them a list of 20 critical manufacturing needs. "We whittled it down to just 10 vendors based on response, then rated them from one to 10. We invited the top three to do a demonstration, and made the decision based on how well the software handled retail tax considerations for fixtures used inside the Albertson stores and for those sold to outside customers. Visual handled that process the easiest and got the nod," says Lundell.

The search for the right ERP package required five years, and Lundell believes that the process could be shortened by identifying clearly what the manufacturing business needs in advance.

"I recommend that you check on a software vendor's service support by calling current customers. Ask about how well they fix software glitches and about support during software upgrades. I guarantee you, for the first six months, there will be problems with integration, and

you'll need that support."

Also, make sure that both the vendor and you understand the terminology used in production. "That was the biggest glitch in integration; we called a widget a gadget and they called it a thing-a-ma-jig. This complicates things," adds Lundell.

Manufacturing process

Incoming goods are cataloged by part numbers, manually entered into PCs and assigned storage locations by the Visual Manufacturing software package (Lilly Software Associates). Material stored includes high-pressure laminates, plastic and wood sheets as well as small parts and fasteners.

The storage area feeds a mill operation, which in turn feeds the assembly area. The manufacturing software prints a sheet that lift truck operators use to deliver the right goods to the mill. Labor and job status are tracked manually.

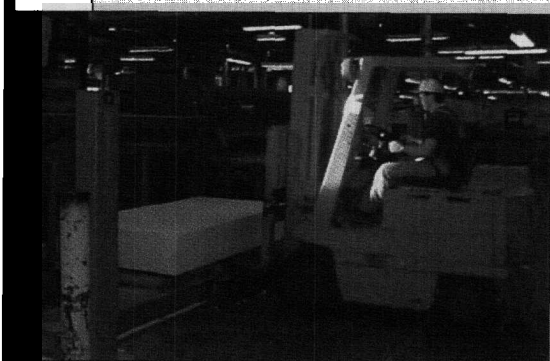
Once millwork is completed, parts are transported by lift truck and pallet jack to the assembly station. The software tracks all jobs by work order number with all parts and material put together before a job hits the floor. One worker visually inspects each set of components for color, size and quantity before they enter the assembly area.

Each station completes work on an assembly, top to bottom. Workpieces stay put, and workers move from one station to another, performing a task at each.

Items received and tracked manually now will use bar coding by the end of 2001. Bar coding will benefit the operation for tracking work in process (WIP) rather than finished goods inventory.

For more information, contact lundell.duane@amstr.com, or go to www.lillysoftware.com.

— Christopher Trunk



This lift truck operator loads material into a saw in the manufacture of retail store fixtures at Albertson's Mill. Manufacturing software (Visual Manufacturing from Lilly Software) directs each worker, controls raw material inventory while tracking each work order by delivery date.