

Sage ERP X3 | White Paper

Configured Products in the Warehouse

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Mass customization ... value-add ... kitting ... assemble-to-order. These are just some of the differentiating mechanisms companies are utilizing to forge lasting, profitable customer relationships. All of these special services are variations on the theme of tailoring standard products to suit specific customer needs.

Many manufacturers are moving final product assembly to points as close to the customer as possible in order to deliver customer-specific products on a timelier basis. They also wish to avoid having pre-assembled finished inventory sitting idly on warehouse shelves as a result of incorrect forecasting or sudden shifts in consumer preference.

Ironically, this has shifted the role of the warehouse from one of serving merely as a storage area to that of being a dynamic, value-added center for final product assembly and customer delivery coordination.

Product configuration tools, like those which are found in Sage ERP X3, help ensure that proposals for final product assembly are intelligently configured to meet customer needs. Companies also require additional flexibility at time of order to sell accessory items that “go with” what the customer is ordering, including pre-established “menus” of items that are often sold together. This helps save time-consuming keystrokes, particularly for multiple line item orders that contain products which are associated with each other in some way.

But front-office sales configuration is just one part of the equation. Back-office functions dealing with allocation, scheduling and warehouse delivery coordination are just as important to achieving successful fulfillment of customer-specific products.

Depending on the industry or type of products involved, certain configurations might be fulfilled simply by ensuring that separately-stocked off-the-shelf products are picked, packed and shipped together. Oftentimes, there is an intermediate step of physically assembling components together into their finished state. In either case, it is paramount that component inventory allocation takes into account all necessary constraints.

For example, companies selling various combinations of computer systems want to ensure that the same number of processors, monitors, keyboards, and printers are delivered, even if it means shipping one or more components short of what is actually available, due to inventory shortages for one or more of the other related components. For many companies,

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receiving a partial configuration is worse than receiving nothing at all, since the unmatched parts only take up unnecessary space, and must be double-handled once the remaining products arrive.

Designating that orders or individual line items should be “shipped complete-only” can protect against warehouse processing of partial orders until all quantities can be allocated to meet the given constraint. For customers who permit partial deliveries, built-in controls ensure that only even increments of related products are picked and shipped. It is also good business practice to prioritize the allocation of incoming components to partially allocated configurations, so that they can be shipped to the customer as quickly as possible.

Customers rate vendor performance first and foremost on their ability to deliver user-ready products when, how, and in the quantities they’ve requested. Thanks to features found in Sage ERP X3, companies can rate highly with their customers.

Please contact us for a free assessment of how your company can benefit from Sage ERP X3.