



CONNECTED METAL SERVICE CENTERS

Optimizing processes and technology
to build competitive advantages



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What is a Connected Service Center?

Enmark's definition

The idea of a “connected” service center has grown out of Enmark’s 40+ years in the metal service center industry. It is our way of defining the characteristics and best practices of the most successful organizations we have worked with in the metal service center industry.

We have found that the top performing service centers are very aware of how their data, internal teams, customers, and vendors communicate and share data – and they work to optimize those processes. These successful organizations share the following traits:

Company-wide understanding of priorities and goals.

At every level of the organization, employees understand the organization’s priorities and goals, what part they play in meeting those goals, and how the company’s success can benefit them directly.

Use of technology to reach goals more quickly and efficiently.

Technology is always selected and implemented to serve a specific purpose, and that purpose is widely understood and documented. Data integration and workflow optimization are often a focus, in order to minimize data errors and improve efficiency across all systems.

High-performing companies evaluate technology carefully, and only implement a technological solution when it is the best option to reach a goal.

Shared data throughout the organization and with external stakeholders.

All team members have access to the data they need, without the ability to change the data they shouldn’t. This applies to the entire organization. For example, when a customer service representative takes a call, they have easy access to all of the account, order, invoice, and inventory information that they need to answer every question.

This can extend to customers and vendors as well. Simplifying, and even automating, processes such as sending a vendor a PO or receiving a payment from a customer can have a big impact.



Prioritizing activities that will have the greatest impact on the organization's goals.

The organization is laser-focused on improving their bottom line and meeting other defined goals. This means that every decision to implement new technology, change a workflow, or introduce a new process is measured against the following questions:

- Will this help us meet a goal that we might not otherwise meet?
- Will this help us meet a goal more efficiently?
- What is the expectation for success?

Many of these organizations truly believe that the more involved their employees are in the process of setting and meeting goals, the more successful they will be. Employees are kept updated on current metrics and goal data, and they are encouraged to contribute ideas that may help with the company's stated priorities.



The benefits of a connected service center

Connected service centers see a better bottom line – more revenue and higher profit margins. There are several underlying benefits that lead to a strong financial standing:



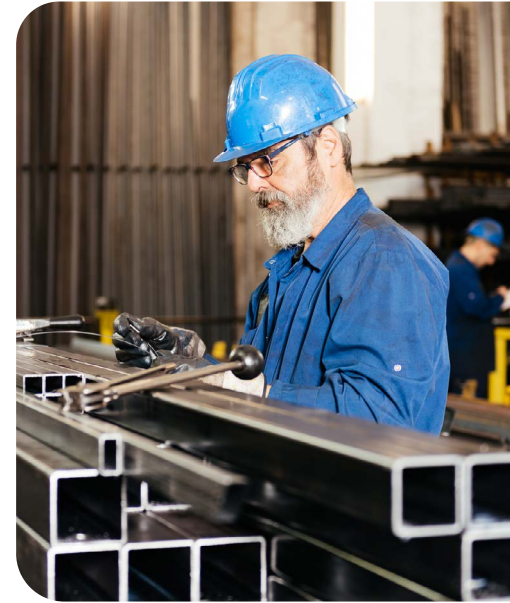
Satisfied customers.

We all want our customers to love us, to recommend us, and to stay with us forever! Connected service centers keep their customers happy by ensuring that they can get quick answers when they call, have no surprises with their orders, and have easy ways to place orders and make payments. Just as importantly, connected service centers have optimized inventory management, forecasting, and ordering processes to ensure that they have the right inventory on-hand for their customers as often as possible.

Good vendor relationships.



The right information in the hands of the right employees means clearer communication with vendors, fewer rush orders, and fewer PO changes.



Satisfied employees.

Employees with clear goals and well-defined processes are able to focus on activities that advance the organization's goals. They are able to minimize rushed activities, confusion around responsibilities, and they see the positive effects of their actions.



A scalable organization.

It is not uncommon for metal service centers to have employees, including owners, who have been in the industry for a long time. They have built strong relationships with customers and always know exactly what is in inventory at any moment.

As an organization grows, however, new employees don't necessarily have that same experience – and experienced employees may retire or be unable to continue to oversee every customer order and inventory decision. Having good data in the hands of everyone who needs it, along with tested workflows and processes will help the organization scale as needed.



