

Brown, Smith Wallace Consulting White Paper

Operations Management
How Technology Can Help Relieve
The Stress of Managing Your Business





Imagine that you are responsible for the operations of a midsized distributor. That means you are responsible for making sure everything works. That might be challenging enough, but then the constraints are added. You have little power over all of the areas that contribute to your success, there are never sufficient resources to do it right the first time, and external trading partners are always asking for more without being willing to pay for it.

If this sounds familiar, this paper is for you. Whether you are called the general manager, the chief operating officer (COO), or just the mule, you are carrying a big load. Your success is controlled by everyone else in the organization. The best operations guys (and gals) have a politician's personality to keep everyone happy, a sergeant major's ability to get the troops to move, and the patience of a saint to put up with all of the crazy things that keep life interesting.

There are six major areas of stress that actually have technology relief valves to help solve the day-to-day problems of the organization.

- Regulation (from the Department of Transportation to OSHA and to the Consumer Product Safety Commission)
- Collaboration and communications (internal and external transparency—connectivity)
- 3. Managing
- 4. Pricing discipline
- 5. Customer service levels
- 6. Forecasting and inventory level management

On top of all of this, there is the issue and need of keeping a well-trained work force to execute the plans. That means ongoing training (without being given the time or resources), personnel management, coaching, babysitting, and many other tasks associated with the care and feeding of employees.

Each of these areas will be discussed and solutions offered. There are a few simple assumptions that are required. **First** is that the company must have or be willing to implement a relatively sophisticated (not expensive) Enterprise Resource Planning (ERP) system with a decent Business Intelligence (BI)

tool. **Second**, the operations manager must be able to spend time working on the business, not just in the business (the philosophy of Michael Gerber in the E-Myth). **Third**, the organization has to be capable of breaking with tradition and the way "we have always done things." Given those three elements, the future is bright.

DEFINING THE HEAD OF OPERATIONS

We should start with a short definition of the role of the general manager or COO. There are many different definitions, but for the purpose of this paper, let us agree on the following:

Operations managers are responsible for the traditional supply chain activities (acquisition, storage, and delivery of products and services to the customer base), for providing customer service (before and after the sale), and supporting the internal needs of the organization to meet the goals set by the ownership group.

As a company grows, so does the requirement to manage operations in a more sophisticated way. Most operations managers and their departments started in the warehouse. That was it. One person who unloaded trucks delivering whatever purchasing ordered; putting the inventory away so it could be found; retrieving, packing, and shipping it when sold; and finally, fixing or correcting any customer complaints or problems as they occurred.

The basics are still the same. The complexity continues to increase with the size of the organization and the new requirements of government, accounting, and management. If only the time and funding to do everything increased in proportion. That is a key issue with successful operations management today.

REGULATION

Do you know, track, and understand all of the regulations that might affect the way you do business? Are plans in place to react to new, proposed changes? Are resources available where you can go for help? The first and primary step is making sure you know which regulations affect you and what do you have to do about them. It's not as easy as you might hope. If you only look at the federal regulations, not any special requirements



or restrictions in any other locality (states, cities, and other countries), the numbers are almost overwhelming.

The government publishes a database of regulations and findings for you to research and study. In their own words, "Regulations.gov ... This on-line database contains over 1.2 million pages of regulatory and adjudicatory information for easy research and retrieval." How can 1.2 million of anything be easy to use? Here is where specialists come in. Someone needs to help you understand what regulations you have to watch and how can you use the computer system to help you comply. For the small and medium-sized business, national associations are one of the best places to start. They will watch for regulations and provide interpretations of what has to be done for their members.

One example that most distribution organizations will understand is Material Safety Data Sheets (MSDS), which are required to be provided with any shipments of covered material. Many distributors today provide them electronically instead of stuffing them in each shipment. By one count, there are over 3.5 million MSDS in a single online database. The computer is very good at storing and retrieving this kind of data. It should be responsible for automatically printing, sending, or otherwise making the required information available to any customer ordering any covered goods.

