

Pains and benefits

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Reasons for purchasing (buying)

- Pain
- Pain and vision distinction (difference)
- Searching for the pains depends on :
 - market segment
 - size of the company
 - ownership
 - position in SCM
 - position of the person

Reasons for purchasing (buying)

- dormant (latent) pain : it exists, but it is not presumed



Example : collecting money late,
paying to early ->crippled cash-flow

Reasons for purchasing (buying)

- real pain
 - a real pain (lack, deficiency, shortage), which are wittingly admitted by the customer

Examples : high value of the stock(inventory), due date performance is low, laborious and not exact calculation of production cost...

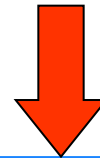


Reasons for purchasing (buying)

- vision

- particular (tangible) idea of the pain killer

Example : use of a good algorithm for replenishment planning replenishment ...



Type	No.	Action Message	Accept Action M...	Replenish... System	Description	Location Code	Original Quantity	Quantity	Unit of Measure
Item	80214	Change ...	✓	Purchase	250MB Disks/2pack	BLUE	200	150	PCS
Item	80214	New	✓	Purchase	250MB Disks/2pack	BLUE		100	PCS
Item	80217	New	✓	Purchase	Power Supply Cable			30 000	PCS
Item	80217	New	✓	Purchase	Power Supply Cable			70 000	PCS

We must produce 5 bicycles, so we need 5 seats (Gross Requirement).

But we have in our stock 3 of them. And another department has to assemble another 2 bicycles and we do have issued Purchase order for 4 seats. Safety Stock supposed to be 2. So finally we need : 2 (Net Requirement) = $5 - 3 + 2 - 4 + 2$