Defining what a connected service center means for you

Connected service centers may share a core set of characteristics, but they certainly are not identical. Earlier, we talked about the need to prioritize activities based on the potential impact on your organization. This process is often subjective, largely because activities with the biggest potential impact may have a smaller chance of success.

In determining where to spend resources, it is important to identify those options that need a full decision-making process with involvement by company executives – and those that don't. The following sections in this book define specific data and situations that should be evaluated.

Here is one process that we find works well when prioritizing and making the larger decisions:

1. Identify the decisions which could make the biggest impact on your organization. It is a best practice to limit this list to 5 or fewer to ensure that you are focusing on only the largest and most important items. As an example (your list may be completely different, of course):
 - a. Can our current ERP system handle our planned growth?
 - b. Would barcode technology improve accuracy and efficiency in the warehouse?
 - c. Will additional fabrication capabilities boost profitability and market share?
 - d. Should we change or expand product lines to increase revenue?
2. Gather data and calculate the effect this decision will have on the organization's goals. Determine the employees who will be involved in making each decision, and any external resources as necessary. If, for example, you are evaluating the implementation of an automated payment system, you may want to gather customer input before making a final decision.
3. Determine the expected costs of implementing each decision:
 - a. Direct costs include any costs that can be quantified and easily defined in dollars, such as fees for software, new buildings, or expanded inventory.
 - b. Indirect costs include items that are more difficult to quantify, but are still important, such as an increase in order picking times while staff become familiar with new products or warehouse locations.
4. Compare the expected benefits and costs of implementing each decision. Some of these numbers will be estimates – even educated guesses – that's ok. Be as accurate as you need to be comfortable in comparing and ranking choices.
5. Add an estimated chance of success to each potential choice, compare, rank, and make a decision!

Connecting your Data

Evaluating potential data disconnects

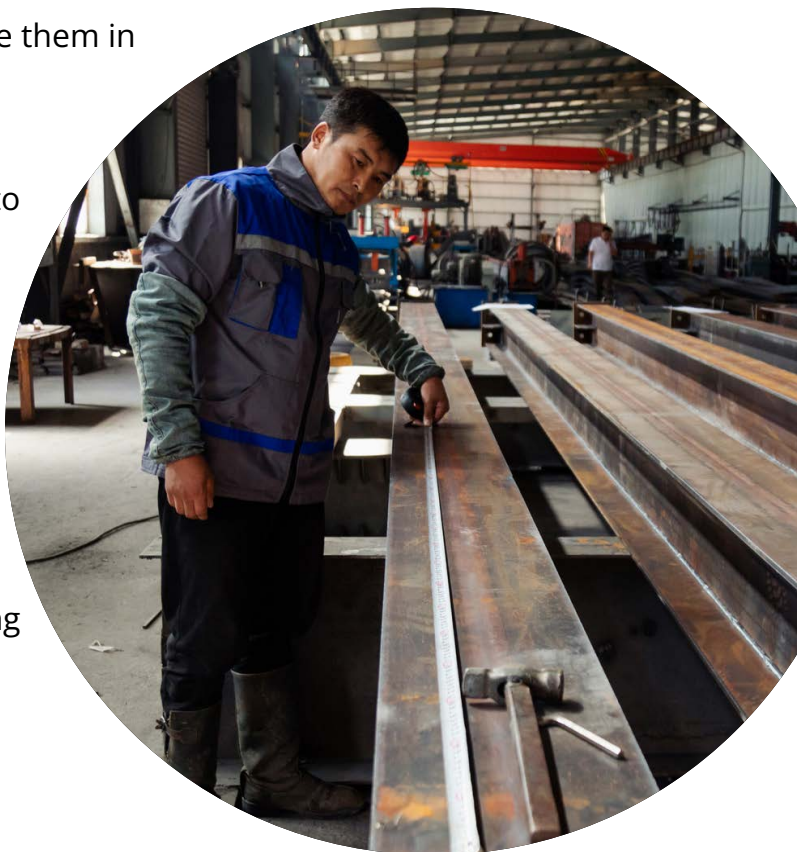
Every company has them – processes and workflows that require data to be entered manually, stored outside of core systems, or recorded in multiple systems at the same time. But these situations are each different, and while some need to be resolved, others can be acknowledged, documented, and left as-is.

