

SUCCESS

IRONWARE CASE STUDY

INDUSTRY: Manufacturers of gypsum board

ORGANIZATION: American Gypsum

CHALLENGE: Moving from an order based business model to one that optimizes inventory

SOLUTION: Microsoft Dynamics™ SL with IronWare consulting, implementation, and customization

BENEFITS: Decreased lag time on orders and optimized customer service and delivery.



“Many processes throughout our organization were still done the old-fashioned way, and we knew that was causing problems both in terms of employee performance and overall profitability. When we contracted IronWare to implement a new line-of-business application, we didn’t know how much improvement to expect on the bottom line. To say the least, we were pleasantly surprised.”

Dave Powers
Executive Vice President of Sales and Marketing
American Gypsum

AMERICAN GYPSUM FINDS STRONG CENTRALIZED MANUFACTURING & DISTRIBUTION SOLUTION WITH MICROSOFT SOLOMON

ORGANIZATION

Based in Albuquerque, NM, American Gypsum produces, sells and distributes more than two billion square feet of gypsum board annually. In business for more than 40 years, the company provides customers throughout the United States with more than 150 varieties of drywall products.

BACKGROUND

Through ongoing investment in employee training and state-of-the-art manufacturing equipment, American Gypsum has created a consistent quality product that is recognized throughout the industry.

Despite its position as an industry leader, however, American Gypsum’s management knew that inefficiencies throughout the organization were hindering the bottom line while testing employee morale.

ISSUES

Prior to contracting IronWare, American Gypsum manufactured to order. Calls would come in to customer service reps, or salespeople would send in orders, and only then would manufacturing plants produce the desired drywall products. Such was the process from the company’s inception.

This traditional approach yielded many inefficiencies:

- Warehouses would sometimes run out of product, or wouldn’t have the materials needed to meet certain customer orders
- Lead time on any given order would vary between two and five days



- Customer service reps didn't know exactly when orders would be filled, and consequently could not assure clients that products would be delivered within specific time frames
- Dispatchers wouldn't schedule trucks until orders had been confirmed, at which time finding available drivers often became a challenge
- Plant managers would literally walk around their facilities to visually determine which bays were being used, and which weren't
- Production tracking was done haphazardly, using a decentralized Access database; plant managers would enter minimal information such as wasted material, time of run and other details; but this data was never aggregated and analyzed for insight
- Regional managers did all their forecasting manually with spreadsheets such that the overall process was decentralized, while reconciliation of numbers often didn't occur.
- An "us and them" paradigm developed over time between customer service and manufacturing, as each would operate from their own version of the truth
- Sales people would sometimes call plant managers directly to ensure that specific client orders would be done before others, resulting in sub-optimal production and crossed wires
- The overall service level was such that customer needs were met roughly 85% of the time.

SOLUTION

A value-added reseller of many different software products, IronWare is vendor agnostic. As such, it gives unbiased recommendations to clients based on specific client needs and resources. In this particular case, IronWare recommended Microsoft Solomon to serve as American Gypsum's line-of-business application. Customized modules were created for both customer service reps and the manufacturing plants. Another module was then created for forecasting and inventory optimization. An additional analysis application called Return on Inventory Plus by TC Logic was then implemented to facilitate the calculation of profitability by product. Implementation of Solomon and the customized modules for customer service and

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Jeff Marsalis
Director of IT
American Gypsum

manufacturing took four months from start to finish. The forecasting and inventory optimization component came online two months later, followed by Return on Inventory Plus the following month.

BENEFITS

Two immediate benefits of the new system were visibility into real-time product and materials information, as well as greater confidence in product data. These benefits resulted from the use of a centralized database that now provides one version of the truth for everyone in the company. Sales for the first year with the new system were up a robust 22%, compared to an industry-wide average increase of barely 8%.

According to Jeff Marsalis, Director of IT for American Gypsum, the key was getting people to trust the data provided by the new system. "Once we got everyone focused on all this available information, it was then just a matter of holding some meetings with both groups and getting





people to have the confidence in the data,” he says. “Once these conversations began, the processes worked themselves out. A few meetings with all the key players did the trick. Relative to all the technology we implemented, and the new enterprise-wide changes that resulted, everyone in the company caught onto the new system very quickly. The hardest part was convincing people to have the confidence in the data.”

Benefits of the new system include:

- Warehouses rarely run out of product or material, thanks to predetermined inventory set-points that managers can now forecast accurately; and even when specific raw materials or finished products are unavailable at a plant, they can be quickly delivered or manufactured at another plant, thanks to the visibility that both plant managers and customer service reps now enjoy
- Lead time on orders is now one day, or sometimes even less than one day, thus allowing same-day delivery – a big plus for demanding clients
- Customer service reps now have the confidence to tell customers exactly when products can be delivered, which has dramatically improved the number of closed deals per sales call
- Dispatchers now schedule trucks one or two days in advance, knowing that orders will be ready to deliver; finding available drivers is consequently much easier than before

- Production tracking is now coordinated and centralized, with plant managers entering highly valuable data about each run their plants execute; this has enabled valuable analysis of production runs, which in turn has lowered production costs

- Plant managers can now use the forecasting system to better predict how much product will be needed, resulting in better optimized inventory set-points

- Regional managers can all use the same system to do their forecasting; these projections are based upon the number of skews sold in the previous few weeks, combined with market information such as housing starts, merchandiser activity and other such data

- The “us and them” paradigm morphed into a strong sense of teamwork thanks to all company employees sharing one version of the truth

- Sales people have no need to call plant managers directly anymore, and are consequently able to spend all their time focusing on moving more product

- The overall service level has increased such that more than 98% of customer needs are met.

CONCLUSION

Marsalis notes that IronWare’s client-friendly modus operandi played a central role in the project’s overall success. “IronWare is committed to solutions that add value. When we began this process, they didn’t just start talking architectures or methodologies.

The first thing they did was understand the business issues that we’re trying to solve. They helped us identify which issues were affecting the business; and then they worked with us to find an affordable solution that met those needs. We’ll be calling on them again for the next step: setting up a customer self-help application that lets clients check product availability and pricing online, as well as their order status.”