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Welcome...

to the *Midwest User Group News*,
the official newsletter available
exclusively for MWUG members.
This quarterly publication features
regular updates on user group events
and activities, QAD news releases, and
in-depth articles of interest to QAD
users. We welcome your feedback – if
you have an article of interest or other
newsworthy contribution you would like
to share with other members, please
contact the MWUG Office.

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PRESIDENT'S MESSAGE:

Thank You... and Farewell!

Randy Whitehair, MWUG President

Welcome to the MWUG Fall Quarterly Newsletter and my "final" newsletter as your current president of the Midwest Users Group. So, what do I mean by "final"? It's meant to convey, "coming to an end", "last", "closing", "concluding", "finishing", "end", "terminating", "ultimate", "eventual", etc., Yep, these synonyms pretty much sum up my use of final here. More on this later in my newsletter as there are a couple of important matters I'd like to discuss first.

The very first thing I want to say, is a very heartfelt "THANK YOU" to all who attended the Fall 2014 MWUG Conference in Beachwood, OH. For me it's always good to get back to "God's Country"! Yes, that country being Ohio!

I was very pleased to see such a great turnout for this conference (223 attendees) and a very good overall conference rating in spite of some renovations and unexpected late hour curve balls the hotel threw at us. Thanks to our Conference Coordinator, Jeff Shelton for being able to hit each of those curve balls so our conference and valued members were minimally impacted. Again, we thank all of you who provided us with candid and valuable feedback which we will use to improve our spring conference.

For those who were not able to attend the fall conference you missed out on a very interesting keynote address from Ed Bocclair, QAD SVP North America on "**How QAD Customers Drive the Supply Chain**". I enjoyed Ed's message as it made me think about what my role as a QAD customer is (or should be), and where and how to assist in driving the supply chain to your advantage. Ed outlined the framework steps as: Performance, Technology, Quality, Relationship Management and Total Cost of Ownership, and asked a very simple question but one that might not be easy to answer, and that is "*Are we in Sync*"? Again, makes one think! If you did not attend the conference and are interested in Ed's presentation, and you're a MWUG Member, you can find Ed's presentation on our Members Area of the MWUG website.

Now, regarding my final newsletter, it's not only my final newsletter, but my last official act as your MWUG President and along with this, my stepping down from the Midwest

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Users Group Board of Directors. If you attended the fall conference you heard me say that my company has decided to move to SAP as our company-wide ERP solution. My parent company, Freudenberg Group, is a privately owned German company and was officially the 4th customer to ever install SAP many moons ago so there is a very tight bond between the two companies. Now that the Freudenberg-NOK Sealing Technologies (FNST) Americas business has fully integrated into the global Freudenberg Sealing Technologies (FST) business model, which uses SAP all across all of Europe, the company decided to globally adopt one ERP model - and that model is SAP.

To the above point it saddens me to move away from QAD. The company, its personnel, and product breath is second to none and in many ways has better user interfaces and functionality than that of SAP. I will forever miss my MWUG colleagues, MWUG Members and all the many friends and acquaintances I have had the privilege to meet and work with over the past 8 years. I am very grateful and extremely thankful to everyone for your support, patience, and guidance during my past two years as your president. I want to express my utmost "Thanks" to not only you our valued MWUG members but to the key individuals who over my presidency provided me their dedicated support and assistance in helping the MWUG be the best QAD user group baring none.

A BIG THANKS to a couple of recently resigned board members: Dave Doyle of QAD and Dave Ruetz of Driv-Lok for their years of service and personal support to me, and to current board members: John Pearson, Visteon Corp; Lance LaCross, QAD, Inc.; Mike Booke, Aurora Technology Management; Anne Schuerger, Morrison Products; Deb Wilson, BravePoint; Craig Thompson, Logan Consulting; Scott Dulecki, BravePoint; and Shirley Schmidt, Freedom Technologies for being with me the past two years. I also want to express my thanks and gratitude to the newest board members who unfortunately I have not been able to work with much to date, but are nevertheless a valuable group of talented people: John Dickey, QAD; Paul Pellegrini, American Trim; Patte Rogers, TaraTape; Greg Sevison, Shield Restraint Systems; and Gary Yang, Roundview Technologies.