When evaluating data-related disconnects, look for the following:

-  **Duplicate data** – Identify any data that exists in multiple places, including in paper records. Include only data sources that are currently being used (ie: ignore data backups and old sources that are not current).
-  **Manually-entered data** – Identify all data that is entered manually into any business system. This may be at a point where data is coming into your organization (ex: phoned-in customer orders). This may also include points where data is moving from one system to another.
-  **Automated data entry** – Identify the data that is coming into your organization via automated methods. For example, incoming SteelXML records from vendors. Even though the data entry is automated, care should be taken to review the process that converts and inputs the data to ensure that it is accurate.

Once these data disconnects are identified, evaluate them in two ways:

1. Is it possible to remove the point of disconnection? For example, you may be able to replace paper records used on the shop floor with direct access to the data through barcode scanners or tablets.
2. What would it take to streamline the process and mitigate opportunities for data errors? You will find that many of these data disconnections cannot be eliminated, so it is important to look for ways to optimize the process and ensure that any data issues can be easily identified through reporting or automated notifications. For example, automated checks during order entry, such as checking a customer's credit status and inventory availability.





Specific data ‘threads’ to evaluate

Consider paying particular attention to the following workflows by mapping data as it moves through your processes:

- Customer orders to purchase orders to shipment
- Customer orders to invoices to payments
- Purchase orders to shipment information to receipt
- Inventory location tracking – from receipt to stocking to picking to shipment
- Outside processes

Connecting your Teams

The importance of connected teams

Data accuracy will only benefit the company if your internal teams can easily view and understand the data. Providing everyone in your organization with access to the information they need, when they need it, will:

1. **Minimize errors** by ensuring that decisions are being based on the latest data – and that everyone is using the same information.
2. **Improve customer service** by giving your customer-facing team members quick access to all the information they need to answer questions dealing with everything from invoices to inventory availability.
3. **Improve employee satisfaction** by eliminating frustrating data searches and uncertainty.
4. **Ensure transfer of knowledge** by documenting data and related processes. Employees will not only be confident in the data and processes specific to their job, but will be able to take on additional tasks and move into other positions when needed. No single employee will have knowledge that is not available to others.

Identify situations where team members must ask for information, wait for a report, or otherwise don't have ready access to data they use on a regular basis. These are the situations that should be evaluated and optimized wherever possible.

What to do

- ✓ Involve internal teams in establishing methods and parameters of communication and data sharing.
- ✓ Ensure that everyone has access to all data that would make their job easier.
- ✓ Clearly communicate any changes and create easily accessible documentation and/or training for each team.
- ✓ Focus on manageable, easily attainable goals that create value.

What not to do

- ✗ Give employees the ability to change data unless they need to (and have the proper experience and training).
- ✗ Create unneeded roadblocks or additional work that doesn't serve a clear purpose.
- ✗ Try to connect everything in one single project.

Connecting with Outside Stakeholders

Outside stakeholders typically include customers and vendors, but may also include other organizations that you work with (i.e.: have business transactions with). As you are going through processes and data connections, be sure to include those involving these outside stakeholders.

Connecting with Customers

For each customer touch point or activity, including the following, identify possible points of friction:

1. Quote request – When a customer requests a quote, can your team immediately:

- View accurate inventory information?
- Find all inventory items that match the customer's requirements?
- Easily request vendor quotes for inventory not in stock?
- Add processing and other services to the quote with correct pricing?
- Easily mark up or down an individual item or apply a markup across the order?
- Quickly send the completed quote via email, fax, and/or mail – depending on the customer's preference?

2. Placing an order – When an order is placed, does the following happen with little to no intervention from your team?

- Check customer credit status.
- Convert an existing quote to an order.
- Attach additional documentation, including mill test reports.
- Apply the correct sales tax.
- Send order confirmation to the customer via their preferred method.

3. Changing an existing order – Is your team able to quickly:

- Find the customer order based on customer name, order number, or other information that the customer may provide?
- Update the order?
- Identify items that have already been processed and cannot be changed?
- Identify any additional fees associated with the changes?

4. Communicating shipping information – Do your customers automatically receive shipping notifications and documentation for each order?

5. Sending invoices and receiving payments – Does your system support:

- Automatic invoicing and dunning notices?
- Automatic and manual application of invoices to orders?
- Options for customers to process payments online?

Connecting with Vendors

For each vendor touch point or activity, including the following, identify possible points of friction:

- **Quote and order requests** – Can your team quickly communicate with vendors and manage:
 - Automated buy-outs?
 - MTR attachments?
 - Pre-receiving processes?
 - Vendor part numbers?
 - Automated communication via email?
 - Quoted pricing history by vendor?
- **Receiving** – Do your current processes allow for:
 - PO receiving across branches?
 - Pre-receiving processes?
 - Barcode receiver tags?
- **Forecasting** – Does your team have access to the information needed to develop sales and inventory forecasts?
- **Receiving invoices and sending payments** – Can your team quickly match invoices to receipts and process payments?



