EXEControl® Global Solutions

Your Software & Technology Partner

Investment in efficiency
How addressing root causes of problems creates a virtuous cycle

In today's economy, finding a way to quantify a return on investment is often a necessity. At EXEControl Global Solutions, an investment of time and money continues to be made to reduce the number of support issues clients face. By focusing on root causes problems and recurring issues, EGS is able to address issues before they happen. Both EGS and EGS' clients are getting a return on investment that can be quantified in both time and dollars.

Reducing support issues saves clients money by removing interruptions from their day. Every time a user has a question, calls support, explains the situation, learns the solution and then refocuses on their work, a measurable amount of time is lost. A conservative estimate of this time is thirty minutes per occurrence. As a result of EGS' investment in reducing client questions, the average EGS client is seeing a return on investment of 5 hours every month. Some clients are seeing more than 15 hours every month go to productive work instead of dealing with IT questions. This equates to over $7,000 a year in savings.

An analysis of calls over the past two years has shown a 36%*

Over 60% of clients have experienced a call reduction of at least a 40%.

decline in overall call volume. Additionally, 85% of EGS clients have experienced a reduced amount of calls in this period. Over 60% of clients have experienced a call reduction of at least a 40%.

Every EGS department has been focusing on helping clients realize these savings through a five point approach. From design to implementation to on-going support, for the past two years, EGS has had an added focus on system usability, durability and stability. While an argument can be made for finding quick answers and getting the user back to work as soon as possible. EGS has found that investing a little more time in each call can solve the next call before it comes.

Long-term solutions. Whether responding to a support question or designing a new feature, EGS invests time and money in finding solutions that answer not only the question of the moment, but also answer the follow-up questions before they are asked. This is done by re-searching why a question is being asked and addressing the underlying problem, instead of dealing with only the symptom. Only by focusing on tomorrow can lasting benefits be achieved.

Training. Training on procedures and features clients use daily may seem like an obvious investment since it has an immediate and valuable return, but it is often overlooked. Training answers questions before they are asked and prevents mistakes before they become issues. Proper training also gives users the simplest and fastest way to accomplish a goal. Simply put, there are inherently fewer bumps on a shorter road.

System analysis. Analyzing a client's data and network allows EGS to find problems before they become interruptions. This includes checking for bad data and reviewing the data layout. It also involves analyzing performance indicators such as resource usage and response times to find identify and resolve issues before they become problems.

Preventative maintenance. The most significant cost associated with hardware or software failure is the unexpected disruption – lost productivity, expediting charges, lost data, etc. Preventative maintenance involves loading patches, updating virus and spy-ware protection and generally looking for possible problems and addressing them. By doing this, issues are either addressed before they become problems or problems are addressed before they disrupt production.

Redundancies. Another way to mitigate disruptions is to have robust hardware solutions that are less susceptible to work-interrupting failures. Mirrored hard drives, redundant Internet connections, routers with automated roll-over, backup servers and other features to plan for hardware failures have had a significant impact on the bottom line of reducing client interruptions.

Investing in eliminating the root cause of a problem rather than just treating the symptoms initiates a "virtuous cycle". When the recurrence of a problem is prevented, time will be liberated that can be applied to finding and correcting the root cause of the next problem with liberates additional time.

EXEControl Global Solutions and its clients have had tremendous success over the past two years reducing support issues. This has been accomplished through the variety of tactics outlined, but the primary reason is focusing on the future. Finding a way to invest time and money to see real results is very difficult. No one can predict the future, but by working hard today with an eye to tomorrow, EGS and its clients have made wise investments that have shown real results.

* *Call statistics consider only clients that have either been on or off a support contract for the time period analyzed.*

Investment in Efficiency: A New Email Solution

After ten years of working with Pegasus to send Internet email, EGS has been informed the makers of Pegasus are no longer enhancing their product to format emails to current email standards. The result is a greater number of bounced messages, spammed email and general unreliability of the process as well as a lack of notification of the above errors.