Please know that all board members are working hard on your behalf to help not only you, but your company to improve the QAD product suite and to also gain more in-depth knowledge of the vast product functionality that QAD offers. Last, but clearly not least, a BIG thanks to Jeff Shelton our conference coordinator for his constant interaction with me as president keeping me on task with his many reminders and timelines! I will dearly miss you all!

In closing, I want to ensure you that you have an outstanding MWUG Board working for you. The recently

approved new president, **John Pearson** is anxiously waiting to get started with his many new ideas. To this point, please let me take a moment to introduce you to John, who is a long-standing QAD user, user group supporter, and your new President.

John first implemented QAD at a small 8-user automotive supplier in Michigan in 1995, where he was hired as the ERP lead and transitioned to Materials Manager once the system was up and running. John learned the system without any formal training and without the support of an IT department. John wore many hats and implemented barcoding (Freedom) and EDI (Trinary) and was the site subject matter expert (SME) for 5 years. John attended many MWUG and QAD Explore Conferences to learn more about specific features and functions and vendor offerings to help his company's continuous improvement initiatives. John moved to a larger automotive supplier in Michigan, where he was a Materials Manager and QAD SME at one of company's 14 plants. John was elected as the chair of the internal user group committee three years running. There, he and his team implemented Eagle RF and CyberQuery as well as ProPlus Supplier Performance and Global Requisitioning. The company was later acquired and John decided to leave the company.

For the last seven years, John has been at Visteon Corporation, a large, global automotive supplier supporting and globally launching QAD throughout the company. John acts as a Supply Chain SME and has supported global IT teams and site launches in Portugal, Spain, Hungary, India, Japan, Mexico, Canada and the US. John's current project is to assist in the ERP integration of a recent acquisition of the automotive electronics division of Johnson Controls across Europe, Asia, Mexico and South America deploying their global QAD Standard Edition model while implementing many features of the .Net user interface.

As you can see, John brings a wealth and breath of QAD application background and personal use to the MWUG President position. I need to say no more than, "**you are in GREAT hands!**"

On behalf of the MWUG Board of Directors, I hope you find this newsletter informative. John Pearson and his Board of Directors look forward to seeing and meeting many of you at the 2015 Spring MWUG Conference in Dearborn, MI where you just might find me mingling in the crowd. In the meantime, enjoy the fall season colors, the wintry wonderland, and holidays with friends and family.

Best of luck to all of you!



Randy Whitehair
Outgoing MWUG President

The Importance of Flow: Establishing the Foundation for the Right Supply Chain Rules

by CHAD SMITH
Demand Driven Institute

The recognition of manufacturing as a process is essential to understanding how it should work. Understanding how it should work gives us the capability, in light of current conditions, to define what the rules surrounding it should be. Which rules need to stay? Which need to go? Which need to change? Which need to be added?

Manufacturing is a bewildering and distracting variety of products, materials, technology, machines, and people skills obscuring the underlying elegance and simplicity of it as a process. The essence of manufacturing (and supply chain in general) is the flow of materials from suppliers, through plants, through distribution channels to customers, and of information to all parties about what is planned and required, what is happening, what has happened, and what should happen next.

An appreciation of this elegance and simplicity brings us to what George Plossl (a founding father of MRP and author of the second edition of Orlicky's Material Requirements Planning) articulated as the First Law of Manufacturing: *All benefits will be directly related to the speed of flow of information and materials.*

A caveat here is that all information and materials must be RELEVANT to the output or market expectation of the system. What we frequently observe is organizations drowning in oceans of data with little relevant information and large stocks of irrelevant materials (too much of the wrong stuff).

"All benefits" is quite an encompassing statement. Let's break it down a bit. All benefits encompasses:

- **Service.** A system that flows well produces consistent and reliable results. This has implications for meeting customer expectations not only on delivery performance but also on quality. This is especially true for industries that have shelf-life issues. Do you want to dine at the restaurant that has poor flow or great flow?
- **Revenue.** When service is consistently high, market share grows or, at a minimum, doesn't erode.
- **Inventories.** Raw and pack, work-in-process, and finished goods inventories will be minimized and directly proportional to the amount of time it takes

to flow between stages and through the total system. The less time it takes products to flow through the system, the less the total inventory investment (Little's Law will help you understand this point).