Another set of regulations is for any company with its own delivery trucks. There are many different weight restrictions, exterior labeling requirements, and limits on how much of specific products can be carried. Even everyday products can become problems when shipped in case lots or greater. A proper system can warn when there are hazardous materials to be carried and where warning labels are required. It can even generate the proper labels and signage for any vehicle that requires such external displayed information.

It is important that the COO be able to identify what needs to be labeled according to the volume of product ordered as well as the individual product itself. This just complicates the requirement to be on top of all regulations that may apply.

Following are some of the labels that may be necessary.



Class 1: Explosive



Class 2: Gas



Class 3: Flammable Liquid



Class 4: Flammable



Class 5: Oxidizer and Organic Peroxide



Class 6: Poisonous and Infectious Substances



Class 7: Radioactive



Class 8: Corrosive



Class 9: Miscellaneous Hazardous Materials



Whoever is in charge of operations also has a responsibility to protect his or people. OSHA (Occupational Safety and Health Administration) was passed by the U.S. Congress in 1970 and established a nationwide, federal program to protect almost the entire work force from job-related death, injury and illness.

Rules and regulations include how much weight can be lifted, rules about shelving, and storage. Regulations on the use of gasoline and propane-driven forklifts in confined spaces, safety cages, and safety training requirements are all published. Changing interpretations make keeping up even harder.

In some areas of distribution, lot control and serial-number tracking are required functions. One example is the Fastener Quality Act, which requires that certain fasteners be tracked by the lot in which they were originally created or treated. Inventory must be segregated by lot, sales records must contain the lot-tracking information, and the distributor must maintain a database of who got what so that it can provide information on all purchasers of fasteners from specific lots.

Without computers, this would be almost impossible. With computers, it can still be difficult. The most important requirement is discipline of the employees. The system falls apart quickly if the warehouse is not careful to pick and ship the exact product specified in the sales order and picking ticket. In some cases, the lot information may be added by the warehouse as product is selected from the shelves (either manually or with barcodes using handheld devices).

Either way, it is the responsibility of the warehouse management to make sure procedures are followed. This may require cycle counting and other audit practices to assure compliance in case of any future event that might create liability for the distributor.

Data capture and storage of information related to any of the regulatory requirements can be extensive. Each set of rules may have different requirements. This is where a knowledgeable individual in your organization or available from a trusted third party will be most helpful. Do not allow this area to be a "quick and dirty" after-thought. It is critical, and the potential liability is disastrous if proper controls are not in place.

Reporting is the last component of a regulatory compliance area. Most rules require that the distributor, manufacturer, and/or importer report on transactions made. There are also requirements for longevity of the data storage. Make sure the ability to retrieve information is not destroyed when new hardware is installed or software updated. Test the ability to retrieve data from the original media or be prepared to copy all data to new formats to protect its availability.

COLLABORATION AND COMMUNICATION

Electronic Data Interchange (EDI) is the oldest and most universally recognized form for sharing data that is found on standard business forms. Developed in the 1970s, EDI defined the formats to be used for computer to computer communications of common business transactions.

As part of his Master's Thesis at Purdue, this author studied why there were so few distributors taking advantage of EDI. The number one reason that distributors installed it was: "My trading partner made me." They never looked at the savings that were available in terms of processing and saving paper; they never considered the benefits of faster turnaround, tighter integration in a customer's business, or greater opportunities to better manage inventory.

If companies responded that they were forced to do EDI, they were then asked why they were not doing EDI with their other trading partners. They had already spent the money to do the implementation, and they should have been aware of the benefits. The answer? They did not believe their other trading partners could handle the technology. Upon closer examination, it was obvious that if they thought about it, they would have known that the other trading partners were also being forced to do EDI with many of the same customers and suppliers.

