

PHOENIX MECANO INC.

a customer case study for
DEMAND FORECASTING AND REPLENISHMENT





Phoenix Mecano Combines Skill, Teamwork, and the Right Software, Absolute Value™, for Tremendous Results

Global economic downturns can present challenges for even the best run companies. Remarkably, some companies continue to improve processes, and become more profitable in spite of the world around them. Phoenix Mecano is one such company.

THE BACKGROUND

Phoenix Mecano Inc. (PM USA) is a division of the Swiss Company, Phoenix Mecano AG, operating three distribution divisions and associated profit centers in the United States. Rose+Bopla Enclosures manufactures an extensive line of off-the-shelf enclosures, machine control enclosures, and suspension arm systems. RK Rose+Krieger provides frameworks, linear products, and clamps for another group of customers that use those components to assemble their final products. PMI Dewert, the third division, runs yet an entirely different business. Dewert Motorized Systems manufactures a full range of single and dual linear actuators, handsets and control systems. These systems are currently used in motion furniture (beds, tables, chairs), medical, long-term care, physical therapy, and industrial applications.

Each of the divisions has its own unique customers with different business and software needs. Because of long lead times when purchasing from sister companies overseas, customers were left dissatisfied due to insufficient resource planning.

THE PROCESS

The PM USA success story started when a new management team gave the company a fresh start on operations. In spite of the separate divisions, a corporate team consisting of the Information Technology, Purchasing, and Supply Chain Management functions got together to work toward improvement and they, in fact, did make incredible improvements!

Their work started under the direction of President, Philip Brown, who recognized the need for improving their supply chain and challenged the cross-functional team to

start with improving their forecasting and replenishment efforts across the company. They identified problem areas and addressed many of them with the Absolute Value solution.

Paulette Enfante, Supply Chain Manager, Nettie Chronister, IT Manager, and Chris Howes, Purchasing Manager, set out to reengineer their supply chain. Months later they can now point to:

- Reducing their stock inventory part numbers from 4,000 to 2,900 items, while increasing customer satisfaction.
- Eliminating costly off-site storage space, while opening up 30% of their existing warehouse space to be able to re-engineer the formerly congested traffic flow in the warehouse.
- Reducing warehouse staff by 55%.
- Significantly reducing air freight bills, previously caused by not being able to accurately predict key component needs on a timely basis.

Like most companies, PM USA saw a decline in their sales during the 2009 global economic downturn, but they are financially sound. Using Absolute Value to stock more appropriate inventory, the team has also taken their inventory value down by 35%. This opens up cash for their use, rather than having to approach their bank because too much of their cash is tied up in dead stock.

“My job is now exciting and rewarding. I can’t wait to see the reports and view our progress; trends are moving in the right direction.”

Chris Howes
Purchasing Manager
Phoenix Mecano Inc.



PHOENIX MECANO

Purchasing Manager, Chris Howes, states, "Now we can show data to substantiate why we are doing things. At first the sales people were skeptical, but we've proven we are stocking the right items at the right time. I don't get the negative input that I used to. The lack of negative feedback from sales is a huge positive for us, and in spite of reducing our inventory, our customers are happier than they have been in the past."

Chris continues, "We often did not have what we needed. Air freight inventory in was a huge issue for us. It used to be its own topic that would dominate our weekly team meetings. Now it doesn't even come up."

THE BENEFIT

"We have put the fire extinguishers in the corner," continues Paulette Enfante. "Even though we import 90% of our inventory, and it is on the water for 4 to 6 weeks, we have greatly improved our visibility. With Absolute Value we can drill down on any area of the system to get visibility to the detail around a formula, forecast, a suggested order, or what is currently on the way to us. We know when and why things are happening, and just as importantly, we can change them as we need to."



left to right: Nettie Chronister, IT Manager; Chris Howes, Purchasing Manager; Paulette Enfante, Supply Chain Manager

The change at PM USA has been so dramatic that the CFO from their parent company made a trip over to visit PM USA to evaluate the Absolute Value software implementation, and to see if the results could possibly be real. IT Manager, Nettie Chronister

comments, "He has actually given us accolades." Paulette Enfante continues, "This means a lot to our team personally and professionally."

In discussing one of the more difficult forecasting processes, the team at PM USA indicates that Dewert's make-to-order, high-cost products used to present one of the bigger challenges for inventory management. The components are unique, and products can have a 14 week lead time. The customers did not want to place orders and wait 14 weeks, but they were having difficulty in accurately forecasting their needs.

Now PM USA uses Absolute Value's Collaborative Forecasting option to work with individual customers on their order input. They can meet to get a specific forecast by customer, and then compare the forecast data provided by that customer to the actual orders they place. There is more real data available both to PM USA and to their customers to make better forecasting decisions, improve inventory levels, and shorten lead times for finished goods.

Paulette Enfante comments, "Confidence is key and big, and so much better than what it was before Absolute Value. Our team has more confidence than before, Philip has a greater understanding and more confidence than he did before, and our overseas partners also have much more confidence in us."

Nettie Chronister continues, "So many processes were working against Absolute Value when we first started. As flexible as Absolute Value is, we learned we were better off to change some processes to follow the software. Sometimes you have to make changes. It has paid off tremendously for us."



Absolute Value a partner who knows your business needs

Absolute Value has roots in the Distribution Software Industry that are extensive, with specific strength in Forecasting and Replenishment. Constructed of both end-user and software vendor experience, the Absolute Value team bridges a dual perspective on the complex needs of today's distributors.

Blending this depth of experience with knowledge of state-of-the-art technology and application solutions provides our clients a unique pathway to success. The Absolute Value team offers this key experience gained as an evolution of Lanham Associates, a Microsoft Gold-Certified partner.

Ever adapting with technology, we have now expanded the availability of a product with more than 200 successful implementations. It has been reformatted in the SaaS (Software as a Service) environment and offered with ERP independence, as Absolute Value.

Absolute Value
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Phoenix Mecano Inc.

Phoenix Mecano Inc. markets its products and services to the North American market through three product divisions from its headquarters in Frederick, Maryland. PM USA is part of Phoenix Mecano AG, an international corporation based in Switzerland, comprised of independent manufacturing facilities worldwide.

Phoenix Mecano is a global player in the components segment. Their products can be found in all areas of the machine industry, automotive industry, in the home and hospital care sector, and in the telecom and industrial electronics sector.

"Absolute Value is flexible and dynamic. Unlike other tools, it isn't static. The solution grows with you."

Paulette Enfante
Supply Chain Manager
Phoenix Mecano Inc.