- **Expenses.** When flow is poor, additional activities and expenses are incurred to close the gaps in flow. Examples would be expedited freight, overtime, rework, cross-shipping, and unplanned partial ships. Most of these activities directly cause cash to leave the organization and are indicative of an inefficient overall system. In many companies, these expedite-related expenses are underappreciated and under-measured.
- **Cash.** When flow is maximized, material that a company paid for is converted to cash at a relatively quick and consistent rate. This makes cash flow much easier to manage and predict. Additionally, the expedite-related expenses previously mentioned are minimized.

What happens when revenue is growing, inventory is minimized and additional and/or unnecessary ancillary expenses are eliminated? Return on Investment (ROI) moves in a favorable direction! And isn't that really the objective? Every for profit company has a universal primary goal; maximize some form of return on shareholder equity. What's the best, sustainable way to do that? PROMOTE AND PROTECT FLOW. This is the very definition of an efficient manufacturing system.

Conversely, what is one of the most expedient ways to compromise ROI and system efficiency? Make decisions and reinforce behaviors that hurt flow.

Flow – Something Everyone Can Agree On

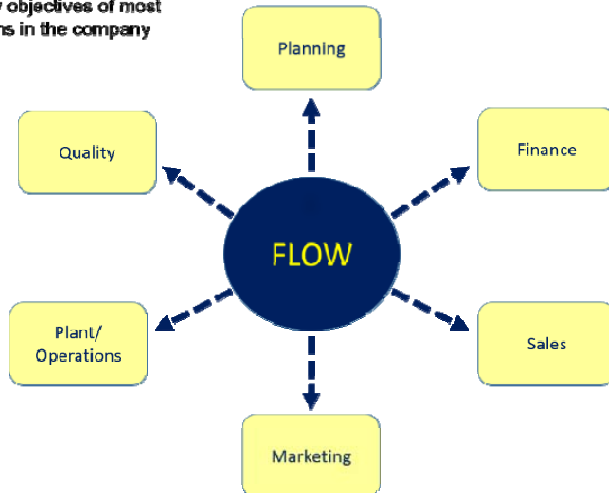
It's become cliché to say that our organizations have "silos." Those silos typically result in friction, conflict and communication difficulties between functions. Why do these silos appear? Because we tend to control segments of our organizations through different metrics. As an example Sales typically has a different primary metric than Operations. It can frequently be the case that when Operations looks to maximize its primary metric it may compromise or jeopardize the primary metric of Sales and vice versa. Below are some typical primary metrics/objectives of functions within manufacturing companies:

- Sales – Close Business
- Planning – Synchronize Supply with Demand
- Operations – Asset Utilization
- Marketing – Grow Market Share
- Finance – Improve Return on Shareholder Equity
- Engineering – Protect Quality

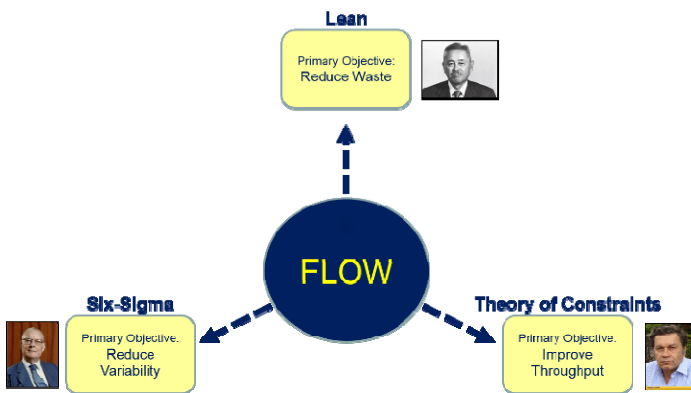
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Is it possible that one thing can tie all of these primary metrics and objectives together? Yes. Flow, if encouraged, measured and made properly visible can bring all of these objectives in alignment toward the system goal – Return on Investment performance. Thus the concept of the flow of relevant information and materials becomes the bridge between the local actions and the global benefits.

