

Goals:

- To align GKN's technology strategy with its business strategy and to generate business value and competitive advantage very quickly.
- To support a long-term strategy of growth through acquisition, enabling acquired companies to begin managing with an integrated ERP system immediately.

Challenge:

- Implement rapidly without major business disruption.
- Standardize two sites on Cincom ERP immediately, with a third acquired site to follow.
- Reduce the time to assimilate new acquisitions into the corporation.
- Better serve the complex product requirements and delivery expectations of customers.

Solution:

Cincom's ERP solution with GKN Project Sentinel

Key Results:

Phase I: Cincom's ERP solution

- Successful implementation for its St. Louis headquarters in just four and a half months
- 40 percent reduction in application integration costs
- No disruption to business with products being shipped on the go-live date
- Record sales in first month
- Project payback in three months
- 50 percent reduction in Total Cost of Ownership (TCO) of enterprise system

Phase II: Cincom's ERP solution with Project Sentinel

- \$25 million reduction in inventory investment in the first six months
- 42 percent increase in inventory turns
- 38 percent reduction in cycle time (planned)
- Improved electronic collaboration with key customers

Profile In Success: **GKN Aerospace**

GKN Aerospace Enjoys ERP Excellence with Cincom

Q & A With GKN Aerospace



Background

GKN Aerospace is a supplier of advanced composite and high-performance alloy structures to prime contractors such as Airbus, Boeing and Lockheed Martin, and to jet-engine manufacturers such as Rolls-Royce and Pratt & Whitney. Once the fabrications operation of Boeing's Military Aircraft and Missile Systems Group, the company was acquired in 2001 by GKN, forming a new strategic business unit for the company.

Almost from its outset, GKN has relied on Cincom's ERP solution as the tool that underpins the company's success. Originally implemented in a two-phase process, GKN's results through the years have demonstrated the power that comes with having the right ERP solution aligned correctly with a company's vision for growth.

Initially, Jay Fitzsimmons, GKN Aerospace North America East President and CEO, tasked Fanny Sloan (IT Director) and Gregg McDaniels (ERP Project Manager) with managing the ERP implementation. Just four and a half months later the company went live on Cincom's ERP system—a triumph that set the stage for this company on the move.



Phase I: A Need for Speed

Phase I of GKN's project was a rapid implementation of Cincom's ERP solution. The company sought to implement and be live very quickly, then move into tackling new operational efficiencies in Phase II.

GKN Aerospace North America was kind of like starting a new company—how did that impact your information technology needs?

Executive Perspective

“At the beginning, we could either continue with our previous owner's systems, or take the opportunity to look ahead in our new business, and begin making decisions that would impact our long-term strategy. We had to rethink our entire information technology strategy and to do so, we chartered ‘board room’ sessions to bring our executive committee together with our IT project team.

“We knew we needed to align our business strategy with our technology strategy, and that doing so would produce incredible results for our company today, but also provide us with an opportunity to leverage that success for future acquisitions. And given our circumstances, we also needed to move fast.”

– Jay Fitzsimmons

One of the biggest challenges for manufacturers today is aligning their IT strategy with their business strategy. How is GKN addressing this challenge?

Executive Perspective

“Our company competes in an advanced manufacturing industry where technology plays a crucial role in our ability to succeed. There are many challenges in aerospace and defense that could not be met without the use of advanced technology. At GKN Aerospace, we use technology as an enabler to assist us in providing our customers with products and services that exceed their requirements (quality, schedule, cost and experience). Our customers expect excellence and we deliver on that expectation.

“Technology is integrated into our business strategy. Too many companies struggle today because they did not consider the role technology plays in their business strategy; many no longer exist. We place a high value on our technology and utilize it to improve our business processes.”

– Jay Fitzsimmons

Given your need to implement rapidly, describe your implementation of Cincom's ERP solution.

Executive Perspective

“At GKN, we first perform a careful review of our business processes, and then we install the system ‘vanilla’—meaning we do nothing custom. We use reports to make things compatible, which helps us move quickly with the installation. Later we map our processes using Value Stream Mapping (VSM) to document how we plan to work. This helps us to standardize processes across the business, forming a single information technology base.

“Having implemented six different ERP systems in my career, Cincom's ERP solution proved to be the most straightforward and least labor-intensive. Implementing software is about being 80 percent right, then tidying up the 20 percent remaining after the foundation is in place. Cincom provides us with a strong foundation that we could use very quickly, and then perform site tailoring moving forward.

“We performed the implementation in four and a half months, which is a testament to the capabilities of Fanny Sloan. Fanny and her team proved that they could do what was first thought to be impossible. At GKN, we also believe that the people who are going to be using the system need to play a key role in installing the system, so they see how this is going to impact their area of responsibility.”

– Jay Fitzsimmons

IT Perspective

"As other project managers and information technology professionals know, executive sponsorship is essential to a project's success. During the implementation and thereafter, we met regularly with Jay and GKN's executive committee to monitor our status, and listened when we shared concerns and made decisions.