This is an area where it is easy to pick up processing speed and capabilities. Even the most basic transaction can go a long way to helping streamline the order-to-cash process on one side as well as the purchase-to-pay on the other.

If an organization wants to get a little fancy, they can start using transactions like the Advanced Ship Notice and Invoice



(857 if you like to talk in numbers). With this, your supplier's computer will warn you when a shipment is leaving their dock. It will tell you what is on the truck, what Purchase Order each item is tied to, and the cost for the shipment. No more waiting for an invoice to arrive by mail. Now you will not have to match a receiver with the invoice; they both arrived together. How much time could that save you?

In more sophisticated operations, the 857 is used (with spot checks and annual audits) to streamline the process further. These companies actually pay electronically from the 857 on receipt of the product. Using a simple process available in most modern ERP systems, they can eliminate the accounts payable process all together. To encourage use of these transactions, many suppliers will provide a discount equal to or greater than the interest that could be earned on the money by not paying for 45 days.

How can a supplier afford that? It is easy; it eliminates the need for collections, for application of checks that do not match the balances due, and filing, retrieving, losing, finding, refilling of all of that paper. The savings do not even consider the value of being electronically connected to suppliers and customers.

Portals provide the ability to give trading partners access to their data in a real-time mode. Each company has password-protected entrances to the web environment, which allow it to access transactional and other data.

One area that can make great use of this capability is sales. Consider the opportunity to agree with customers what materials their employees can order. These all appear on the portal site. No other products are displayed. No prices are shown (they have all been negotiated). The employee can go out, check what he wants, enter the quantity, and have it delivered on the next shipment. Of course you can build in checks to make sure someone does not order more than he should, or more often than is reasonable.

The customers love it as their people can now get normal supplies (paper, clerical, building, MRO, and so on.) with no hassle. It is all there in one place. The prices are preapproved and the deliveries can only be sent to the customer's business location. Even better is the potential integration with the

purchasing and accounts payable applications. Every order is processed according to the rules of the organization, and all of the electronic paper trails are generated "automagically."

It is good for the supplier as well. The customer has acquired ease of use and given up shopping the price every time he needs to order. Being electronically integrated with your customer is a greater barrier to entry of a competitor than almost anything else. In order to replace you, a competitor not only has to sell the product for less money, it must sell it for enough less to make changing the integration worthwhile for the customer. In addition, the new supplier must negotiate with the buyer's IT department to implement a new interface.

The value of portals is also seen in the savings of the time necessary to look up general information. The customer (or vendor) does not have to wait on hold for the right person to take the question, search for the data, and then bring back answers. Now, all of the latest information is online and available without interrupting the Customer Service reps who need to spend their time on more complex purchases and resolving problems.

The only real downside to portals is that an organization, if it not careful, can lose connection with some of its customers. Customers who take care of themselves can be forgotten. This is where relation management software comes in handy. It can make sure you connect with all customers on a regular cycle based on their size or contribution to gross profits.

Transparency is a term that means the operation knows where every bit of inventory or paperwork is located at any point in time. It is important to be able to know, for example, what inventory is on the shelf, and which of that has been committed to specific sales orders.

Here is an area where the computer can provide significant assistance. There are many cases where the customer will actually order far in advance of any specific need or required delivery date. For example, on a large construction project, the orders for all fasteners, plumbing supplies, electrical requirements, and HVAC equipment may be ordered on approval of the project. Making sure the correct inventory is available to be delivered on the date needed is not always easy.



The difficulty comes in when human beings thwart the application. It is often too easy for any salesperson to go into the warehouse and find inventory that one of his customers needs on the shelf even though the computer told him it was not available.

In a misguided effort to satisfy one customer at all costs, the person destroys the ability of the application to do its job. Too often salespeople do not consider what is best for the firm. So, they go out, grab the desired inventory from the shelf, and then leave, knowing their customer has been taken care of without being concerned about what happens to anyone else's customer.