In keeping with EGS' approach of solving root problems instead of dealing with symptoms, months were spent investigating and beta testing alternative solutions before a Linux product was found that meets the desired goals. The product not only provides the features found in Pegasus, it also supports a variety of new features. The replacement is an open source product, which means there is an entire community of users who help to ensure the product is kept current with email standards.

The investment of time and money in finding the right solution is expected to add to EGS' continued success in reducing client interruptions and issues.

Tingue, Brown & Company under one ERP/CRM roof

This fall the final two divisions of Tingue, Brown and Company went live with EXE-Control. This completes the final phase of a three and a half year implementation to bring all the Tingue, Brown and Company divisions together under one fully integrated system.

Founded in 1902, Tingue, Brown and Company is a global organization encompassing manufacturing, distribution, installation and marketing of hundreds of practical, innovative products for commercial laundries and a wide range of other markets. From plastics molding, metal fabrication and machining to textile converting, the Tingue family of companies provides tens of thousands of different products to customers such as Proctor and Gamble, Crayola, Toro and Titleist.

Implementing an ERP/CRM system to support a tremendously diverse product line and seven manufacturing locations in seven states spread across the country required careful planning and a close working relationship between EXEControl Global Solutions and Tingue, Brown and Company.

For the first time in decades, Tingue, Brown and Company is reaping the benefits of having their entire organization on a single fully-integrated system. Management is able to access all areas of the system from a single access point and get up-to-the-minute consolidated reporting. It also provides opportunities to centralize or decentralize operations such as purchasing at the discretion of management. Tingue, Brown and Company now has a system that gives it the ability to make decisions based on what is best for the company and not based on what their computer system will allow.

What is a successful investment?

According to Wikipedia, project accounting is the practice of creating financial reports specifically designed to track the financial progress of projects, which can then be used by managers to aid project management.

Project accounting differs from standard accounting in that projects frequently cross organizational boundaries, may last for anything from a few days or weeks to a number of years, during which time budgets may also be revised many times. They may also be one of a number of projects that make up a larger overall project or program.

Consequently, in a project management environment costs (both direct and overhead) and revenues should be allocated to projects. Direct costs are obvious, but indirect costs are also very important. Project accounting ties costs together so the company knows how it is doing.

Purchase costs often come out of a capital budget (including setup and installation). However, the ongoing costs come out of departmental budgets – process changes, training, documentation. This inflates the value of a capital equipment purchase and makes other departments look less productive.

For example: a vendor offers a 10% discount if orders are processed via Electronic Data Interchange (EDI). Material costs could be lowered by hundreds of thousands of dollars. This is a savings that will be incurred every year. Purchaser's jobs are now easier since data is transmitted automatically. Again, this benefit is incurred every year. The initial setup could cost tens of thousands of dollars in IT spending and a few hundred dollars each year to maintain. Knowing these numbers, this seems like a sound investment. Without project accounting to associate the costs to the benefits, the CFO and other executives will look at the numbers at the end of the year and say "Wow, great job in purchasing. Material costs are down and so is labor. Wow, big increase in IT. We will have to look at reducing that cost." In effect, the investment in IT produced ongoing returns in other departments that is not traditionally captured.

Another example: a company buys a half million dollar piece of equipment. That is a capital budget item. How are the other related expenses handled such as employee training, process changes, production schedule changes, workstation setup (computer hardware, cabling, software licenses, etc.)? They should be part of the project cost and should not be charged to the departmental operating budget, but often this is not the case.

Project accounting should tie expenses to a specific project, not the general budget. In addition, project accounting should capture all of the costs and benefits of the project to be used when calculating the Return on Investment (ROI).

ROI uses metrics such as net present value and the internal rate of return—which consider the value of money invested over time and the cost of the company's capital—to compare the cost of implementing an project with the financial benefits it provides. Depending on the project, those results can be operating-cost reductions, revenue growth, or both. The benefits may be evident in months or years.

Return on Investment is an accounting valuation method. The ROI is a return ratio that compares the net benefits of a project to its total costs. For example, if a project has an ROI of 300%, the net benefits derived from that project are three times those of the expected total costs to implement the project over the time period analyzed.

