

## GLOBAL SHOP SOLUTIONS CASE STUDY

# Sjogren Industries, Inc.

Founded in 1927, *Sjogren Industries, Inc.* is a family-owned business that specializes in the design and manufacture of wire tooling products for use in the ferrous, alloy and stainless steel wire industries. Headquartered in Worcester, Massachusetts, Sjogren's diverse array of quality products ranges from wire straighteners and grooved rolls, to wire pullers and wedge grips, wire guides, magnetic brakes and clutches, and more.



*6" lathe with live tooling, barfeeder, and Rotorack parts stocker installed to allow unattended after-hours production.*



*Sampling of products staged for packaging and shipment at Sjogren.*

Sjogren's wire tooling products are distributed globally, and can be found on every continent in a wide range of products, including steel-belted radial tires, suspension bridges and pre-stressed concrete. In addition, Sjogren also offers a **make-to-stock** line of commercial products for companies that make barbed wire, regular fence wire, nails, and other wire-based products.

Prior to implementing Global Shop Solutions ERP software, Sjogren ran the business with a proprietary software system. It performed well in terms of controlling inventory levels, but left much to be desired when it came to tracking job costs – a critical factor for today's highly competitive manufacturing markets.

"Our old system was basically designed to buy a part into inventory and then ship it out to the customer," recalls James McCleery, General Manager for Sjogren. "We needed to do a better job of understanding and controlling our manufacturing costs, and the system couldn't even collect labor hours, much less build costs into jobs. We switched to Global Shop Solutions for a lot of reasons, but primarily for its ability to gather and report on all costs related to a job – in real time."

### **Accurate Financials with Real-Time Job Costing**

Implementing Global Shop Solutions ERP software had an immediate impact on labor tracking. Instead of using manual time cards, workers now clock in and out of jobs using the **Shop Floor Data Collection** stations on the shop floor. Once logged in, the system automatically tracks their time and assigns it to the right job or job sequence.

"We run the daily labor balancing every morning, and it's about 95% accurate," says McCleery. "Not because the system messed up, but people sometimes forget to clock in or out. Otherwise, the system does exactly what it's supposed to do, which is capture all labor costs in real time."

"As a result, we have as close to **real-time costing** as you can expect to get," he continues. "As soon as a job is finished we know exactly how many hours went into it and how much it cost. At the end of every month we can generate accurate financials within two hours of the final shipment."

## Million-Dollar Reduction in Admin Overhead

Previously, tallying labor hours was a time-consuming manual process for Sjogren. Accounting personnel had to sort through all the written time cards, key in the hours, allocate them to the appropriate work orders, and then crunch all the numbers.

With the Shop Floor Data Collection system, labor data collection is fully automated. When work orders are closed at the completion of a job, the system automatically rolls up all the costs and updates **inventory**. Additionally, all purchases are automatically booked to the general ledger, so **accounting** only has to clean up any minor discrepancies to balance the books at the end of the month.

“Prior to Global Shop Solutions, we needed a full-time controller and bookkeeper to run the accounting department,” says McCleery. “Our costs were never accurate, and it took three to four weeks to close the books each month.”

“Now all we need is a part-time bookkeeper and a CPA who comes in once a month to clean things up,” he adds. “Our costs are as accurate as we can make them, and we can produce statements within two hours of ending the month. More important, we reduced accounting department overhead from \$130,000 a year to less than \$30,000. Add that up over 10 years and we’re close to a million dollars in savings as a result of Global Shop Solutions!”

## Time Savings Throughout the Business

Global Shop Solutions ERP software has also simplified workflow by eliminating unnecessary third-party software systems. For example, Sjogren used to have a third-party distribution software package and a contact management system, as well as the traditional Microsoft Office elements for reporting. Those programs, and the extensive manual data entry they required, have all been eliminated.

Sjogren uses the **Document Control** feature to link drawings and other documents to inventory masters and routers. When work orders are printed for a job, the drawings and other documents automatically print along with them, saving time and ensuring production workers have the most current rev when they begin a job.

“We also do e-invoicing using the credit card feature,” adds McCleery. “Before, we had to collect the data, write it down on the order, and send it to accounting for manual processing. Now, order entry personnel collect the data, enter it into the order, and click the authorize button to make sure everything is correct. When the order ships, the system automatically bills the credit card.”

“We’re always looking to get more done with the same number of people, and Global Shop Solutions ERP software offers many features that enable us to make processes a little bit faster and more efficient,” he says. “Automating repetitive manual processes allows people to be more proactive than reactive. And by reducing data entry and eliminating or simplifying routine tasks we can all focus on higher profit-generating tasks.”

## Easy Customization

One of McCleery’s favorite Global Shop Solutions ERP software features is the **Global Application Builder (GAB)**, which allows easy customization of the software.

Using GAB, he recently simplified the shipping process by adding a bin location column to the default Dashboard, allowing shippers to instantly see which orders need to go UPS overnight or FedEx the next day. This saves time and ensures the high-priority items get shipped first.



*New 15 pallet, 320 tool horizontal machining center, purchased to reduce lead times from 3-4 weeks to 5 days and eliminate 50% of finished goods inventory.*



*Partial view of the 320 automation tool changer pictured on page 2.*

McCleery is now implementing a custom credit hold program that automatically puts the account on credit hold and sends the customer an email when there's a problem with the account. The next step will involve developing an email program that automatically emails customers a copy of the invoice after it goes beyond a certain number of days past due.

"Most of the time when we chase a past due invoice it's because the customer doesn't have it or can't find it," says McCleery. "This program will resend the invoice before it gets to the point of causing problems, so we don't have to spend time tracking it down. It's just one more example of all the things we can do in Global Shop Solutions to help us work more efficiently."

### **Competing on Cost, Not Price**

Competing in global markets puts a lot of pricing pressure on Sjogren. Global Shop Solutions ERP software enables the firm to offer competitive pricing by knowing their costs and reducing overhead. However, the company prefers to compete on cost, not price, which requires complete confidence in the data coming out of the system.

"Price is what you pay; cost includes quality, delivery and life expectancy of the product," explains McCleery. "Knowing our costs gives us more leeway when making pricing decisions, but there are times when we can't meet the customer's requirements. Global Shop Solutions gives us the data to make good decisions when talking with those customers. In fact, knowing we have the right costs solves a lot of problems for us."

"For me, the biggest benefit is having all the information integrated into one system for easy data collection," he concludes. "Whether it's labor hours or purchasing or accounting, being able to access it all from one system is huge. Everything we need is right there in Global Shop Solutions, and it's all applied to the appropriate bucket so that we can make the right decisions about how to grow our business."

"Global Shop Solutions is a progressive company that constantly looks after their customers' needs," he adds. "They continually upgrade and improve the software while keeping it intuitive and easy to use, and they offer excellent technical support."



*Automated twin spindle lathe purchased to increase capacity and reduce lead time for consumable products. It reduced lead team from 3-4 weeks to 7-10 days and expanded capacity by 200%*