One nontechnical method to improving the accuracy of the computer application is to prohibit all salespeople and service reps from entering the warehouse. If any inventory is reallocated then warehouse personnel will make sure it is properly accounted for and all systems are updated.

With repeat customers, it is possible to build interfaces to their project management software. In this way required delivery dates are constantly updated. Rain delays, inspections, and problems on the job are all reflected and due dates are updated. This accurate and timely information allows the operations manager the flexibility to change the allocation of inventory based on new information combined with knowledge of what is on order and when it is expected.

With full knowledge of what inventory has been committed to whom and when, it is possible for most applications to juggle real-time needs without jeopardizing long-term promises. The system can easily check to see if replacement orders are already in place with delivery dates prior to the committed need. Then current inventory can be released to another customer, and accurate records of the transaction make sure nothing is lost in the process.

In cases where on-time delivery is critical, special locations in the warehouse can be set aside for "do not touch" inventory. Essentially, the computer considers anything in those locations already sold and delivered. Then it is just a matter of releasing the product for delivery when the time is right.

With full transparency, the system is watching the inventory for all customers. If product is expected on date X and there are Y days required for shipping, the computer will automatically set up a "status check" for X – Y days to make sure the product is leaving the supplier's dock on time. Expediting becomes a thing of the past because all requirements are being tracked in advance. By properly setting parameters, a distributor can know well in advance of any potential problems.

Combining transparency with a portal, the customers can be given the ability to see if inventory might be available early if they are running ahead of schedule (even though that rarely happens) or they can examine inventory levels when considering new purchases. This scares many business owners. They do not want to ever lose a sale because something was not in stock.

Expanding the transparency concept through the supply chain, it is possible for the distributor to show the supplier's inventory as available in another location. Then, it is never out of any required products.

EDI can also be used to handle all of the trading partner communication electronically and bypass the portal altogether. In the case where inventory is reserved, the customer can just use an inventory release transaction to ask for any product to be delivered when it is needed. As mentioned above, advanced systems can tie into the project management applications, and by integrating with the use of EDI, the most current schedule to provide just in time (JIT) deliveries is always available.

As head of operations, you need to know what is on order, when is it expected, and who it goes to on arrival. Your goal is to provide the six essentials of top-tier providers:

- 1. The right product (no unauthorized substitutions)
- 2. At the right time (not early or late)
- 3. With the right quantity (no extras or shortages that have to be managed)
- 4. The right quality (so each shipment does not need to be inspected)
- 5. Packaged for ease of use
- 6. At a fair price.



Implement operational processes using tools like EDI, portals, and strong warehouse management, and you will become the hero of the business and of the customers. Remember to expect the same six essentials from your suppliers. Use your knowledge of what is possible to require the same capabilities so you can be even more successful.

Dashboards provide a simple human interface to make it easier to track what is happening and communicate current status to various levels of management. By using color, charts, and other graphical means, it is possible to get a quick view of any process just by looking at a specific screen.

There are many metrics that can be watched. It is up to managers to determine what they need to best manage their operation. Some of the more common metrics frequently used in dashboards for operations include:

- · Number of shipments received
- · Number of items put away
- · Number of items cross docked
- · Number of items picked, packed, and shipped
- · Number of shipping errors discovered
- Number of open CSR calls
- Stock levels (by exception)
- Amount of inventory waiting for put away
- Amount of inventory waiting for picking
- · Staffing levels
- Delivery status (own trucks)

Productivity is also something that can be watched.

- · Picks per person, team, or shift
- Put-away per person, team, or shift
- · Receiving schedule accuracy and unload times
- · Shipping schedule accuracy and load times

More advanced users will also see statistics on their financial results.

- Turns of inventory by product, class, vertical, and more.
- Valuation or cost of "C" and "D" inventory
- · Percent of freight recovery

There is almost no limit to what can be shown in a dashboard. The most important thing is to select a small number of metrics and watch them. Get used to them. Experiment. Over time, each operations manager will find his own best measures. Then, with a simple glance at the screen, it is possible to know how well things are going and where executive assistance is required.

