

# New Approaches for Growth and Productivity in Industrial Equipment Manufacturing

A Special Industry Report



## Why Change? And Why Change Now? 🐦

Industrial equipment manufacturers run incredibly sophisticated businesses, and they do this despite a wall of barriers such as:

- Advances in technology
- Innovations in process development
- Increased competition from “me too” products
- Availability and cost of energy and raw materials

- Demands from shareholders
- Theft of intellectual property
- Upheavals in supply chains
- Changing government regulations
- Rising cost of healthcare for employees

Such continuing uncertainties give some an excuse to hold back and to resist change. 🐦 Others know with certainty that they must periodically resolve new challenges and reach for new opportunities.



## Two Pictures: Change vs. No Change

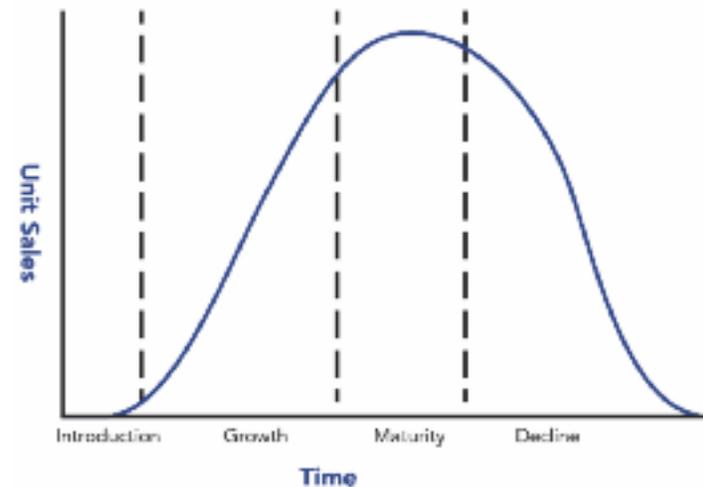
Economists give us two pictures to illustrate the impact of change vs. no change.

The first is the standard business maturity chart. Every business, they say, will go through growth, maturity and decline unless moves are made to change the cultural attitude.

**Kodak** led the world in photographic film and cameras

from 1878, with a 90 percent share as late as 1976. While it was Kodak that actually invented the first digital camera in 1975, they could not escape the handcuffs that their corporate culture had upon the overall business.<sup>1</sup> They desperately needed to reinvent their company. By 2012, this once-great company filed for bankruptcy,<sup>2</sup> sold many of its businesses and its digital photography patents and focused on inkjet technologies for commercial markets.

### Traditional Business Maturity Chart



1. C. Mui, *How Kodak Failed* (Retrieved from [www.forbes.com](http://www.forbes.com), 2012).

2. M. Daneman, *Kodak's Bankruptcy Bill* (Retrieved from [www.usatoday.com](http://www.usatoday.com), 2013).

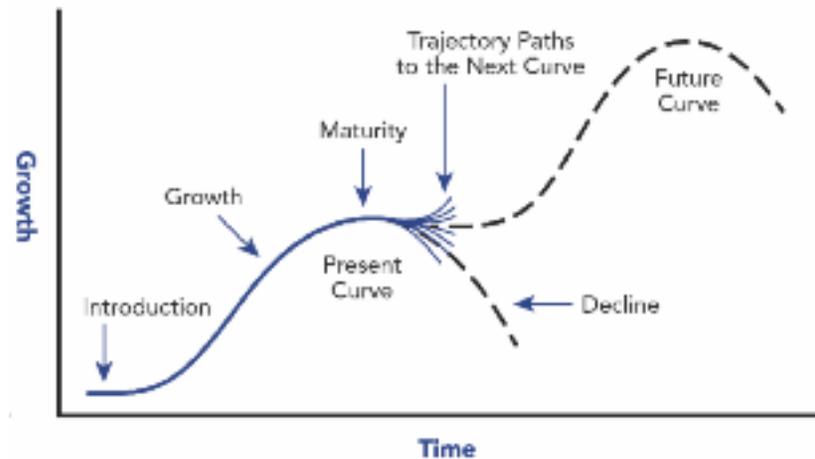


But economists also give us another picture: The S-Curve. Right at maturity, smart companies plot out a reinvention and drive the business back into a new growth stage. 🐦 They do this over and over in a rolling staircase of continuous success.<sup>3</sup>

**General Electric** would be an example here. The CEO made customer loyalty a key component for determining executive compensation. One of

their strategies is to provide innovative products and services for their customers. This involved converting their trains, jet engines and medical equipment into Internet of Things<sup>4</sup> products that are designed to feed real-time data from their products to a central source to implement predictive maintenance, safety improvements and product upgrades that accelerate a positive customer experience.