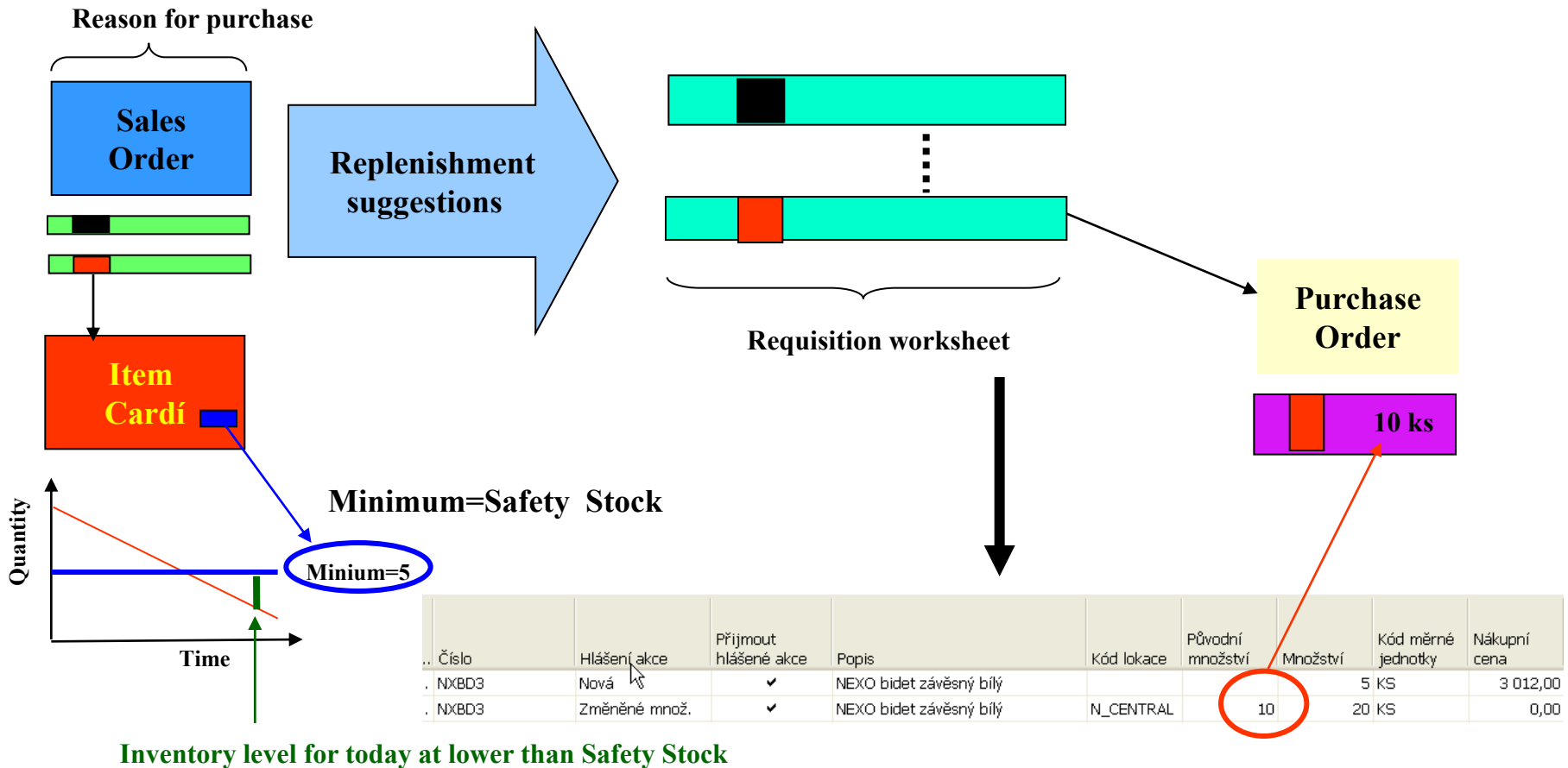
Requisition worksheet

(tool for automatic replenishment suggestion)

- **Impacts of using RW tool**
 - Lower inventory level
 - It balances supply and demand across locations
 - Lower inventory and handling cost
 - Higher liquidity
 - Sufficient service level is maintained-Service level represents the expected probability of not hitting a stock-out. This percentage is required to compute the Safety Stock. Intuitively, the service level represents a trade-off between the cost of inventory and the cost of stock-outs (which incur missed sales, lost opportunities and client frustration among others).

