



INNOVATION: CORE BENEFITS OF BPI SOLUTIONS

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The Five Key Leverage Points to Scale Your Manufacturing Business

After working with manufacturing companies for over 30 years, we have become acutely aware of the key differences between manufacturing companies that stay stuck versus those who have scaled their business to great heights.

This article contains four key leverage points that will allow your manufacturing company to scale quickly.

Leverage Point #1: Your Sales system.

For those manufacturers who rely on a sales force to sell their products (either directly to the end users of their products or through the sales channels that in turn sell their products), strengthening your sales system and upgrading your sales team is a big leverage point to grow your company.

This includes:

- Your lead management system (to make sure all leads get identified, graded, and put into a reliable follow up process)
- Your baseline sales process (to make sure you scale your best practices on how to follow up with your leads, improve your sales scripting, and close more business.)
- Building and refining your system for finding, hiring, managing, coaching, and compensating your sales team.
- Layering in evergreen sales systems like formalized referral systems and reactivation strategies to spark past customers to buy again.
- Your formal sales management and reporting system.

Take the example of Evelyn Fletcher, owner of an electronic manufacturing company in Texas. After the loss of a major client (worth over \$2 million a year of business), Evelyn's company lost \$500,000 a year of business. She also lost one of her two sales people.

While she couldn't afford to immediately hire a new sales person, by reworking her existing comp plan (which was too base rich and not enough performance weighted) and creating a better sales system, her one sales person increased her sales by 153 percent in 87 days. (Amazing what incentives properly designed do...) If you sell via a sales force, or could sell via this sales channel, take some time to review how you could leverage your sales and profitability by refining your sales system.

Leverage Point #2: Implement a "Best-Practice solution " to help you bid on more work, faster, and more accurately.

Does your company secure most of its orders through a bid, auction, reverse auction, or "RFP" (request for proposals) process?

If so, one of the key things you can do to grow is to utilize a robust solution that helps you find, grade, and quickly, efficiently, and accurately bid on more potential contracts.

Many of our manufacturing clients find most of their contracts through this type of process (as opposed to a dedicated sales force or other sales channels). Their struggle is that they have no scalable system to bid on the right projects at the right prices. How about your company?

One of the bottlenecks that gets in the way of scaling your manufacturing company is the amount of time it takes to create a quote.

Without an efficient, scalable and robust Business Process Improvement (BPI) solution, most small and mid-sized companies require Manager approvals on every single discount that the sales team incorporates into a quote.

With the implementation of BPI solution, if a quote is within the originator's discount authority, then the Quote is approved. If it's not, then it will route electronically through the organization.

Another complex process that exists at many small and mid-sized manufacturing companies are the amounts of templates that exist to create a quote. A BPI solution provides small and mid-sized manufacturing companies a single process to control all quotes being generated. With the appropriate solution in place, you now have uniformity and process continuity throughout the company for your customers. Internally, corporate compliance is established with CSR and Sales representatives having a clear definition on quote guidelines.

Do you have a benefit rich solution that does the following?

- Gathers a larger pool of potential projects and contracts to bid on.
- Efficiently process through these potential projects, and based on a clear criterion, filter out which opportunities they should (and should not) bid on.
- Tap into your company's best intelligence to know what price and terms to offer. (Normally this is simply drawn from a singular individual in the company, thereby creating substantial delays and setbacks. Instead we help our clients to formalize this knowledge so that most, if not all, of it can be performed by individuals working collaboratively from anywhere in the world. Accuracy is the key here as you'll be living with the terms of the contract you bid at for months or in many cases, years to come!)
- A template driven process to package your bid with the correct language and format to both support your sales efforts and to protect yourself in the fine print.
- A warning and notification system that notifies the right people when the customer requests a price on an item that has been quoted multiple times.

- A system that simplifies your customer's price sheets by only containing prices that have been accepted by the customer. This saves a lot of time by creating the price list records for the quote as they're needed.
- Start by reviewing what you already have - both on paper or digitally (e.g. spreadsheets to crunch pricing, cover letters for proposal responses, sample past project bids, etc.) and in the heads of your internal experts.

Then look for simple ways you streamline and formalize your core bid process.

Finally, use your new refined system and measure its impact. Continue to fine-tune and improve it over time.

Leverage Point #3: Increase productivity by streamlining the Procure-to-Pay process.

How many approvals are required to get a purchase order through the system? How easy is it for your company to requisition materials? How easy or difficult is it to communicate and order product from your suppliers? How strong is your relationship with your suppliers?

Most mid-sized manufacturing companies leave so much money on the table due to the inefficiencies within their supply chain. If you can cut your procurement process in half, you can increase sales and improve the profitability of your business without having to add one square foot of space in your manufacturing facility.

