

Custom assemblies

Computer says yes



Sun Hydraulics needed an ERP system which could support its commitment to saying 'yes' to its customers whenever it possibly can. It chose Microsoft Dynamics 2009 delivered by vendor Technology Management.

SUN Hydraulics is a US manufacturer of hydraulic valves with manufacturing and sales sites all over the world. Here in the UK it set up shop almost 30 years ago and has spent the last 23 of those at its production facility in Coventry. Here it makes either batch or one-off valves, weighing up to 250kg and costing up to £5,000 a piece, for industrial and construction machinery and renewable energy technology like tidal generators, wind turbines and solar panels. The site employs 68 people, has a turnover of £12m and exports 50 per cent of what it makes – predominantly to Central Europe and Scandinavia.

Having implemented Microsoft Navision 2.6 around ten years ago, Sun Hydraulics upgraded to version 4.0 in 2008. Now, it has gone one step further and installed Microsoft Dynamics 2009.

Ian Callow, Sun Hydraulics' IT director, explains that the IT system is used to orchestrate everything the company does. "Everyone in the company uses our ERP system every day at some point," he says. "We use it for everything from sales ordering from the front end to manufacturing processes on the shop floor and issuing purchase orders and all of the financial reporting."

Whatever discipline it's being used for, though, the main requirement is that the system enables ultimate flexibility and supports the company's commitment to providing its customers exactly what they want, exactly when they want it. "We don't want a 'computer says no' situation. We effectively assume infinite capacity and the application is our scheduling management. We never want to have to say we can't do this, even if the computer says it is impossible, we want to be able to expedite

things and move them around and meet the requirement. Our customers determine our production schedules."

The system has to be able to cross check orders against supplies to ensure that the correct componentry is in stock and, if it isn't, be able to order more. And, by having this information available at the point of order entry to front screen, Sun can respond immediately to customer requests rather than waiting to manually check stores. Management has to be able to easily and effectively rearrange production schedules at any given time. And, if the laws of physics can't be bended quite enough to ship from Coventry, the management team has to be able to arrange it, via the ERP system, from one of Sun Hydraulics' other global sites.

Says engineering manager Steve Hancox: "Previously, lead time from customer order to delivery has been as high as 16 weeks; now we have set up a system whereby we'll deliver by tomorrow, if we can. We will try to meet whatever the customer requires. It might be that they don't want it for six weeks or it might be that they want it tomorrow. We will always strive to work with the customer and meet their needs."

Making the shoe fit

Some manufacturers opt for an 'out of the box' ERP package because they feel they will benefit from the standardised processes and because it is easier to implement, train employees on and maintain. Conversely, though, Sun Hydraulics chose Microsoft Dynamics because of the high levels of customisation that it offers. "We cannot operate by determining how we run our business by what the ERP system says," says Ian, "it has to be the other way round. The IT must be tailored to suit how we work."

Critically, this has allowed the flexibility to be built in. It also allows communication links with sales operations in France and Germany which are too small to run their own systems and thus piggyback on the UK's and enables the company to adhere to and illustrate security compliance which are necessary in the US.

Microsoft Dynamics also ticks another of Sun Hydraulics' principle boxes through customisation: simplicity for the end user. "We wanted to make it as simple and as error proof and as free for the user as possible," explains financial controller Ray Glasspole. "For example, at the front end the sales team can put a sales quote on the system, send it to the customer and the customer can see the price, lead time, any discounts and so on. If the customer then wants to go ahead it's one button to turn the quote into an order. They don't have to re-key it."

"The shop floor employees see a list which is prioritised by the required date. They sign on to a Machining area and it tells them the numbers they need to process. They do it, go back to the screen, type in the output and move onto the next job. The idea is as much as possible is done for the user."

The vendor Technology Management's proficiency in customisation along with its focus on manufacturing processes and a shared 'can do' attitude has been invaluable to Sun, Ian suggests.

"We've got a pretty good idea of what we want the system to be able to do so we've been able to intonate our requirements quite clearly and comprehensively," he says. "Where the standard system didn't do what we wanted it to be able to do, Technology Management were able to customise. They've always taken the stance of 'if that's what you want, we'll do it'."

"It's quite clear from working with them that they have a lot of practical business experience which other vendors sometimes lack. Vendors tend to be computer geeks who don't really understand the business need. These guys do and they have a high proportion of manufacturing companies on their books too; this is important as it means they better understand the requirements."

Customer is king

The pipe dream for Sun Hydraulics is to implement a system whereby online customer orders automatically feed into the production schedule.

Says Ian: "At the moment, we run a production plan on a daily basis and whoever looks at the plan will cast an eye over it to ensure there isn't anything ridiculous on there, based on their own experience. They can do manipulation on what the system suggests before it gets approved. We do that manual sanity check but at some point hopefully we can trust the automation."

The online ordering basket will eventually become the same as internal sales staff placing an order and will filter through to production in the same way. Customers will be able to select next day when an item is in stock or be offered available lead times. If what they require is not offered the system will prompt them to contact Sun by telephone who will manipulate the system to make it happen.

Steve maintains that this approach to customer service gives the company a big edge over its competitors. "We get feedback that we are very easy to deal with," he says. "Customers ask us if we can do something and they get an answer very quickly, usually a positive one. They, in turn, can be more responsive in their own business strategies. We've won business from our competitors because we can work to the customer's production schedules rather than vice versa. Our deliveries are up there with the best in the business. Many of our competitors are double, triple or even quadruple on our delivery times."

"Our main business strategy is to be completely responsive to our customer and this ERP system facilitates that." **END**