An example might be calculating the return on creating a new sales report. Let's say Mary spends an hour each week getting weekly sales numbers and sending them to managers. The process involves using a report that was designed to be run by the managers themselves, so it runs for one profit center at a time. Mary runs the report ten times to get the numbers. She puts them in a spreadsheet to total them and then emails the numbers to the managers. She is spending an hour doing this each week. A new option can be created that automatically emails the numbers to the managers without any involvement from Mary and it will cost $900. Is it worth it? A thoughtful ROI analysis will give the answer. The payback would be seven months and over two years the return on investment would be 300%.

The challenge is trying to balance the need for financial accountability with the rapid pace of change and the reality that some things just can't be easily measured. Some companies admit they've spent money on Web-based networks, online ordering systems, customer-relationship-management applications and still haven't seen what would traditionally be considered a strong ROI, but that's fine.

Businesses won't abandon investments that are demonstrating soft benefits, such as happier customers and a broader reach around the globe, even though project managers can't easily prove immediate cost savings or increased revenue on a spreadsheet. Soft ROI typically falls into the areas of improving customer satisfaction, increased employee productivity, and a better competitive edge, all of which are vital to businesses. In the example with Mary's sales report, the soft benefits would include the improved morale since Mary no longer has to do this monotonous task and the value of getting reports when Mary is out.

Project accounting and ROI analysis are tools to determine what will be successful, what was successful and even how 'successful' should be defined. Surprisingly, many company do not truly realize how their investments affect the bottom line.

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Using government grants to foster growth

Starting a company, expanding a company or just staying competitive can be very expensive and difficult to do. It can require investment capital that the company just does not have. To that end, business grants were created by the federal and state governments to help.

Governments want companies to participate in these programs. The government has an interest in businesses being successful, employing more people and generating more tax dollars. In addition, successful and growing companies help make other companies successful.

Different agencies help companies accomplish different goals. The assistance sometime takes the form of grants funds that do not have to be repaid. Other times the assistance takes the form of loan guarantees from organizations such as the Small Business Administration. Although this type of funding needs to be repaid, it is often offered at favorable terms.

Governments invest in business to generate jobs and expand the tax base.

Generally the grant application and approval process can last months and it will take hours of applied time to complete the required paperwork. In addition, some grants require the company be assessed to determine if it qualifies for the grant and there might be fees associated with the assessment. Different size grants are available for different programs.

Some specific grants and the agencies that manage them are described below. Each agency and grant is targeted at certain industries (such as manufacturers) and will subsidize specific activities (such as training).

There are literally hundreds of millions of dollars of government grants available to help businesses and EXEControl is by no means an expert in grant applications. However, some clients have had success obtaining grants and the following is their experience. Some of the following grants are New York state specific, but similar programs are offered across the country.

At any given time the following grants might or might not be available. It is best to periodically monitor their web sites.

Overall information about available Federal grants can be found at: www.federalgrantswire.com.

Federal Trade Adjustment Assistance (TAA) Grants www.taacenters.org/index.html Trade Adjustment Assistance for Firms (TAA), a federal program, provides financial assistance to manufacturers affected by import competition. Sponsored by the U.S. Department of Commerce, this cost sharing federal assistance program pays for half the cost of consultants or industry-specific experts for projects that improve a manufacturer's competitiveness.

TAA financial assistance is used to defray the cost of projects aimed at strengthening operations and sharpening competitiveness for manufacturers in a variety of industries. This customized business assistance is used for a wide range of initiatives, including marketing, information tech-

nology, manufacturing, engineering, and quality. This grant usually takes the form of a 50% subsidy paid to a company's consulting firm.

Federal/State Department of Labor Grants These grants are often focused on employee training. If you are interested we suggest you contact your state or local office.