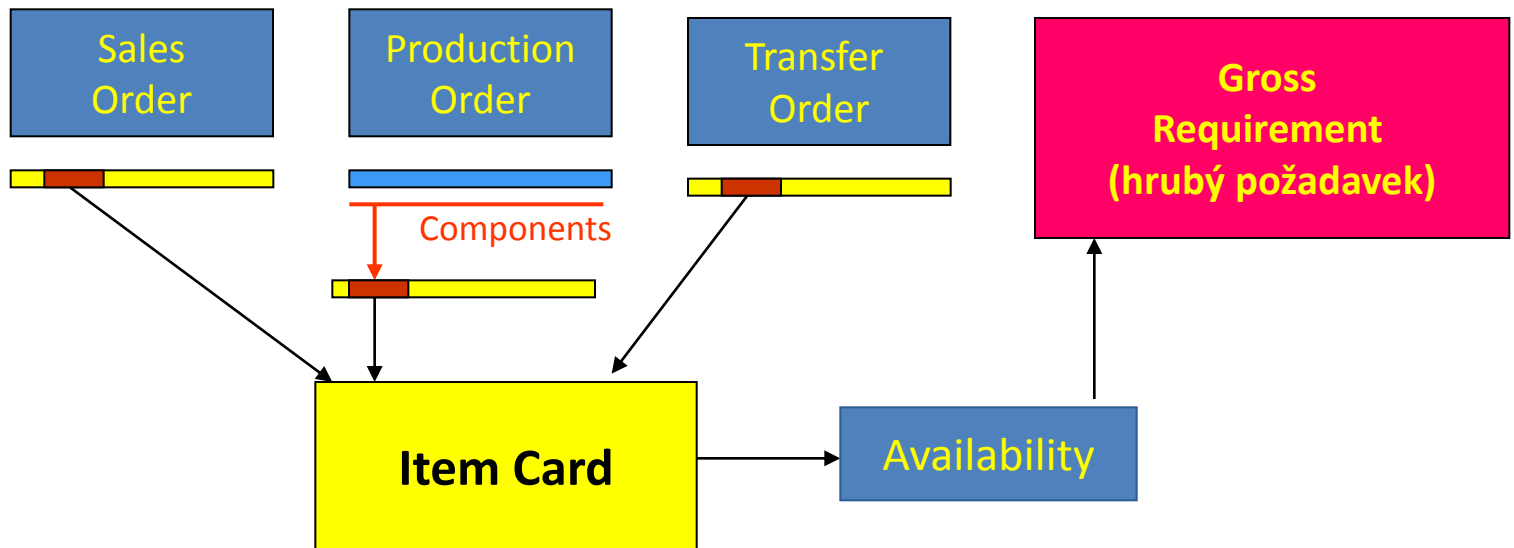
Purchase process

- $\text{Net Requirement} = \text{Gross Requirement} - \text{Stock level} - \text{Purchase Orders} + \text{Sales Orders} + \text{Safety Stock}$



Stock Availability

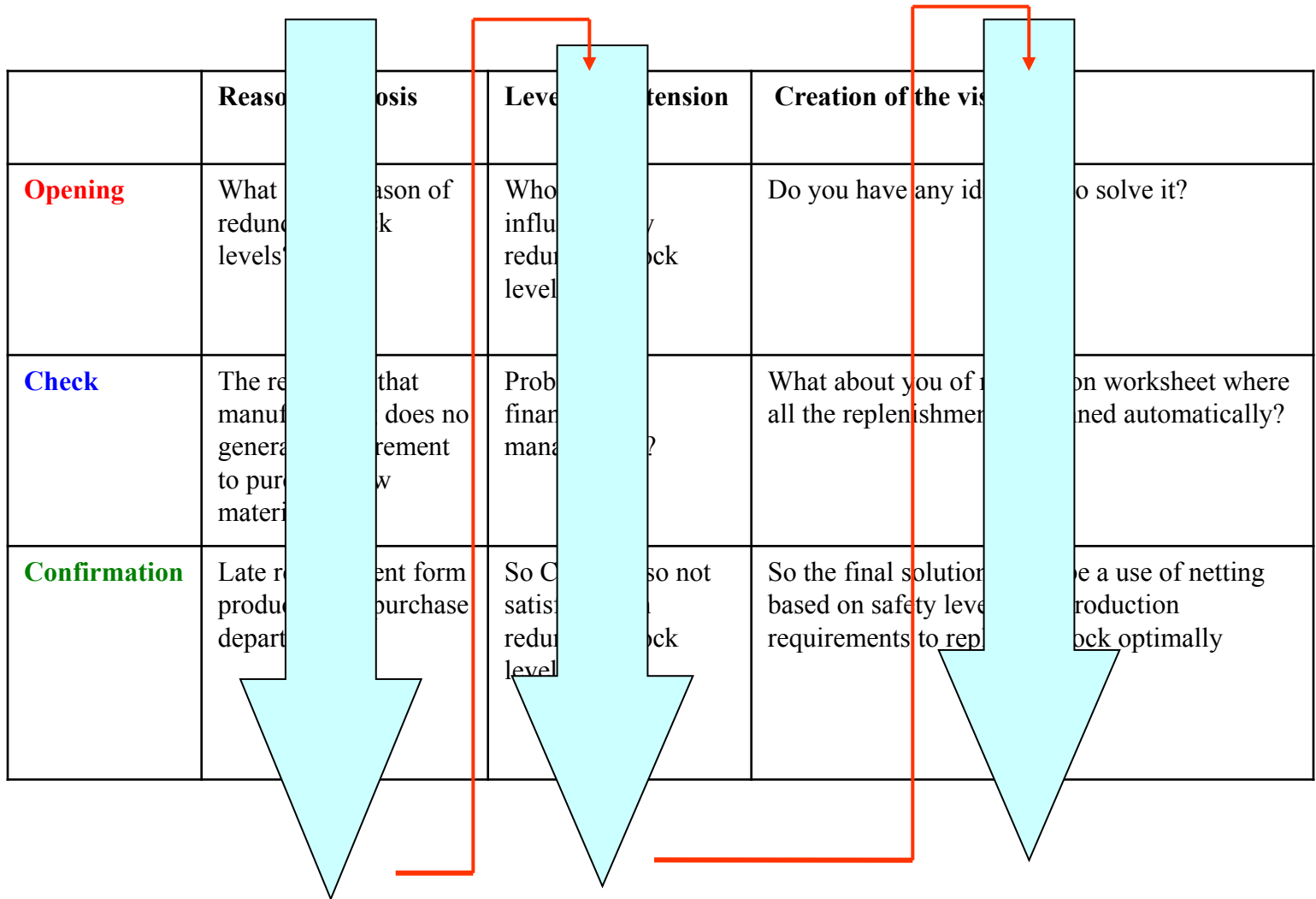
- Reasons for reordering (replenishment)
 - Sales Order (CR)
 - Production Order
 - Transfer Order
 - Both of above



