

Seizing the Opportunities of Reshoring

Leveraging IT to Meet Today's Manufacturing Mandates



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For the first time in years, retailers and brands are rediscovering the speed, reliability, and other substantive benefits of producing apparel and other softgoods in the USA and the Americas. Along with consumer demand for greater product variety and innovation, fast-rising costs and risks throughout the global supply chain have many companies rethinking the value of domestic and near-shore production options.

Some companies that shifted to full package sourcing are now returning a portion of these programs to in-house manufacturing. Many more are embracing a hands-on approach to manufacturing as they contract production to local or regional production partners. Others have remained committed to domestic production programs from the start. Regardless of the scenario, many of these companies are finding new opportunities and benefits by manufacturing closer to home.

But to seize these growing opportunities, manufacturers face a tough new set of mandates to control costs, streamline processes, and improve visibility and accuracy. Meeting these requirements can be challenging for any company, especially when the production process is often shared across multiple full package, partial package, and cut and sew

contract manufacturers. To ensure their ability to effectively compete, a growing number of manufacturers are recognizing the need for enterprise software solutions that offer the more robust manufacturing capabilities and controls needed to more effectively manage demand requirements, raw materials, vendor interaction, and production compliance.

Oregon-based firefighting and military gear manufacturer Massif, started out in 1999 as a small company with a staff of two. Today, they are a world leader in supplying flame resistant and high performance outdoor apparel and fabrics to the military, law enforcement, search and rescue professionals, and the wildland firefighting community. Massif needed a more robust manufacturing system capable of tracking and managing production and sales of its flame resistant materials and wide ranging products across its multiple subcontract production locations. After replacing a legacy business system with the BlueCherry Enterprise Suite from CGS, the fast-growing company achieved these and other material planning (MRP) and production goals; including multi-level lot traceability of all raw materials used in each product. The new system also gave Massif the tools it needed to make improvements in its product development, order fulfillment, and financial management activities.





Manufacturing Focused IT

Because full package sourcing has been the dominate business model for some time, many of today's softgoods software solutions simply do not offer the manufacturing functionality required to effectively manage in this changing environment. In fact, the "production" capabilities included in some systems offer little more than the toolset needed to source and import goods. While this may have worked for full package production, the absence of true manufacturing capabilities and controls represents significant barriers for companies in a hands-on production environment.

The lack of focus on manufacturing processes is perhaps most obvious when we consider how few of today's systems offer incentive payroll and real-time shop floor controls. While the need for direct sewing room management is often reserved to contract manufacturers, numerous other important capabilities are required by brands and retailers as they look to gain visibility and take control over the manufacturing process.

In contrast to full package sourcing, where the primary focus is on finished goods, hands-on manufacturers must identify and track both finished goods and raw material requirements down to specific item, component, and vendor levels. To accomplish this, a manufacturing-oriented Enterprise Resource Planning (ERP) system capable of managing multi-vendor cost sheets, multi-level Bills of Material (BOM), and true multi-level Manufacturing Resource Planning (MRP) is required. These and other core system capabilities are critical to ensuring that materials are consistently available for production and products are available for delivery to customers.

Demand & Resource Planning

In the fast-changing fashion and softgoods industry, a system that allows companies to run demand against forecast, actual sales orders, or a combination thereof provides improved planning for the timing of raw materials purchases and finished goods completion dates. Time-Phased Requirements planning is important to accurately identify future demand, supply, and inventories by specific time periods; enabling the system to delay release of orders for components until they are needed and offsets the requirements by item lead time (Lead Time Offset). A configurable Planning Time Fence can also be used to prevent any automatic changes to near-term orders.



Automating Purchase & Production Orders

Once demand is clearly defined, another way that the ERP system can help streamline processes and eliminate errors is through automatic purchase requisition and purchase order (PO) generation. Based on onboard cost sheet and BOM information, the system knows which supplier (or multiple suppliers) is the source for each raw material and can automatically generate and send out purchase orders for needed quantities and at the precise time to optimize the production process. Of course, it is important that each company have the option to setup their individual business rules to determine if this process should be fully automated or managed through a simple click of the mouse approval.