Strategies for building a connected service center

Creating a connected service center involves much more than data management. Determining what “connected” means to your organization includes defining what you want your organization to look like in 5 years, 10 years, and on into the future – and the process changes that will get you there.

Consider the following when defining what “connected” means to your organization:



Setting goals and metrics

What does success look like for your organization? What needs to happen to meet your revenue goals? Do you have goals around market share, product mix, customer satisfaction, and other metrics? How will you measure each goal?



Involve the whole organization

As much as possible, involve the entire organization in goal setting and operational planning. The more that employees understand how new processes will help meet the organization goals, which will in turn benefit them, the easier it will be to gain buy-in and get new processes implemented quickly. Encourage employees to come up with new ways to meet operational goals as well!



Set up a project team

It is critical that the managers and knowledge-leaders within each area of your organization are involved in determining the best way to meet the goals that you have set. A formal project team is a good way to ensure that your plan stays on-track, and it is extremely important that company executives are visible in their support of projects. Consider having a single executive sponsor for the overall “connected” plan and/or identify separate executive sponsors for each individual project.



Review current technology

Do we have the tools we need to do what we want to do? This may mean evaluating your core ERP system or the use of smaller solutions to address specific needs.



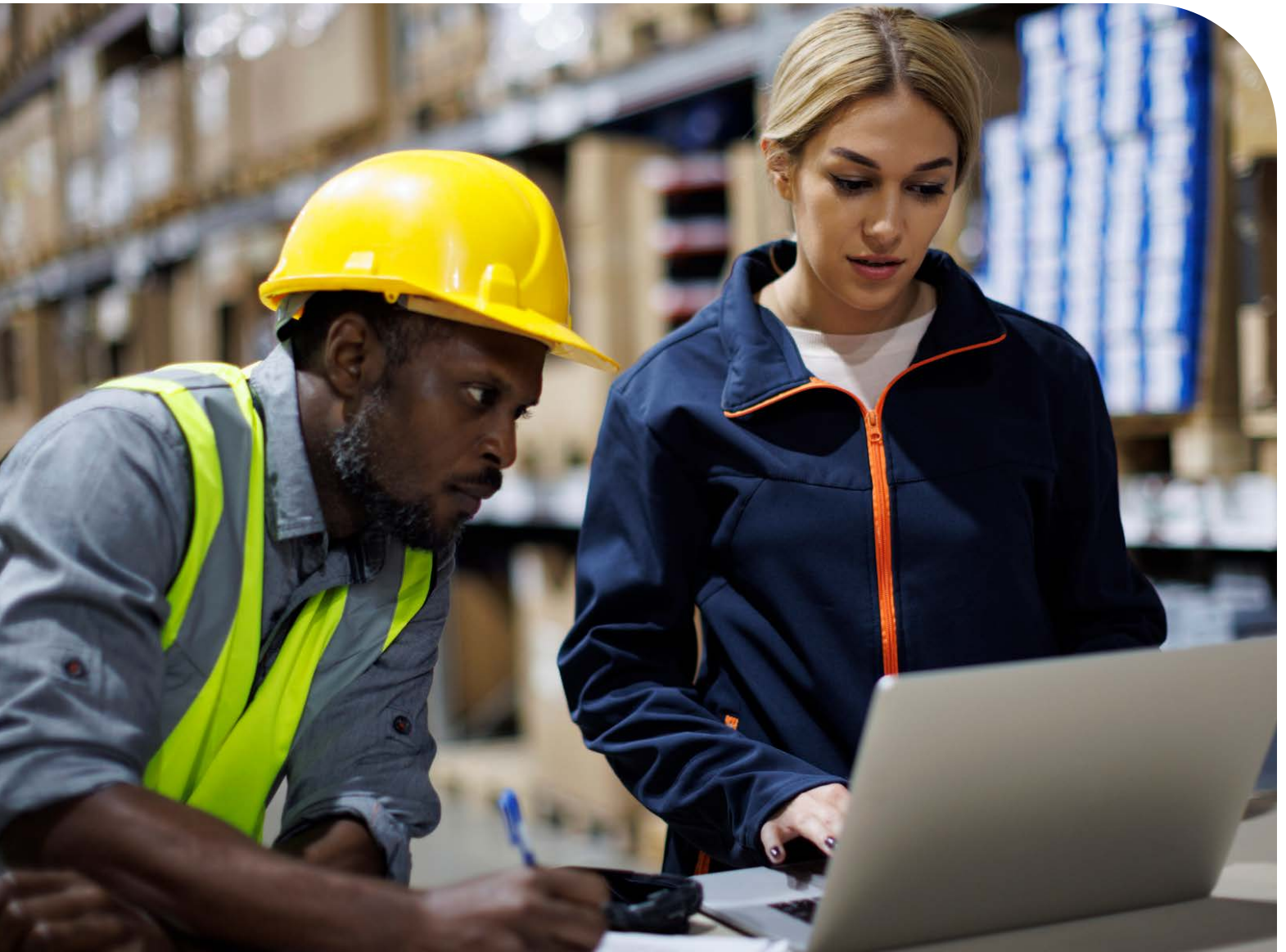
Review current workflows and processes

What can we improve to remove repetitive steps and other inefficiencies that waste time and contribute to data issues?



Regular check-ins

Regular input is important when making process changes. Have things really improved? Are we tracking the right metrics? Does the team continue to remain focused on your goals? Whether you implement formal meetings or not, regular check-ins with the staff, project team, and executive sponsors are critical to keeping the project on track.





ERP Systems and the Connected Service Center

ERP systems like Eniteo are central to the operations of any connected service center. The functionality that ERP systems offer across your entire organization provide the following benefits:

Connected data is automatic

Your ERP system will likely not be your only business software, but it should be the central repository for all key business data; including customer, inventory, and accounting information. Separate business systems that handle core functions such as order entry and accounting create data disconnects that need to be monitored.

Embedded best practices

Strong ERP systems will provide built-in processes and workflows that address many of the issues discussed earlier in this book. For example, automatic back-order generation and credit status checks when a customer order is entered.

Configurable features