Workflow software is a relatively new concept for the small-to-medium-sized distributor. The purpose is to let the computer manage the movement of documents (or parts of documents) to the various people who need to deal with them.

For example, assume the rule is that all accounts payables valued at more than \$500 must be approved by the department manager. Then when a payable is scheduled for payment, the original purchase order number, name of the person who approved the order, the date product was received in the warehouse, and the date of the invoice are provided in electronic form to the manager. The appropriate manager can then enter a special, secure code to signify his or her approval. More detailed information can be retrieved if the manager wants to "drill down" to do additional due diligence before approving the payment.

The payable can then be processed through creation and automatic signing of the check (if old-fashioned paper-based checks are still being used). [Note: Even if electronic payments are not being used, the organization should at least consider the use of "Positive Pay" to reduce the potential for embezzlement or the issuance of fraudulent checks. In this process the bank is given an electronic list of all checks, their amounts, and payees. Only checks that match all data elements are paid and cleared.]

All processing steps are defined, and the systems push information and forms to specific persons to be reviewed, approved, or have other work completed. Real-time data is available to the management to know where there are backlogs.



In most cases, the system is able to route work to multiple persons, and that allows the workload to be balanced. This gives the department head a great deal of data to assist in managing bottlenecks when specific persons become overloaded.

Of course, it is best to eliminate as many manual steps as possible. Good reporting of actions taken and the good old "exception reports" can keep any manager up to date on what is being done. While nothing is perfect, if you can eliminate 80% of the paperwork with 20% of the effort, you have just paid for a great deal of technology.

Pricing support is a great opportunity to add to the top and bottom lines in any business. Historically, distributors do not have strategic plans for their pricing. It is often random and unstructured. This means that the largest customers do not necessarily get the best prices. That may be a good way to increase income a bit, but in the long run it can cause many problems.

It is never good for a large customer to find out that small, infrequent customers are getting better pricing on specific, high-volume product lines. The operations side of the business should use the computer to recognize those small customers who are not as sensitive to price on products that they buy infrequently. By managing the pricing so that in normal situations, everyone pays at least as much as the best customer can provide impressive results. In a number of experiments, these simple changes have resulted in an average increase of 2% of sales going right to the bottom line.

Pricing is a strategic opportunity and is often missed by most operations people. It does require mining the data within the system to understand who is being charged what for how much of each product. The results can be significant.

Costing and pricing are often affected by geography. Most companies do not handle these differences well. They are real, but there still must be discipline to keep margins up. If there is a cost differential in a region, do not automatically give away any added margin. Keep it for yourself unless it is a strategic or completive (really competitive, not just the salesperson wanting to give away extra margin because that makes his job easier) requirement to give it away.

ABC (Activity-Based Costing) is a process that lets you know the true cost of any process. The only way to know if you are making money on a specific customer, product line, or individual order is to know what it costs to service that order. While detail ABC is not reasonable for most small-to-medium-sized distributors, there are ways to gain much of the value with a small amount of work.

What does it cost to open an order? What does it cost per line item to get it entered? What is the actual cost for picking, packing, and shipping? Answering these questions will take some nominal effort, but it will pay off in better management decisions.

For example, if Operations did a study on the actual cost to do deliveries, it might find that there are many instances where it would be less expensive to use a shipping service rather than deliver something yourself. You need to take into account the cost of the equipment, the people, maintenance, fuel, and other expendables. Compare this to the cost of various delivery services and find which provide the greatest benefit at the lowest cost.

Sometimes an analysis of a process raises many "political" issues. Things like: "Our competitors do it; this is a high-value service (then why do the same people never feel it is valuable enough to charge for); we need to control the delivery process"; and so on are constantly heard. Do not let anecdotal evidence or emotional reactions override good business information. If it is better to use an outside service, do it.