Creation of the pain chain

- **General pain** : difficult analysis reports from existing data
- **CEO view** : owners push me hard every week to supply results !!!!!
- **Inventory manager** : I cannot optimise manipulation movement !!!! **Do it immediately !!!!!**
- **IT manager** : to get right data in right time I must transfer and modified a lot heterogeneous data in takes time and I am overloaded !!!

Creation of the vision



Pains in the information processing

- Manual /batch processing
- **BAR code reader**
- Heterogeneous databases (a lot of different application from different suppliers and different technologies)
- **Homogeneous databases, XML ports,...**
- Uncertain and late presented information
- **On-line data processing, automatic data integrity checking**

Pains in the information processing

- Complicated way of system usage
- Standard commands for every application –unique user environment
(see NAV shorthand (F3,F5,Ctrl-F5,...))
- Too much IT managers (high salary costs)
- Modern ERP requires less of standard IT guys and more IT guys understanding methods used to control enterprise processes

Pains in the financial management (accountancy)

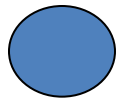
- Late access to information, difficulties in finding the reason why any entry (transaction) was created
- Navigation functions, dimensions, Business Analytics, ...
- Comparing actual and expected data is a foolish dream only
- Budget functionality, On-line data....



Pains in the financial management (accountancy)

- Difficult analysis of the customer or vendor balances
- Flow field (calculated fields)
- OLAP (Business Intelligence tools)





Pains in the CRM, workflow and financial management (accounting)



- Out-of-date information for salesman
- CRM directly connected of Sales, Purchase and Inventory
- Processes such as Sales, Inventory, Manufacturing, Purchase and Accounting are not connected
- All above mentioned processes are connected

- Rigidity of sales processes- not connected to business plans
- Tracking of the business opportunities, tasks and activities and follow up procedures
- Business plans a prognosis estimations are incorrect
- Boston matrix, Magic quadrant

Pains in the manufacturing processes

-
- Difficult planning/ changes in production
- **MPS (Master Production Schedule), MRP-II, JIT and direct link to sales and production orders for direct planning from sales orders (netting), manual MRP, automatic suggestion of replenishment and automatic issuing of purchase orders, DBR, CONWIP**
- difficulties in subcontracting management
- Constrained capacities of resources in production
- **Graphical planning tools, TOC application**
- A lot of errors when entering data in shop-floor
- **Use of Touch Screens**

Touch Screen application

MSS

- Grid
- Production
- Lot
- Packaging
- Parameters
- Allocations
- Planning
- Measuring
- Work Teams
- Setup
- Mob Scanners
- TouchScreens
- TouchScreen Manufacturing

User ID: ** **Annette Hill**

Actions

- Run this... **Login to machine.**
- Run this... **Logout from machine**
- Run this... **Start setup**
- Run this... **End setup**
- Run this... **Start processing**
- Run this... **End processing**
- Run this... **Post Output.**
- Run this... **Post RTS**
- Run this... **Measures and Checks**
- Run this... **Delay**