### The S-Curve



3. General Electric. (Retrieved from General Electric website, [www.ge.com](http://www.ge.com), 2015).

4. General Electric Reports, *A New Kind of Industrial Company*. (Retrieved from General Electric website, [www.ge.com](http://www.ge.com), 2014).



## Four Catalysts Driving Today into a Different Tomorrow

Right now, there are catalysts at work that demand the attention of every Industrial Equipment Manufacturing (IEM) executive. Understanding these can help you guide your team up the staircase that others are reluctant to climb.

1. **Customers.** They are the new power brokers and they know it. They demand a level of responsiveness that seems impossible to meet. But if you don't, another company making a solution very similar to yours will find a way to deliver. The customer experience you deliver is now as important as what you manufacture.
2. **Innovation.** The shift from an internal-centric to a customer-centric way of business calls for customer-inspired innovation.
3. **Technology.** Information-based manufacturing is increasingly driven by real-time data and connectivity. Modern ERP and CRM systems use the right information to quickly tailor or even design products to each customer's needs.
4. **Data.** You're swimming in it. What you need are insights that will help you grow faster, attract and retain the right employees and create more effective business systems. In short, data must help you run smarter and know when to change things so that you can stay on the staircase of success.

## Enter Advanced Manufacturing

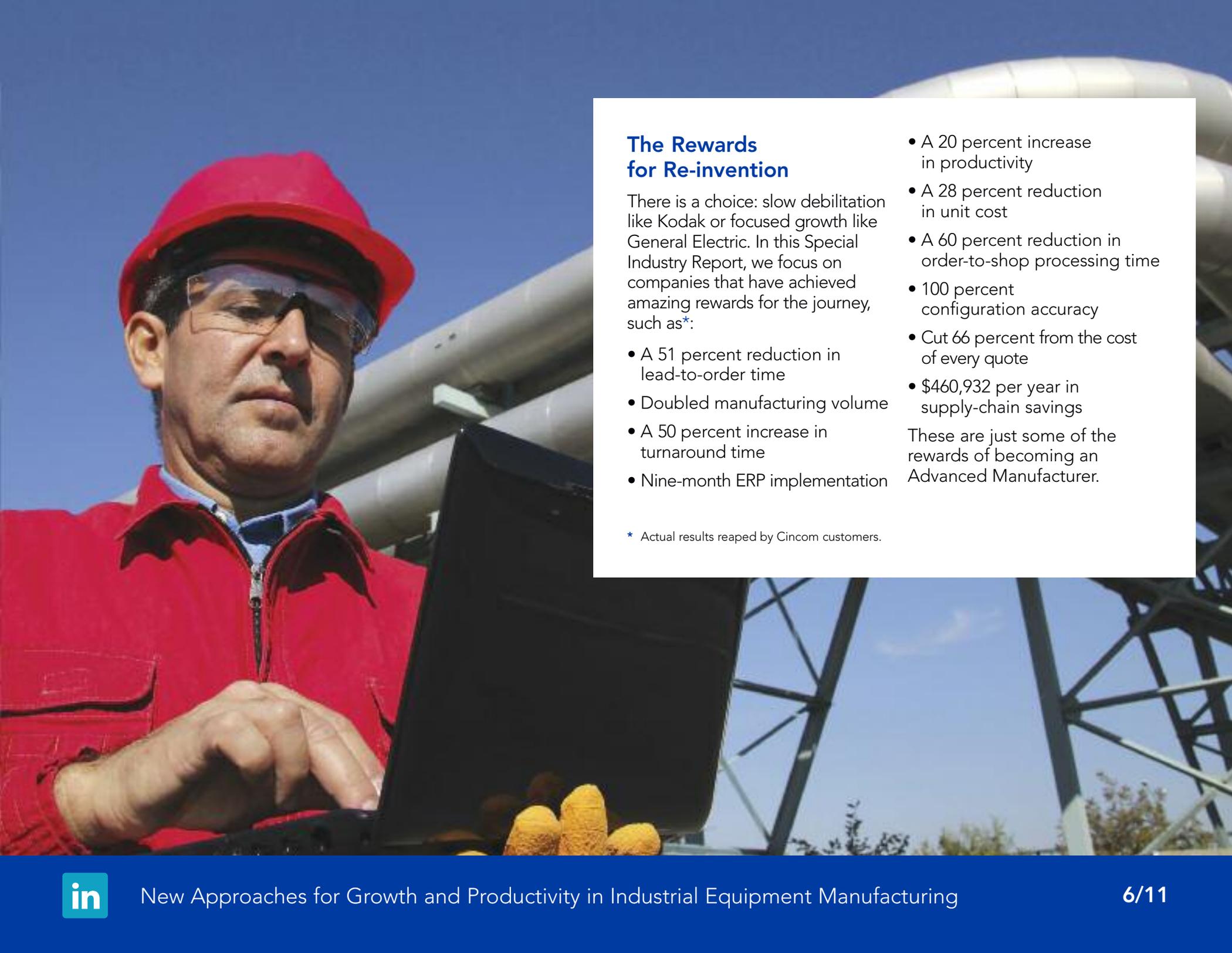
Advanced Manufacturing is all about keeping your customers' needs in focus and in the center of your own planning. What's needed is:

