

Honeywell gets fired up with ERP success

When Honeywell wanted to purchase an enterprise resource planning (ERP) package to control the activities of its spark plug manufacturing plant in South Wales, it was pushed for both time and the resources to complete the task. However, thanks to the capabilities of IFS Applications™ ERP software and the skills of the supplier's applications engineers, this handicap was turned to Honeywell's advantage. The result? A competent system that was implemented virtually overnight, and which provides a clear upgrade path for the future. Although it is natural, and considered wise, to want to exert influence over the process, the experience of Honeywell suggests otherwise: here is a company that handed over its ERP software implementation to supplier Industrial & Financial Systems (IFS). Furthermore, it survived the experience with no ill effects and now looks forward confidently into the next century.



SPARK PLUG

The Problem

When Honeywell took over the Ford Motor Company's spark plugs manufacturing operations at the Treforest plant in South Wales, the company found an ideal route into Europe. However, it also knew that within two weeks of the acquisition on 31 December 1994, Ford would sever the factory from its central purchasing and production control networks. The six major product families flowing through the plant equate to a bill of materials (BOM) of 2,000 parts when packaging variations are added. However, this total pales against that of the (separate) 8,000-strong BOM list covering non-production consumables. As a result, Honeywell needed a manufacturing control package—and fast.

The solution

Mindful that there was no time to carry out a conventional trawl of the software marketplace, let alone set up a steering committee to co-ordinate selection and implementation, management opted for an IFS Applications ERP solution. Mike Jennings, plant manager, comments: "All bets were off. We had a business to run but, potentially, no IT systems control. To make products on a continuous basis, you have to be able to collect money and pay suppliers. That said, we did not want to mimic the Ford system. We also knew that we wanted a package that would give us the flexibility and response to cope with the constantly evolving competitive pressures evident in the automotive supply line. IFS Applications was in many ways the lowest risk option. Our sister plants in the US use similar software packages which meant that we were dealing with a known quantity."

According to Jennings, the relatively straightforward production process simplifies material flow. Thus the IT control task is to recognize and track inventory movements: "We work off a 'pull' system

on the shop floor. Customer orders arrive via electronic data interchange (EDI) on a daily basis and we are given a firm 10-day order window.”

Spark plugs are manufactured and assembled against this schedule, using an electronic Kanban system developed in-house to constantly interact with the IFS Applications ERP software to update materials and associated purchasing and financial information.

In reality, production constraints mean the plant operates batch manufacturing in the early stages to create buffer stocks of low-value plug body blanks. Kanban at this point triggers replenishment when stocks reach their re-order point. Finished plugs are then only made-to-order against specific customer schedules.

Implementation

Once the software had been chosen, IFS engineers worked closely with Honeywell to create the production bill of materials in line with the latest drawings and standard cost information, the system going live during January 1995. This was followed by the finance ledgers, the first balance sheet being produced a month later. In fact, such was the speed of implementation that the first financial results were available to the plant's US parent in March of that year. Comments Jennings: “Though the implementation schedule was tight, we spent time ensuring that the system functioned properly. And in the interests of expediency, training was undertaken by getting key users to input actual transactions on to the system as we went along. We also retained a payroll capability in the short term to allow us the means to issue pay slips.” Therefore, while the non-production BOM is now replete within IFS Applications, payroll is still handled off-site by gathering data from the site's time and attendance system. This data is passed to Honeywell's central UK accounts area in Skelmersdale, England.

Benefits

The fact that Honeywell was able to take all the modules necessary to run the operation in a single package



SPARK PLUG PRODUCTION

eliminated any potential integration worries arising when linking other systems. Overall, by curtailing the temptation to replace what the company had previously, IFS Applications software in its standard form has given it the visibility essential for effective control of activities, plus a natural upgrade path which removes any fears of the Millennium or Euro currency. Jennings is clear that in this case, handing over implementation to IFS was the right thing to do: “No one would look to plan an implementation in this way—it's high risk and very painful. But with object-based IFS Applications, we were confident that the software was adaptable enough to mirror our internal processes.”

Software

IFS Financials™, IFS Distribution™, IFS Manufacturing™

Hardware

HP server