Flow is the enabler for the primary objectives of most functions in the company



Flow is the intersection of prevailing improvement methods



Additionally, flow is a unifying concept within the major process improvement disciplines and their respective primary objectives:

- Theory of Constraints (Goldratt) – drive system throughput
- Lean (Ohno) – reduce waste
- Six Sigma (Deming) – reduce variability

All of these objectives are advanced by focusing on FLOW. I have little to no patience for ideological battles between these disciplines. It is a complete waste of time and quite frankly, boring. This is about a common objective through a common strategy based on common sense (also physics and economics).

When organizations learn to focus their people and functions on the flow of relevant information and materials they will start making sense to themselves and the bottom line will show it. But how to create this focus? Once we realize the importance of flow a few key principles emerge:

1. Time is the ultimate constraint. Time is the most precious resource employed in the manufacturing process. Due to the continual shrinkage of customer tolerance times this principle is truer today than ever. What we must always keep in mind, however, is the important time is the time that it takes to move through the system. Without this in the front of our mind we can misuse and distort behavior around time (particularly at the resource level).
2. The system must be well defined and understood. Clear definition about how materials and information should move will determine whether the system is even capable of maximizing flow.
3. Linkages or connections between points in the system must be smooth. Materials and information need to smoothly pass from one point to the other. The greater the “friction” at these points the more flow is impeded.

In our book *Demand Driven Performance* we provide a blueprint to bring these key principles to life in your company. You may also find the website www.demanddrivenperformance.com helpful in taking the first steps.

About the Author:



CHAD SMITH is the co-author of the third edition of *Orlicky’s Material Requirements Planning 3/E* (Ptak and Smith, McGraw-Hill, 2011) and the co-author of *Demand Driven Performance – Using Smart Metrics* (Smith and Smith, McGraw-Hill, 2013). He is a co-founder and Partner at the Demand Driven Institute, an organization dedicated to proliferating demand driven methods

globally. Additionally, he is the co-founder and Managing Partner of Constraints Management Group (CMG), a leading implementer of demand driven operational systems for mid-range and large manufacturers and supply chains. Chad serves as the Program Director of the International Supply Chain Education Alliance’s Certified Demand Driven Planner (CDDP) Program. Clients, past and present, include Unilever, LeTourneau Technologies, Boeing, Intel, Erickson Air-Crane, Siemens, IBM, The Charles Machine Works (Ditch Witch) and Oregon Freeze Dry. Chad is also a certified expert in all disciplines of the Theory of Constraints and studied directly under the tutelage of the late Dr. Eli Goldratt. Contact Chad at: csmith@thoughtwarepeople.com

The Digitization of Business Processes

by ANDREW S. WEINSTEIN, ISS Group

Organizations are looking for a quick and seamless digital experience, and they want it today...

Look within any organization large or small and you will find that many of their business processes are stuck in Analog! That does not mean that they are not automated. Rather, it means that they are not leveraging the value that today's technology affords to improve business processes in a number of ways, which have significant impact on an organization's bottom line, including:

- Global Process Standardization
- Reduced Process Cycle Time
- Improved Process Visibility/Tracking
- Implementation of Process Controls
- Elimination of Paper Forms
- Improved Workflow Productivity

Customers are demanding from companies in many industries a radical overhaul of business processes. Intuitive interfaces, around-the-clock availability, real-time fulfillment, personalized treatment, global consistency, and zero errors—this is the world to which customers have become increasingly accustomed. It's more than a superior user experience, however; when companies get it right, they can also **offer more competitive prices because of lower costs, better operational controls, and less risk.**

Companies must go beyond simply automating an existing process. They must reinvent the entire business process, including cutting the number of steps required, reducing the number of documents, developing automated decision making, and dealing with regulatory and fraud issues. Digitization often enables a process to be fundamentally reconfigured; for example, combining automated decision making with self-service can eliminate manual processes.

Successful digitization efforts start by designing the future state for each process without regard for current constraints—say, shortening a process turnaround time from days to minutes. Once a compelling future state has been described, constraints (for instance, legally required checks) can be reintroduced. Companies should not hesitate to challenge each constraint. Many are corporate myths that can be quickly resolved through discussions with customers or regulators.¹

Move Quickly

In order to reduce the challenge of complex IT legacy-systems integration, which can be more difficult to move

along at a quicker pace, there are ways to mitigate the risks of delay. Outsourced IT organizations that provide the established solutions and methodology will not only significantly reduce overall implementation schedules, but will also maintain tight budget constraints. By standardizing on proven solutions that target key business processes, you will be delivering tools that offer cross-functional objectives, further reducing excessive and needless costs down the road.