- The agility to employ the right combination of discrete and process manufacturing models, with the ability to customize products using make-to-order, configure-to-order and engineer-to-order methods. 🐦

- A sales process that is equipped to handle highly customized engineer-to-order product variations without losing sight of the business and selling plan. 🐦
- Demand-driven manufacturing that is incorporated into the manufacturing process. 🐦
- Lean technology that recognizes waste as any process or activity that does not deliver value to the customer. 🐦

A major premise of Advanced Manufacturing is that it treats each transaction as a unique customer experience—the fulfillment of a personalization strategy.





## The Rewards for Re-invention

There is a choice: slow debilitation like Kodak or focused growth like General Electric. In this Special Industry Report, we focus on companies that have achieved amazing rewards for the journey, such as\*:

- A 51 percent reduction in lead-to-order time
- Doubled manufacturing volume
- A 50 percent increase in turnaround time
- Nine-month ERP implementation
- A 20 percent increase in productivity
- A 28 percent reduction in unit cost
- A 60 percent reduction in order-to-shop processing time
- 100 percent configuration accuracy
- Cut 66 percent from the cost of every quote
- \$460,932 per year in supply-chain savings

These are just some of the rewards of becoming an Advanced Manufacturer.

\* Actual results reaped by Cincom customers.

## Leaders Challenge the Status Quo

Visionary manufacturers refuse to sit still in a rapidly changing, customer-driven world. They create connected, forward-looking organizations that thrive by empowering their people to “make the perfect fit” with customers.  They solve before they sell. They provide economic and experiential value in every process throughout the company.

Eric Quint, Chief Design Officer at **3M**, explains how important responding to customer needs is to their culture of innovation.

*“Change is ever present, and the realities of evolving complexities require a new standard of innovation that is both collaborative and adaptive on a global scale. The greatest catalyst to build value for people and stimulate growth is the recognition that we participate in a connected world, one that requires an approach that is interactive and integrated with customers. This principle of collaborative creativity reminds us that we are all part of an innovation ecosystem, uniting purpose with partnership.”<sup>5</sup>*