If you find it is not cost effective to pay for shipping/delivery when sending small orders to small customers, charge for it. As an alternative, you can always allow the customer to pick it up for free; or you can send it using the courier of the customer's choice—collect.

Using the same concepts, it is possible to understand what it really costs you (within a reasonable margin of error) to enter an order. How much does it cost to invoice customers and collect from them? In a recent study, it was suggested that the average cost of invoicing was about \$40 (printing, mailing, tracking, collecting, applying cash, and following up when a payment is late). Once you have that number, it is possible to determine minimum order size (for other than "A" customers) in order for customers to be billed. Otherwise, they must pay by credit card.



Consider a business with a 25% margin. A \$40 invoice process would require a sale of at least \$160 to only cover the billing process and cost of goods sold. That is why so many operations managers are setting \$250 minimum orders so that they can make a profit on the sale.

Once accurate numbers are known for these various activities, the actual numbers can be charged against the income before gross margin and commissions are calculated. Sales may complain you are making them uncompetitive, but they will stop giving away value-added services where it is not justified.

Customer Service Levels are a relatively new area that sophisticated managers are taking control of. Establishing ongoing relationships with customers to make sure they are happy in measurable ways is a long-term strategy to make it difficult for competitors to take accounts away from you.

Managing expectations is the first priority. Then you can get a competitive advantage by selling service-level contracts. No one else does. These promised response times are different for your best, regular, and sometimes customers. It takes planning, knowledge, and metrics to do it right, but the results are worthwhile.

An "A" customer who has a regular need for some product can get a guarantee that you will always be able to deliver X quantity within Y days (or hours) of an order. Once you make the guarantee, it is then important that your "inventory control application" support you in delivering on your promise. In this case, it may be necessary to overstock on a specific inventory item. But, if the ABC project shows that the profitability is there, it is worth protecting the customer.

There is also the possibility of charging for the service-level agreement. It can be a separate charge (to move it to a different budget line for the customer) or calculated into the price paid. Either way, it is an additional source of revenue and should more than cover the added costs involved in promising and delivering on higher levels of service.

Solving problems is one of the most important customer service areas. A process is needed to capture problem definitions, look for trends, and manage the process to make sure they are resolved in an agreed amount of time. When this does not happen, there must be automatic escalation so that the number of people involved and their "rank" in the company continues to increase until the problem is solved or the owner of the company is explaining to the customer what is going to be done.

A "complaint" system integrated with a customer portal will allow the customer to see what you are doing at each step. Most customers are willing to accept that no one is perfect, especially if they can see how hard you are working on solving THEIR problem.

Reporting on service levels is always important so you know how you are doing and can show your contract customers you are living up to or exceeding your agreement and their expectations. This becomes part of the regular sales process. It keeps the extra value you are delivering in front of the customer's eyes on a regular basis. Do this right and measurements of customer retention will go up.

FORECASTING AND INVENTORY-LEVEL MANAGEMENT

How much inventory do you need of any given item in any time frame? It is not an easy question to get an answer to. It always depends. It depends on many variables, but it is important to try to record and track as many of those variables as possible.

In the study of inventory management, the bullwhip effect is well documented. This is a situation where incorrect forecasts and unchecked processes allow excess inventory to enter the system. Sometimes it is having purchased excess product for a customer when he really doesn't need it. The results are usually obsolete inventory, and it can take two or more years to get the inventory back in line with what is actually needed.

Proper forecasting makes sure that the six essentials defined above are actually delivered to customers. In a simple example, consider the cost of receiving product too early. If it cannot be cross docked and shipped right to a customer, there is a cost for put-away, a cost for storage, and a cost to retrieve for ultimate shipping. Plus there is the cost of money as the product will probably have to be paid for before the customer will pay.



What do you need on hand is difficult question. Every salesperson wants an unlimited amount of inventory on the shelf so he can satisfy any customer request out of stock. This is too expensive to be realistic. Therefore, decisions need to be made as to what is carried.