Action data

120 Bryan Walton

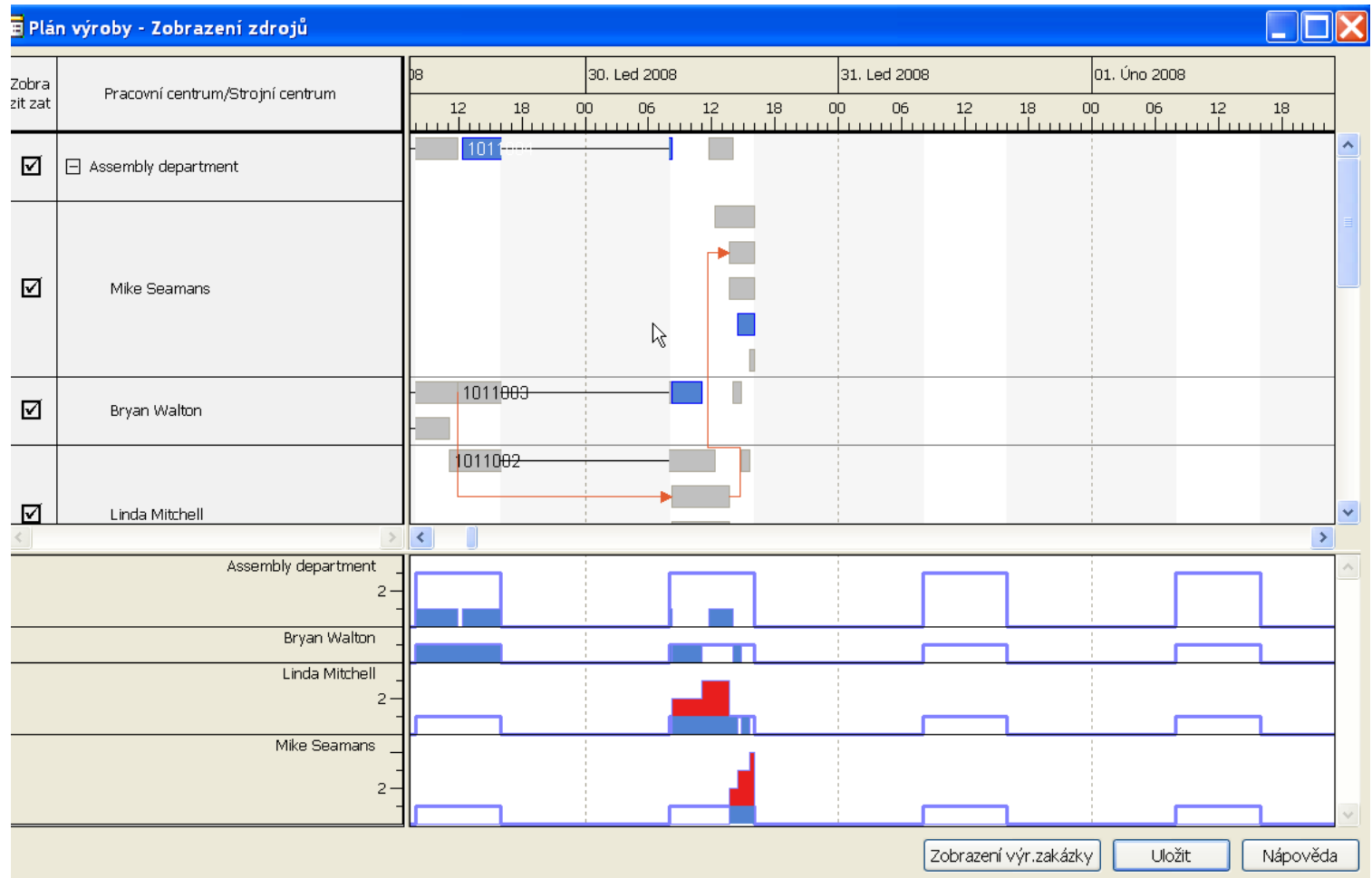
No.	Name
120	Bryan Walton
130	Linda Mitchell
210	Packing table 1
220	Packing table 2
230	Packing Machine
310	Painting Cabin