5. Eric Quint, 3M. (Retrieved from the 3M website, [www.3M.com/designer/Quint](http://www.3M.com/designer/Quint), 2015).





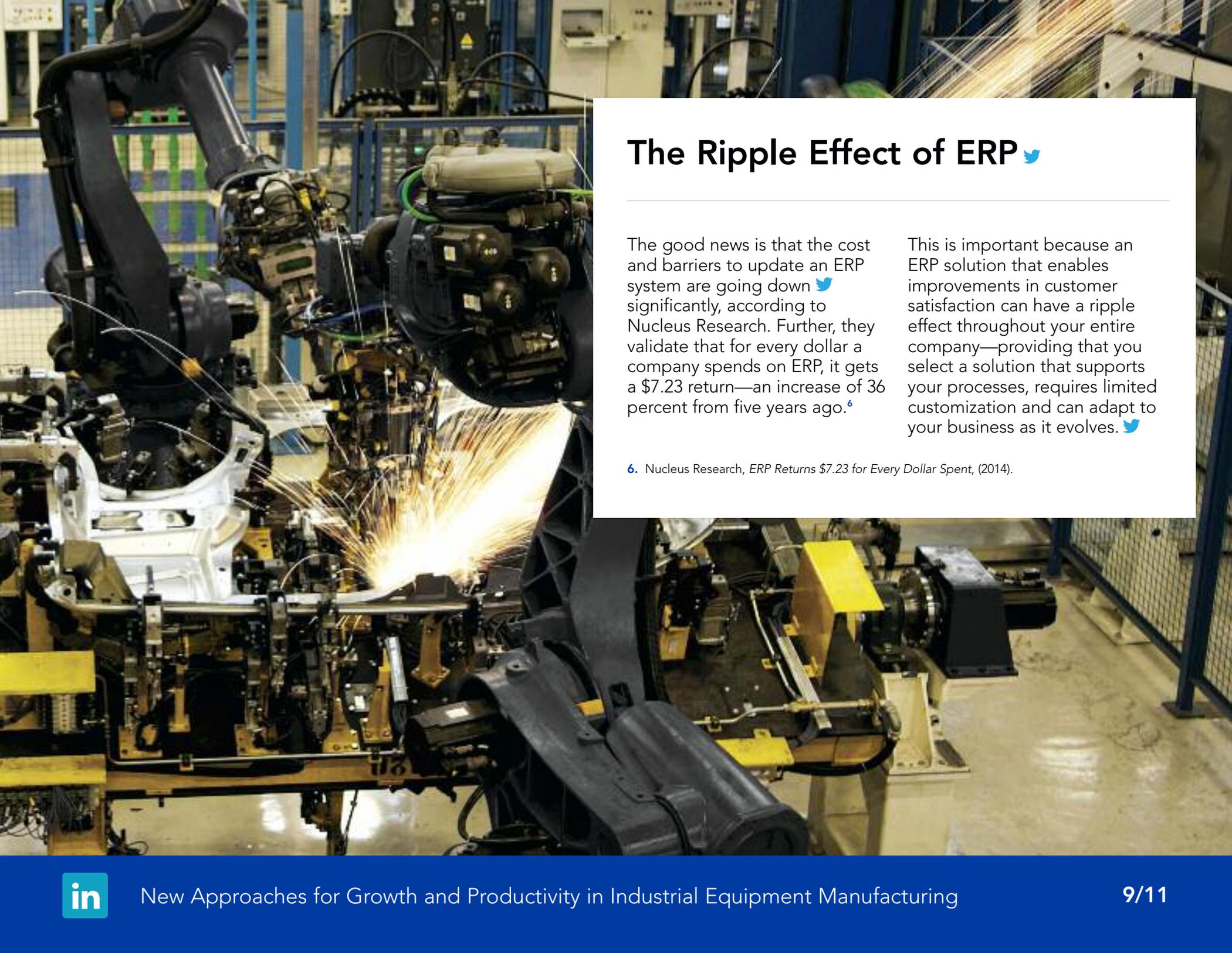
## Companies that Are Successfully Managing Change

**Siemens Electric** focused on systems to accelerate response for quotes from five weeks to less than one hour with perfect order performance. This improved response to customers and took their business from decline to growth.

**Allied Specialty Vehicles** is the largest manufacturer of emergency vehicles and small buses in North America. One of their brands, **E-ONE**, implemented web-based dealer communications so that they could provide up-to-date product information when ordering emergency vehicles from anywhere in the world. This ensures, for example, that firefighters will have exactly the right equipment to protect lives and property.

**Harris Corporation** is one of the only companies that's focused exclusively on developing the most trusted voice, data and video networks that are daily touching millions of lives. Every employee is engaged in sustaining continuous improvement, delivering better business performance and improving customer satisfaction.

Manufacturers need agile, responsive ERP processes to create value by solving real customer problems with benefits that far exceed cost. That's when you know you are managing change from ideas to customer engagement. 



## The Ripple Effect of ERP

The good news is that the cost and barriers to update an ERP system are going down  significantly, according to Nucleus Research. Further, they validate that for every dollar a company spends on ERP, it gets a \$7.23 return—an increase of 36 percent from five years ago.<sup>6</sup>

This is important because an ERP solution that enables improvements in customer satisfaction can have a ripple effect throughout your entire company—providing that you select a solution that supports your processes, requires limited customization and can adapt to your business as it evolves. 

<sup>6</sup>. Nucleus Research, *ERP Returns \$7.23 for Every Dollar Spent*, (2014).

## Cincom and Microsoft Dynamics® Can Help You Become Easy to Do Business with

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Research indicates that 80 percent of projects will be awarded to the company that is easiest to do business with. Easy happens when processes make it simple for customers to engage with you and when processes produce exactly what the customer wants.

On a recent visit to Cincom's headquarters, Gil Garcia, Director of Manufacturing

Industries for [Microsoft Dynamics](#), observed: "The companies I've seen achieve success buy into the concept of transparency in their organizations. In the IEM space, we've seen more companies shifting from company-centric to customer-centric. These companies are converting from old processes to new ones. They embrace change as a culture."

## Want More? Check These Out!



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