"From an operational perspective, I had Gregg McDaniels, ERP Project Manager, provide input to how the solution would be used in practice, so that we were continuously aligning our operational plan to how we were going to use the system. Compared to many companies, our implementation team might have been seen as unorthodox, but each member brought a wealth of experience, always considered the lean approach, and pressed until the work was done."

– Fanny Sloan

Phase II: Enter Operational Excellence

With Phase I successfully completed, now came Phase II which yielded a new and impressive set of benefits for GKN. Following a detailed analysis of their business processes and aligning them with executive management's goals, GKN established a new way of running their business. Built atop Cincom's ERP solution, the team automated a significant number of daily tasks through an event-driven system which they named Sentinel. The objective: To bring the product closer to the customer, based on their demand and consumption. GKN would operate in the most agile methods possible.

What considerations came into play during GKN's new operational strategy?

Operational Perspective

"Given this opportunity, we wanted our production systems to change from a push system to a pull system. Cincom's ERP solution enabled us to build our products in unison with our customers' consumption. Suddenly schedules meant nothing as we began linking our supply chains. And as we began to better understand our processes, setup and work/queue/lead times, we began compressing them. The system enabled us to set up signals to trigger the supply chain.

"In addition, we built an event-driven planner interface tool on Cincom's ERP solution called Sentinel, that listens for certain events to occur, then responds with appropriate actions based on business rules. Events such as changes in customer consumption of levels and need dates are automated and help us better manage the overall order-to-ship process, minimize inventory levels and meet delivery dates."

– Gregg McDaniels

Executive Perspective

"Our costing system needed to support our new operational philosophy, to improve data integrity as we become leaner in our processes. Prime contractors have become increasingly interested in reducing their inventory levels. By supporting our move to a lean, pull strategy, Cincom's ERP solution is helping us decrease our inventory investment, and, in turn, significantly reduce costs to our customers."

– Jay Fitzsimmons

How has this strategy impacted your own supply chain?

Operational Perspective

"We look at the suppliers in our supply chain and work to categorize them. Is the item a commodity, a specialty, or other type of component? Over the past three years, we have reduced our supply base by 50 percent with a goal to reduce that another 50 percent over the next couple of years. Because 80 percent of our spending is with 8-10 suppliers, we can build more strategic alliances. It helps us and our suppliers, and keeps us both very responsive to our end-customers."

– Gregg McDaniels

"Information technology is critical to helping us achieve our organizational goals, and Cincom's ERP solution is precisely what we needed to address our business challenges today and for the future."

– Jay Fitzsimmons, President and CEO
GKN Aerospace North America

Phase III: Vision for the Future

Leveraging the success GKN and Cincom have built together, GKN continues its growth through acquisition strategy and plans to deploy Cincom's ERP solution at each location. They also believe that Cincom's ENVIRON®, an event-driven manufacturing solution, can provide new levels of business process optimization, along with increased efficiencies in application integration—a challenge that comes with each of their acquisitions.

Describe your long-term business strategy and how this impacts your technology plans.

Executive Perspective

"Our current growth strategy includes acquisitions. Technology will play a very important role in this activity. Our ability to quickly acquire companies and begin managing them on integrated and common business systems will enable us to better manage our business as a whole. Our acquisitions team will utilize technology to manage through this process, dramatically reducing cycle times never before believed possible."

– Jay Fitzsimmons

IT Perspective

"Having a common management for our supply base and management of inventory at the business level versus the site level, gives us economies of scale and reduces maintenance. In time, our goal is to deploy Key Performance Indicators (KPIs) across our business units so Jay can review them in real time from his desktop via a dashboard. This will enable GKN Aerospace to benchmark our performance and work to continuously improve our business."

– Fanny Sloan

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What advice would you give other manufacturers about addressing their manufacturing IT challenges?

IT Perspective

"Aligning your information technology strategy with your business strategy is the first step. But as other project managers and information technology professionals know, executive sponsorship is essential to a project's success. Make sure your project first has executive sponsorship and full support prior to engaging with external providers.

"Another piece of advice that has proved valuable to GKN Aerospace is having a cross-functional team that brings diverse skill sets to the project. A strong, supportive team is another variable in the equation for success."

– Fanny Sloan

Executive Perspective

"I would encourage manufacturers to consider technology as a partner to support our long-term strategy. Cincom's ERP solution provides us the flexibility and adaptability we need to aggressively improve our performance and cost-competitiveness for our customers. Technology should be viewed as an enabler for companies to successfully execute their strategic plans."

– Jay Fitzsimmons

GKN Wins Industry Awards for Excellence

At GKN Aerospace, they don't just run Cincom's ERP solution, they win awards for it. From their ability to rapidly implement, to getting lean and better serving their customers, GKN Aerospace has achieved worldwide recognition for their adaptation of technology to solve their business challenges.

- **ComputerWorld Honors Laureate Award 2002**
For GKN's visionary use of Information Technology in Manufacturing
- **CIO Magazine CIO 100 Awards**
Two-time winners for 2003 and 2004