Here is what a typical procurement process looks like:

1. A paper order is created by the purchasing department
2. The order goes to the Purchasing Coordinator and sits on his or her desk for days

3. The Purchasing Manager inquiries about the order only to be met with a “deer in the headlights” look on their face and the Purchasing Coordinator will say they never got it.
4. The Purchasing Manager re-creates the order and hands it to the Purchasing Coordinator.
5. The Purchasing Coordinator enters the order into the requisitioning system
6. The Purchasing Manager never sees the order and it sits in the system for days at a time
7. The customer calls to check on the order and it takes forever to find the status of the order
8. The Purchasing Manager looks in the requisitioning system and finds out that he or she forgot to approve the order
9. After the Purchasing Manager approves the order, the Purchasing Coordinator sends a manual form to the supplier via email
10. The Purchasing Coordinator calls the supplier and ask them the status of the order. The supplier has a “deer in the headlights” look and has no idea what you are talking about. The Purchasing Coordinator stays on the phone to make sure the supplier got the order.
11. The Supplier gets the order and says they need to get a 25% deposit on the order.
12. The Purchasing Coordinator sends emails and voicemails to the Purchasing Manager to approve the payment.
13. The Purchasing Manager sits on the approval because he or she has no idea (with all the things he or she must remember) that the supplier requires a 25% deposit.

14. The customer calls on the status of the order only for the Purchasing Manager to find out that he or she did not approve the order.
15. The order finally gets approved and the supplier gets paid.
16. The materials show up late at the facility, which delays the production process.
- 17.** The Purchase Manager now must spend precious time calming the customer down and explaining why it was late (not good).

I don't know about you, but it was exhausting just to write the process...!

Now, imagine the requisition process working for you in the following manner in this simple example:

1. The Purchasing Coordinator orders the materials into a web-based system, utilizing contract based pricing from pre-approved suppliers.
2. The web-based system automatically routes the electronic purchase order (PO) requisition through a configurable rules-based approval system via email or SMS text to the appropriate approvers based on simple or, depending on the purchase, a highly configurable set of rules, to the appropriate individuals in the approval chain.
3. The approval routing engine provides for rules to be created using any and all of the data within the req, for simultaneous as well as sequential approvals, for group approvals, for approval re-routing based on changes made to a req, for retracting of a req by the originator and re-submission of a req for multiple approval attempts, and much more. Click [here](#) to view our 'how-to' video on simple approval rules. Click [here](#) to view our 'how-to' video on complex approval rules

4. After the order is approved, a PO is generated by your ERP solution and electronically delivered to the supplier.

Leverage Point #4: Strengthen the financial pillar of your company.

Most small and mid-sized manufacturing companies have poor financial systems and controls.

This hurts them in 3 main ways:

1. When trying to manage cash flow. They don't have the predictability of income and expenses that would allow them to make better, smarter, and timelier financial and strategic decisions.
2. When they attempt to obtain financing to replace or secure new capital equipment.
3. In their collections - which radically reduced their sustainable growth rate. Sure, they eventually get paid, but their receivables can stretch out for 60-90-120 days or more, simply because they don't have a robust and reliable system in place.

With the use of a configurable rules-based workflow solution that is available in the cloud, the right people can access the right information at the right time and act upon the real-time information. Streamlining rules-based workflow approvals reduce manual, inefficient, and error prone processes so that you can focus your employee's energy towards improving productivity and increasing profitability.

Below are just a few examples of business processes you will improve with the click of a button using a web/cloud based, rules driven BPI solution:

- PO Requisitions
- Sales Quotes
- Supplier Catalogs
- Material Pricing
- Capital Expenditure Requests
- IT Change Orders
- HR Requests
- Expense and Travel Requests
- New Product Releases
- Project Budgets
- Sales Commission Calculations
- Approving Supplier Invoices
- Issuing Customer Credit

Summary

The main difference between a small or mid-sized manufacturing company and a large manufacturing company often comes down to the ease of doing business. Many smaller manufacturing companies have a difficult time scaling because the organization's selling system and/or operating system is much too cumbersome. By reducing the processing time associated with manual processes, human capital

bottlenecks, and legacy forms, you can increase the capacity of your manufacturing company without adding another square foot to your facility.

For over 30 years, ISS Group has helped manufacturing companies scale their business with the principles covered in this article. We have taken each module within our product suite to create a seamless solution called iBundle® that allows you to easily scale your manufacturing company. iBundle® is an all-in-one package that helps you streamline your quoting process, your purchasing and procure-to-pay system, and virtually any process that requires approvals. The bottom line is that iBundle® helps you increase productivity, reduce costs and increase profitability with less effort.

To learn more about how iBundle® can help you take your business to the next level, [click here now.](#)