ERP systems should also provide you with the ability to configure features throughout the system. For example, if a customer is on credit hold do you want to prohibit the order from being finalized? The ability to configure the system will allow you to implement your own policies and procedures without the need to work outside of the system or to modify it.

On-going support and enhancements

By partnering with an established ERP vendor, your company will receive on-going technical support and access to industry experts who can help you get the most out of the system. In addition, new technologies and functional requirements within the industry will be provided automatically.



No two ERP systems are built alike and, of course, [we are a little biased as to which is best](#). However, no system is the right solution for every organization. Here are a few things to consider if you are evaluating new systems for your service center:



Size and scope

It is important to select a system that is proven in organizations your size. This ensures that not only is the software scaled correctly, but that the vendor is used to implementing and supporting companies like yours.



Vendor support

Ask a lot of questions about how the software vendor provides support and the team that you will be working with during implementation and after. Do they charge a separate fee for support? Are there established processes for escalating an issue if necessary?



Industry-specific features and experience

There are many “general” ERP systems out there that are designed for manufacturers and distributors in almost any industry. These work well for some industries, but steel service centers have requirements often not addressed in these systems. You aren’t selling widgets, so make sure that any system you are considering supports dimensional inventory, fast order entry, automated “buy-out” processes and requests for quotes, and other service center-specific features.

About Eniteo

Eniteo, Enmark's flagship ERP product, allows metal service centers to connect all functional areas of their operation in one enterprise solution. Fully integrated accounting, purchasing, inventory, sales, and shop floor functionality provides for a fully connected service center that is focused on driving efficiency and profitability.

We have been continuously providing new features and enhancements throughout the 40+ plus years that we have been working with the metal services industry. Our latest features focus on helping our customers stay connected and include new business intelligence tools, expanded support for barcoded inventory, and electronic payment options for our customers' customers.

EnVision by Enmark is a cloud-based analytics and decision support tool purpose-built for Eniteo users. Use EnVision to create business snapshots and comparisons, identify exceptions and areas of concern, view trends, and much more. This is a full-featured analytics platform with powerful, easy-to-use filtering, sorting, segmenting, and drill-down capabilities. Use our "TV mode" to display key data in your office or warehouse!

If you would like more information about our Eniteo ERP system for metal service centers – schedule a conversation or demo at www.enmark.com/demo.

If you would like to contribute to the conversation around connected service centers, we'd love to hear from you on LinkedIn or via email at info@enmark.com.