Utilizing today's connectivity technology and communication channels, specifically the Internet (or Cloud), Mobile Devices, and Social Networks, together with Rules-based Business Process Digitization Technology, transforms business processes from the old and slower 20th century way of operating a business (Analog) into the new and faster 21st century way of operating a business in real-time (Digital). The methodology of transforming a business process from Analog to Digital is called **Process Digitization™**.

Platforms to Deliver Process Digitization™

The Cloud: The Cloud provides the infrastructure and the business model needed to implement and deploy new digitized business solutions. It makes the solutions available to a broad audience as it lowers the barrier of adoption with ease of deployment, scalability, and minimum capital expenditure, as well as changing the ability of companies to deliver solutions at the new speed of business and meet demands for greater agility. Overall, Cloud solutions have the potential to accelerate innovation and time-to-market, enhance customer engagement, and improve communication between trading partners.

Mobile Devices: The device mobilization world is rapidly changing as well. In business, it's moving from desktops and laptops to mobile devices like smartphones and tablets. Mobile devices have an advantage because they are ubiquitous, always on, always connected, and integrate multiple functions into one device. Enterprises are adopting smartphones and tablets to enable their mobile workers to interact with business processes while on the go. IDC predicts that by 2015 more than a third of the total workforce will fall into the category of "mobile worker."

Social Networks: Communication channels within enterprises have expanded well beyond paper and e-mail. Due to the Cloud and Mobile Devices, Private as well as Public Social Media platforms like Google Plus, Facebook, and LinkedIn have become yet another communication channel increasing the speed of communication and collaboration between internal resources as well as with trading partners. Many organizations have 'company pages' on social networks for promotion purposes, used primarily by marketing, and some have implemented

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Private Social Networks for internal information sharing and collaboration, but very few have integrated this new channel into their daily business processes.

Rules-based Business Process Digitization Technology:

Rules-based Business Process Technology Cloud-enables, Mobile-enables, and Social-enables business processes, in addition to providing organization's the ability to define their process approval policies and routing workflow rules in electronic format. Once the policy and workflow rules have been defined the technology will execute them in an automated fashion to notify the process members, via the channels discussed in this document, for the purpose of performing an action as part of the process. Individuals as well as Groups of people will be notified simultaneously and/or sequentially, as well as their delegates for people out of the office, to keep the process flowing forward. By eliminating most or all of the human intervention performed in the past for the communication required within various business processes (ie; either via creation of paper forms or manually created emails), the flow of processes are streamlined and logged. If a process slows down due to a bottleneck (ie; someone sitting on a CapEx request), the technology will identify who is causing the delay and allow for collaboration between process members to get the process moving forward. Surveys have shown that organizations utilizing this kind of technology have seen **improvements in process cycle time as much as 500%**, which has a direct impact on the bottom line when the process is converting a customer sales quote to an order, or converting a requisition to a Purchase Order for a critical spare part needed in the plant!

Conclusion

'The benefits are huge: by digitizing information-intensive processes, costs can be cut by up to 90 percent and turnaround times improved by several orders of magnitude. In addition, replacing paper and manual processes with software allows businesses to automatically collect data that can be mined to better understand process performance, cost drivers, and causes of risk. Real-time reports and dashboards on digital-process performance permit managers to address problems before they become critical. Traditional IT-intensive programs deliver a return only at the end of the project, sometimes years after the project's kickoff. Digitizing end-to-end processes one by one, however, can deliver improved performance in just three to five months.'¹

Business Processes which leverage the Cloud, Mobile Devices, and Social Networks 'tied together' via Rules-based Business Process Digitization Technology allows for an organization to operate in 'real-time', eliminating 'process lag' and process inefficiencies.

Improvements in productivity as well as reduced process costs will have a significant positive impact on an organization's bottom line, and in today's challenging economic environment organizations simply cannot afford to continue operating as they did in the last century (Analog). They must **Digitize** their business processes to remain competitive for both survival and growth.

Note ¹: McKinsey & Company, 'Accelerating the digitization of business processes' | May 2014

QAD Celebrates 35 Years of Excellence!

