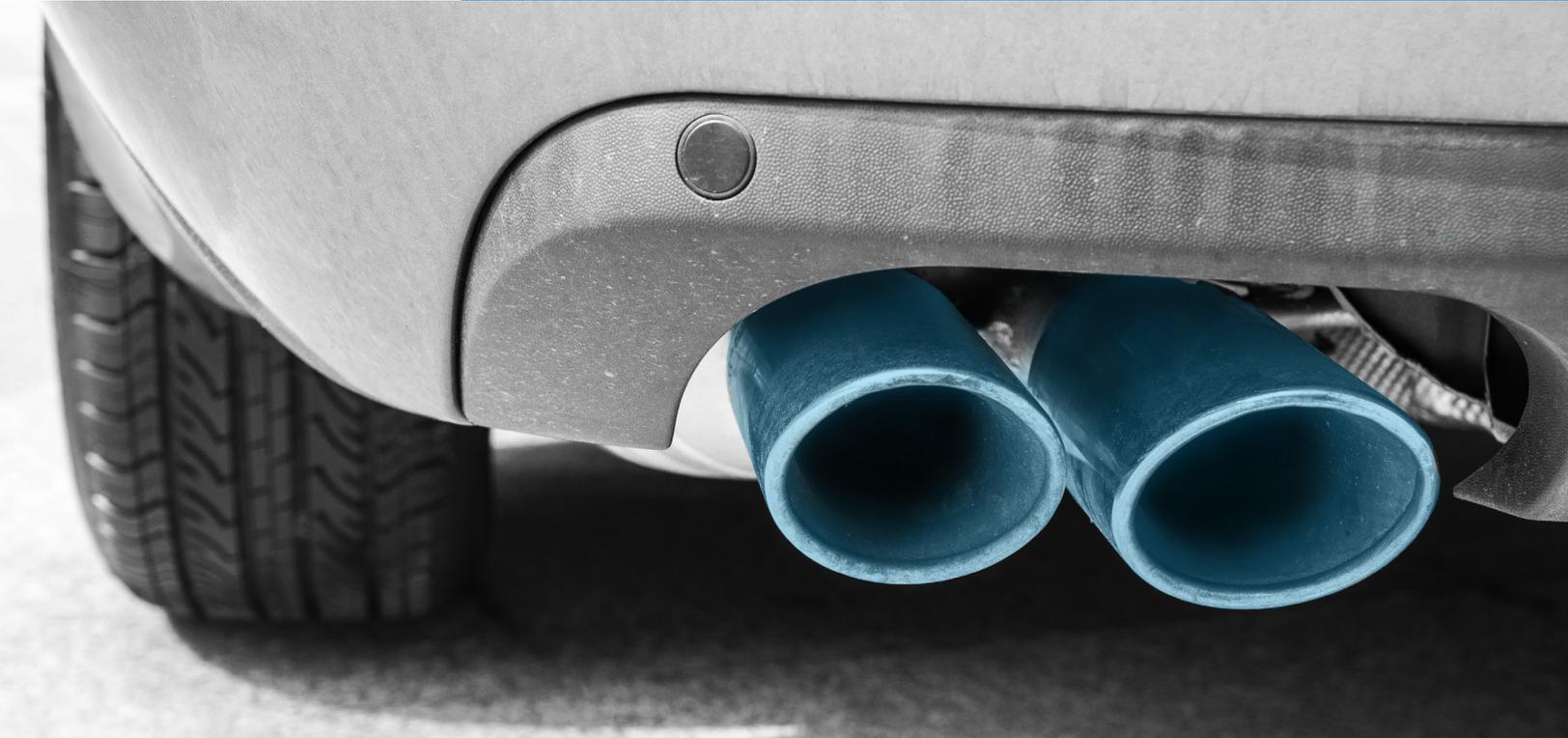# Newman Technology Cuts Inventory Costs by 25 Percent; Achieves 98 Percent Inventory Accuracy

At a Glance:

- Newman Technology eliminates paper-based parts tracking and improves inventory management, purchase orders and accounts receivables.

- Plex Cloud ERP supply chain management functions enable rapid and accurate processes throughout the supply chain.

- Plex streamlines forecasting, reduces purchase order time, and increases supplier accountability.

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About Newman Technology

Newman Technology, Inc., based in Mansfield, Ohio, manufactures parts for automobiles, motorcycles and all-terrain vehicles (ATVs). The company's primary products include exhaust parts, door molding and door sash components. Newman Technology's customers are international, and they require precision in all phases of production and distribution.

The company's 700+ employees build and manage hundreds of thousands of components each day in four facilities. The company receives 1,500 containers of parts a day from a myriad of suppliers. After production and assembly, Newman Technology ships out 5,000 containers of components to 15 customer locations around the world.

Manual Methods

"We had a lot of traffic to manage, especially when we were using a paper trail system," said Mark Williams, senior staff engineer, Newman Technology. "We needed a robust tool and disciplined processes for managing our inventory, purchase orders and accounts receivables."

> "Our supply chain reacts more quickly and nimbly to changes in customer demand."

The company also needed to improve its communication with suppliers, as well as to improve accuracy and accountability within the supply chain.

For years, employees had relied on spreadsheets and paper purchase orders to move materials through the operation, which was cumbersome and time-consuming. The processes were too inflexible for quick customer order changes, and Newman had a difficult time forecasting demand. Even worse, when a change was made to a procedure, every department's manual had to be updated — and those updates involved producing and manually replacing forms for up to 25 binders scattered throughout four facilities.

