

Amphenol Alden Products Co.: going to a well-balanced system



Amphenol Alden Products had accumulated a great deal of technology, but not all of it was well integrated. The computer system ran on Digital Equipment's VAX and was programmed in DIBOL, a 1970s version of COBOL. When a detailed analysis or report was needed, the company had to bring in someone from the outside to produce it. Also, it was difficult to search the data or analyze it for patterns.

Because of limitations in the existing enterprise resources planning (ERP) system and the original systems configuration, business output was severely limited. Even after running material requirements planning (MRP), staff still would not know when to make what so that it would be available when it was due. Not having a true MRP system—where you can use lead-time offsets to schedule the shop floor—was a serious impediment.

"Hundreds of parts routinely showed negative on-hand balances," said Robert Anderson, Amphenol Alden's Manager of Finance and Information Technology. "Trying to run the shop that way almost defies the imagination."

The company also lacked an efficient means of complying with complex FDA regulations for design controls, which include requirements for documentation and tracking of engineering changes.

About Amphenol Alden Products Co.

Amphenol Alden Products Co. designs and manufactures performance engineering connectors, cable assemblies, and terminations from prepared conductors to functional devices. The technology is used in medical, communication, sensor, and industrial applications. Founded in 1929 and still owned by the original family, the company is headquartered in Brockton, Massachusetts, with manufacturing plants there and in Sonora, Mexico.

Amphenol
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The solution

In 2000, after evaluating several competing products, Amphenol Alden replaced its existing ERP system with IFS. Initially, the company installed IFS components for manufacturing,

human resources, quality management, configure-to-order, financials, project management, product design management, and sales force automation.

At the same time Amphenol Alden upgraded to IFS, the company changed its part numbers. Many of the company's products are variations of the same item, such as different combinations of colors and specifications. In the past, new part numbers were generated every time a customer wanted a different combination. The IFS configure-to-order (CTO) component has eliminated this problem.

"In hindsight, had we had IFS' CTO component in the past, the thousands of part numbers that were created for variations of the same item could have been eliminated years ago," Anderson said.

Amphenol Alden also re-engineered the general ledger with a new chart of accounts and new departments, and gave the financial statements a whole new look. For the first time, the system became totally integrated with financials.

In mid-2002, the company's success with IFS prompted it to add IFS' engineering change component to make it easier to comply with complex FDA regulations for design controls.

Benefits

- 30 percent reduction in inventory
- Increased throughput
- Reduced order backlog
- Lower operating expenses
- Better-informed decisions with accurate, real-time data
- Improved customer service
- Better cost tracking
- Global, multisite capabilities

Benefits

The benefits of the IFS implementation were immediate and flowed straight to the bottom line, according to Amphenol Alden President Jeff Greer.

"With IFS, we have increased throughput and reduced the backlog of orders," Greer said. "Our total inventory has gone down 30 percent, with both static and work-in-process inventories showing substantial declines. We have also cut operating expenses by reducing overtime, with no change in head count."

The IFS software has resulted in smoother execution on the shop floor. The old system had no lead-time offset capability and could not perform detailed capacity planning. Now the company has a web-based digital dashboard, which gives anyone in the company instant access to a variety of real-time reports. Whether there is a need to measure on-time performance, customers on credit hold, overdue backlog or shortages, everyone sees the same data, no matter where they are in the company.

"IFS helps us analyze the past and control the present, while allowing us to look into the future," Greer said. "For example, with customer orders, we can check the status of the orders, see how we're doing in terms of customer service, compare past and current on-time delivery, and look into quality issues and returned materials. Plus the sales-force automation system gives us a glimpse into the future."

Because of the tight integration and logical manner in which the software is set up, the data is now accurate, according to Greer. Recently, Amphenol Alden completed a full physical inventory in which every discrete inventory quantity and location was entered. The net dollar change to inventory was minimal.

Greer added that IFS' embedded quoting tools have been good for sales. "We've been able to serve our customers better by delivering more consistently," he said. "We now turn quotes around in less than one day. That's a significant improvement over the old system, which took two to three times longer."

The IFS package gives us the ability to drill right in on different aspects of the business that we're trying to better understand and manage, and that's making us much more efficient and profitable."

Jeff Greer, president,
Amphenol Alden Products

The IFS software has also given Amphenol Alden better insight into its structural costs, a critical measure that has led to improved productivity and profits.

"It's been a great strategic tool," Greer said. "Long term, we're looking at moving some of our support and the bulk of our manufacturing to Mexico. Because our sites are linked with a wide-area network, and because we have that tight integration, the IFS system is going to help us achieve our strategic goals."

Greer added that IFS has brought a "newfound clarity" to everyone in the organization. "Sitting at my desktop computer, I have laser sight into all aspects of the business," he said. "The IFS package gives us the ability to drill right in on different aspects of the business that we're trying to better understand and manage, and that's making us much more efficient and profitable."

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