Show Doc

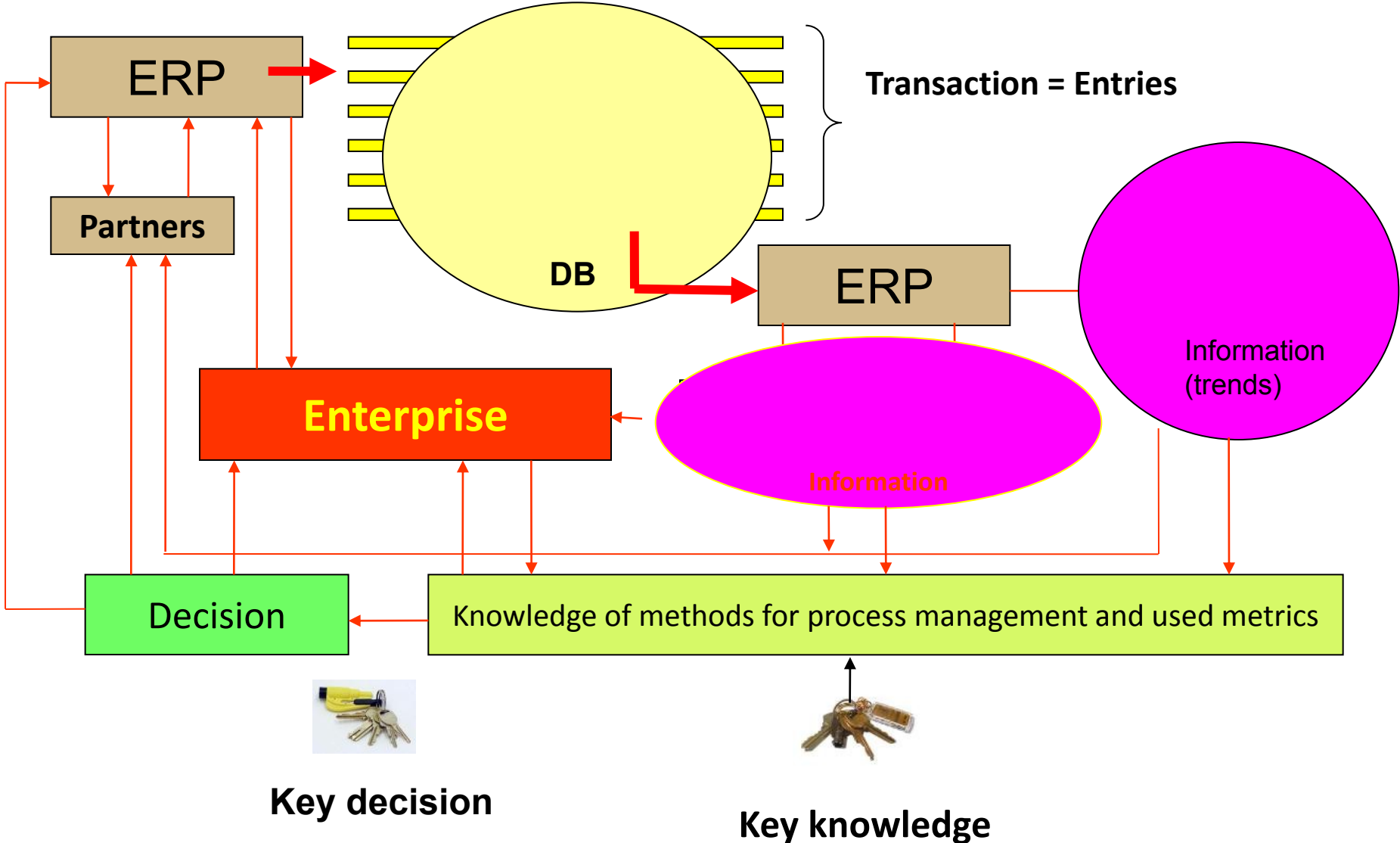
Info text

Logout **Annette Hill** **Process**

Graphical planning



Simplified diagram of ERP usage



Others

- Inter-company posting (more than one company in one database)
- Business Notification
- Responsibility centres
- OLAP + Business Analytics

Thanks a lot for your attention

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