This same type of automation can be extended to the generation of production orders for finished goods. As production orders require



multiple process steps, the system must also be capable of automating a complex process that includes, for example, reserving raw materials for the order, moving the raw materials to the work-in-process cost category as it is cut, and eventually to finished goods status as it is shipped and received. The system should also automatically update raw materials and finished goods inventories along with related cost sheets in the process.

Considering this level of control and automation, the combination of a robust, real-time MRP solution with automated purchased requisition and PO generation capabilities is a valuable asset in an industry where little room exists for errors and delays. The power of such a system becomes even more evident when it is effectively used to tightly integrate suppliers and vendors into the process.



Manufacturing Portal to the World

While the distribution of purchase orders is commonly done via email, today's manufacturers understand the importance of turning a traditionally arm's length relationship with vendors into a collaborative effort. To support this, manufacturing-focused ERP offers more comprehensive and effective vendor portal capabilities to enable improved information sharing and process tracking.

Posting purchase and production orders on the portal gives vendors improved access to the information they need and automatically notifies the manufacturer when these items are accessed and responses are received.

Vendors can also use the portal to update the status of each step of the production order to automatically keep the manufacturer up-to-date on due dates, quantities, material usage, production and shipping times, costs, and more. Armed with this information, manufacturers can use their ERP reporting capabilities to identify standard vs. actual variances to better forecast future timing and costs. *(cont. next page)*



Manufacturing Portal to the World *(cont.)*

The vendor portal is also very beneficial upstream, prior to production, when used to solicit and manage bids from multiple vendors. It also serves as a collaboration tool for sharing tech packs and other product information; as well as for maintaining records such as testing results, compliance certificates, import/export documentation, and other important product and production assets.

When used in conjunction with automated alerts and notifications, the vendor portal becomes an invaluable tool for increasing process visibility and control.

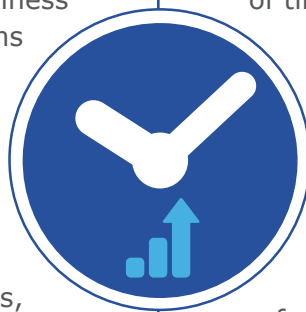


Real-Time Reporting and Production Analytics

As mentioned earlier, manufacturers can greatly benefit from the ability to get updated status reports at every stage and at any time in the process. But as the pace of business accelerates, manufacturers need systems that provide this and other information in easier to access and understand ways. Convenient online dashboard displays generated in ERP can help companies quickly understand the Key Performance Indicators (KPIs) for their individual business. Executives, managers, and teams enjoy the graphs and other visual presentations used to provide insight into the big picture view of their operations. They also like the convenience of having access to this information through their

mobile devices. But they also need a system with the power to allow them to the drill-down on any specific detail necessary to stay on top of timelines and solve problems.

Today's manufacturers are also finding significant benefits in built-in business analytics. In contrast to more standard reporting capabilities, these advanced tools help companies track and analyze the status and important trends in their business. Business analytics tools can, for example, visually present dashboard views of the status of production flow in a way that makes it easier for teams to identify potential problems and bottlenecks and act before major problems arise.



Shop Floor Control

Whether production is done in-house or through production partners, sewing and other production floor activities must also be closely managed. By maintaining focus on productivity, order status, quality control, and other manufacturing activities, most operations can benefit from shop floor controls like those found in the Leadtec shop floor control system.

By collecting information on the movement of products throughout the operation on a real-time basis, the shop floor system supports more effective line management and work-in-process reporting. Individual productivity information is also collected to measure individual and plant performance and support the incentive payroll system. When integrated with the ERP system, this shop floor data can also serve to increase overall process visibility and support better informed manufacturing decisions.

While it is clear that apparel and softgoods companies rarely share the same manufacturing scenario and requirements, opportunities for in-house or locally contracted manufacturing are on the rise. As more and more retailers, brands, and OEM's move to seize these opportunities, the need for greater production visibility and control will continue to increase.

To meet tough industry and consumer mandates for speed, innovation, compliance, and more, these companies will require a level of IT capabilities and tools that are available only through a manufacturing-focused enterprise business solution.



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