Additionally, inconsistent container label formats and quality made it increasingly difficult to manage processes from buyer to buyer.

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Case Study

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Looking for a Better Way

Newman Technology realized that it needed a modern-day solution for production accuracy and accountability. No longer could the company accept inaccurate inventory quantities, inconsistent packing slip information or incorrect bills of material. Employees needed simple, rapid solutions to replace cumbersome methods of verifying shipments and validating invoices.

The old processes also created issues when it came to supplier payments. With inconsistent information, Newman Technology was actually slowing down its own payment process. If the information within the supplier chain was inaccurate, there would be no payment or long waits for payments.

Automate, Accelerate the Supply Chain

To meet these challenges, Newman turned to Revolution Group, a manufacturing consultancy based in Columbus, Ohio. Revolution Group recommended ERP from the Plex Manufacturing Cloud. Plex Cloud ERP is a fully integrated ERP solution that connects and manages the entire manufacturing process, from materials orders through final product distribution.

Newman Technology already knew about Plex's effectiveness, because it is part of an elite group of tier-one and tier-two suppliers for a major international OEM that use Plex Cloud ERP. This group of suppliers had formed the first ever Plex Supply Chain Community to share knowledge about streamlining the supply chain and to collaborate about cloud ERP manufacturing software systems.

Streamlined Communications

With the help of Revolution Group, Newman Technology implemented Plex Cloud ERP in a phased approach over 18 months. Plex helped facilitate communications between Newman Technology and its suppliers, and it cut out the excess paper in Newman's operations.

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Plex automated and accelerated Newman Technology's processes, and it enabled alignment across functions both within the company and with suppliers and customers outside the company's walls. In a fast-paced and dynamic manufacturing environment with more than 700 employees, four facilities, 220 workcenters, 330,000 components received daily, and 100,000 parts shipped out daily to 15 customer locations, that is not insignificant.

Newman Technology depended on Plex to streamline its customer order processes and free up its buyers to focus on supplier relationships. With better accuracy and accountability, the company can now provide real-time, accurate inventory numbers and eliminate waste in accounting. The entire supply chain can also react more quickly and nimbly to changes in customer demand.

"The automated, paperless system saves time and effort, and helps with ISO compliance."

Order Improvements

For example, when a customer makes a change in an order, that change information is pushed through the bill of materials so upstream suppliers are notified immediately of the change and can respond quickly by adapting their orders and processes. Shop floor employees can be immediately notified of changes in planned production so they can respond quickly, rather than waiting for paperwork to be updated and integrated manually into binders.

The supply chain management functions found in the Plex Manufacturing Cloud include electronic kanban, online releases, EDI, electronic invoices and shipment notifications, online supplier quality management, cross-company inventory traceability, cross-company quality and production data, and much more.

The Results

Newman Technology's supplier management team has far more visibility into suppliers' operations with Plex, and suppliers can also access the Newman data they need through a supplier portal to create labels tied directly to inventory in the system.

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Supply chain managers can communicate product demand and verify supplier shipment details and payments through receipt history; suppliers can create serial numbers and accurate labels, as well as react to firm and planned demand. With this accessibility and controlled labeling, the company has far better accuracy in its supply chain and inventory management systems.

Automated Processes

Newman employees also have a better solution for documenting correct part numbers and quantities on labels, which makes for a vastly improved inventory system. This level of accuracy, detail and control helps enable a pay-on-receipt system in which product and quantities are verified upon receipt and trigger an automatic payment and email remittance advice to the supplier.

"Everyone in the supply chain has better information for an improved process."

Newman Technology can better communicate with suppliers and manage the supply chain. Plex Cloud ERP enables online releases and labeling for greater accuracy. Plex gives suppliers the ability to communicate demand forecasts of up to 26 weeks to suppliers. Everyone in the supply chain has better information for reacting to firm and planned demand of vehicle components. Plex even enables daily change requirements, if necessary.

Real ROI

Newman Technology reduced purchase order time by 50 percent, increased supplier accountability, increased accuracy of financial statements, improved and accelerated domestic inventory management — going from 12 to 20 turns per month for parts used every day — and reduced manpower in the processes.

For Newman Technology suppliers, Plex Cloud ERP provides improved communication with the buyers, quick resolution to receiving problems, detailed line-item remittance, and improved cash flow.

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Plex also provides Newman Technology with better internal auditing. The on-demand software provides a strong document control system with electronic documents in one location and automatic revision tracking.

Every employee has access to the documents online and receives alerts for changes and actions as soon as they are needed. Shop floor employees can better plan and adapt their tooling in response to upcoming changes. Suppliers can modify their own materials orders rapidly rather than accumulating unneeded inventory.

The end result is a paperless system that has saved money (and trees). It has helped Newman Technology conform to all aspects of ISO, which is critical in today's manufacturing world.

Newman Technology was able to achieve a 98 percent accuracy of inventory, reduced inventory on-hand cost by 25 percent, and is in the process of moving toward a "just-in-time" delivery strategy for all suppliers within a 30-mile radius, which will reduce on-hand inventory even further.

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About Plex

Plex is the Manufacturing Cloud, delivering industry-leading ERP and manufacturing automation to nearly 400 companies across industries including aerospace and defense, food and beverage and motor vehicles. Plex pioneered Cloud solutions for the plant floor, connecting suppliers, machines, people, systems and customers with capabilities that are easy to configure, deliver continuous innovation, and reduce IT costs. With insight that starts on the production line, Plex helps companies see and understand every aspect of their business ecosystem, enabling them to lead in an ever-changing market.

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