In early October QAD announced that it had celebrated 35 years in the manufacturing ERP software industry. Founded by Pam Lopker in 1979, QAD has never lost its focus on providing an ERP solution that enables manufacturers to operate at maximum effectiveness in a lean manufacturing environment. Started in California, QAD has grown into a global business with more than 1,500 employees and 5,300 manufacturing facilities in more than 100 countries using QAD technology.

With a focus on automotive, consumer products, food and beverage, high tech, industrial and life sciences manufacturing, QAD is an industry leader in innovation and technology. An early advocate of open system solutions for manufacturers, QAD continues to lead with full functionality cloud ERP solutions that are providing the security and flexibility that today's global manufacturers demand.

"Since its inception we built QAD with the same aspirational goal as we had for our customers: to operate as an Effective Enterprise. A company where every business process is perfectly aligned to the company's strategic goals," said QAD Founder and President Pam Lopker. "Our next 35 years and beyond will continue to be focused on providing innovative and effective resources that will serve our customers well and help ensure their success in manufacturing."

"We would like to salute our customers, partners and staff who have gone on this 35 year journey with us," said QAD CEO Karl Lopker. "Pam and I have always operated with the understanding that the success of our customers is the primary motivator for all of our decision-making. QAD will continue to operate with the best interests of our customers in mind as we move forward serving the best, most efficient manufacturers in the world."

MWUG MEMBERSHIP UPDATE

Welcome New Members

Autoline Industries - Butler, IN

CCL Design - Strongsville, OH

Detroit Chassis LLC - Detroit, MI

Metaldyne - Plymouth, MI

Second Nature Technologies - Dryden, MI

Get the Most Out of Your MWUG Membership!

Put your membership to work for you and take advantage of the wealth of information and resources available to members on the MWUG Members Website...

- Member Directory & Search Database

Want to find other members in your region? Want to know who else is running the same QAD version as your site? Check out our online member search database where you can search and view other user group members' system and profile information!

- Conference Slides and Handouts

Members can access our archive of past conference papers, slides, and presentation handouts. If you've missed a recent MWUG Conference, this is the next best thing to being there!

- Newsletter Archives

Download past issues of the quarterly MWUG newsletter, all archived in easy-to-view PDF format.

- MWUG Resource Guide

The MWUG Resource Guide is a comprehensive online index of complementary product and service providers to QAD systems. No other singular resource provides such a complete overview of enhancements and services available for QAD users. The index is organized by product and service categories, so users can easily identify vendors based on their specific needs. Associate Members are offered a free Basic Listing.



MWUG Job Board

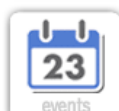
Do you have a QAD / I.T. related job to post?

Are you a job seeker looking for a position in the industry?

Members can post Job Positions FOR FREE on the MWUG website! Stop by today and see who's hiring!

www.midwestusergroup.org/career.html

Job openings can be sent directly to the MWUG office for posting on the website: MidwestUserGroup@comcast.net



QADGlobal Calendar

QAD events take place in your backyard and around the world. Don't miss your chance to participate in one of our valuable learning and networking opportunities designed specifically for you.

Nov 11	OESA 16th Annual Conference Detroit, MI
Nov 17-21	Quick Start: Enterprise Edition (QAD Office – Santa Barbara, CA)
Dec 1-3	.Net UI System Administration (QAD Office – Santa Barbara, CA)
Dec 8-10	.Net UI Reporting Framework (QAD Office – Santa Barbara, CA)

For more information, please visit QAD's Global Calendar at www.qad.com

MMUGSpring2015



March 22-24, 2015

The Henry Hotel
Dearborn, MI

Mark your calendars and plan to join MMUG for our Spring 2015 user group conference - scheduled for March 22-24 at the Henry Hotel in Dearborn, Michigan. As always, we'll have two full days of valuable QAD education, training, and networking with your Midwest peers!

Call For Speakers!

We are currently soliciting presentations for the Fall Conference. If you wish to present a topic in any of the following track areas we want to hear from you!

- Manufacturing
- Distribution / Financial
- Financial
- Business Process

Please contact the MMUG Office for a *Call for Speakers* submission form: MidwestUserGroup@comcast.net