The "D" item purchased once every year or two by a customer who only buys when he needs something no one else has, is not worth the carrying costs. Besides, most salespeople will give that customer a "great" deal hoping that he will become a customer since they helped him out of a jam. It never happens. All they did was make sure the company lost money on a sale it did not need to make.

Quality control is an often mismanaged part of the distribution business. Frequently, it is left to the customer to do. That causes customer service issues, extra shipping costs, lost money (as most operations do not have well-managed return processes), and a general waste of time and effort.

How much better off would you be if you used proper statistical processes to do random checking of received products. Then, unless there is a problem, you can assure quality product being delivered with a high degree of confidence.

Using the stored data about the performance of your supplier, it is possible to use the real information to get better pricing concessions or higher quality. If you can show the need to inspect more frequently due to poor quality, operations can be the hero by getting the problem resolved (because it is properly identified and documented) or find another supplier. You will either get paid for the extra effort necessary to inspect every receipt in a specific product line and handle the returns, or the supplier will correct the situation.

MANAGING

People are often referred to as your most important asset. But how many companies really mean it? Not many, considering the limited numbers who really use the human resource system capabilities available in their purchased applications. Most operations stop at time and attendance. It should go much deeper. Every employee should be tracked to watch progress in every aspect of his or her work.

Metrics need to be set up to measure how well people do. If their productivity is not increasing, metrics can help us understand why not. What can you do to help increase productivity? What training are you providing, and what training is the employee taking advantage of? How about the quality of their work? Do you track errors? Do you use the information to nurture our people in becoming the best they can be?

Making the metrics public can have a major affect on how people work. From the sales force to the warehouse, everyone wants to be seen doing well. If the numbers show who is generating the most contributions to profit or the fewest shipping errors, everyone will work harder to be on top. It is human nature.



SUMMARY

It is very simple. The "right" automation in the right place can do wonders for improving operations. It is the tool that makes it possible for the COO, branch manager, or operations manager to control processes, improve operations, and increase profitability of the organization.

Doing it right will provide the ability to meet the essential needs of the company, the customers, and the suppliers. As a simple summary, here are the top five out of many possibilities:

- Get the auditing controls, data tracking, and reporting necessary for more controlled compliance with government regulations. The system will make it possible to do it right.
- Easily communicate across the business and around the globe. EDI and other capabilities provide opportunities to reduce paperwork, increase efficiency, and create barriers to competition.
- 3. Control costs and strategically price your goods, so you remain competitive. Give discounts where they do good, make it easier for sales to increase margins, and reduce the complexity by eliminating all of the special back-room deals.
- 4. Proper training and care of employees will make if easy to use more of the capabilities built into the applications. Getting staff to adopt automated processes will make everyday tasks faster, more accurate, and easier to do.
- 5. Increase profits by improving inventory tracking, costing and quality control. Know what you have is what you need to satisfy service-level agreements. Make sure you have quality products to eliminate expensive handling after the sale.

It is fairly easy to recognize the benefits. It is not as easy to make it happen. It takes management commitment. Time and resources are required. If they are made available, the results will speak for themselves. Operations management can have a major, positive effect on the results of the company.



ABOUT THE AUTHOR

Steve Epner is the founder of the Brown Smith Wallace Consulting Group. Steve is also an adjunct professor of Innovation and Entrepreneurship in the graduate program at the John Cook School of Business at Saint Louis University and is a member of the Center for Supply Chain Management Studies. In addition, Steve is a member of the faculty at the University of Industrial Distribution and Arizona State University for the Certified Professional Manufacturers Representative program. Steve has a Bachelor of Science in Computer Science (1970) and a Master of Science (2005) from Purdue University.

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BSW Consulting

10151 Corporate Square Drive Suite 100 St. Louis, MO 63132

314-983-1200 www.bswllc.com www.software4distributor.com