Within New York check: www.labor.state.ny.us/workforcenypartners/funding.shtm

New York State Industrial Productivity Grants www.empire.state.ny.us/Manufacturing_&_Environment/industrial_effectiveness.asp New York State can provide assistance in identifying, developing and implementing improved management and production processes to enhance efficiency, expand market share and promote job growth through its Industrial Effectiveness Program (IEP).

Grants are up to $50,000 to manufacturing firms to reimburse companies for pre-approved expenses. They will identify, develop and implement improved management and production processes for businesses to expand market share and promote job growth or retention within New York State.

Direct assistance to companies for:

- Product design and development
- Manufacturing process and quality improvement
- Market expansion and product commercialization
- Information systems upgrades
- Supplier development projects
- Project management
- Technical awareness seminars
- Assistance with environmental and other regulatory requirements

New York's Industrial Effectiveness Program is offered through Empire State Development's ten Regional Offices and the State's network of Regional Technology Development Centers.

New York State Energy Research and Development Authority (NYSERDA) www.nyserda.org/funding/funding.asp NYSERDA awards grants through competitive solicitations to develop new energy technologies and improve the energy efficiency of existing firms. These are often paid to companies based on agreed-to milestones. NYSERDA strives to facilitate change through the widespread development and use of innovative technologies to improve the State's energy, economic, and environmental well being.

Empire State Development's Manufacturing Assistance Program (MAP) www.nylovesbiz.com/Manufacturing_&_Environment/manufacturing_assistance_program.asp MAP encourages manufacturers to invest in projects that will significantly increase the productivity and competitiveness of their operations by providing capital grants of up to $1 million.

Contact EXEControl Global Solutions

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feedback@execontrol.com or call 518.688.8700.
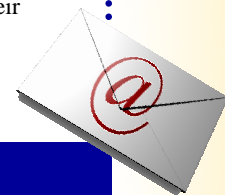
Business Advancement Process

The Business Advancement Process (BAP) is a simple tool that helps clients understand how their processes currently flow. In addition, it helps guide them through the process of analysis to improve those existing flows, design better ones for the future, and develop an action plan for changing to the improved processes.

The goal of BAP is to develop an action plan for process improvement based on Lean Principles of Value Stream Mapping. The BAP 4 step process includes:

1. Preparation and scoping. Determine the areas of potential improvement and scope of the project.

2. Develop Current State Map. Analyze and map current processes and operations.

3. Develop Future State Map. Design the work flow through identification of best practices and the application of optimum efficiency principles and tools.

4. Develop Action Plan. The Plan includes responsibilities, timeline, and schedule for follow-up. This is the goal of a BAP project.

BAP utilizes group meetings to assess specific business processes. EXEControl staff leads the process team (a group of client employees familiar with the process being analyzed) in training and a discussion about the process. Each process team is lead in gap analysis (the difference between the way things are and the way things should be), best practice comparisons and non-value added activity identification.

This leads to production of Current State Work Flow Maps. Maps are based on internally generated data that covers client relevant measures of volume, quality, and cycle time. The maps are the foundation of a BAP improvement implementation plan.

The individual opportunities for improvement are classified and organized into categories with the most common division being: A) Immediate implementation of selected priorities with no significant infrastructure changes and B) Concerns that require alterations to infrastructure prior to implementation. High benefit adjustments that do not require infrastructure changes are adopted quickly to achieve rapid R.O.I.

An example of EXEControl Global Solution's assistance

When one EXEControl client started working with us, they were a single location company with sales of $12,000,000. Although growth was one of their goals, their systems and processes were not conducive to growth – they were 'stuck-on-small'.

They worked with EXEControl to overhaul their business processes, issue major growth goals, and organize the order, fulfillment, inventory, and manufacturing processes. In addition they added EDI/XML & other electronic communication methods with vendors & customers and expanded their product offering.

The result after several years of investment is a company with sales over $150,000,000 (no acquisitions), three locations and a network of over two dozen private warehouses for express deliveries.

To learn how BAP can help your company, call us at 800-EXE-CTRL.

Results! Results! Results!

- Discover and reduce non-value added activities,
- Reduce cycle time,
- Improve quality,
- Uncover redundant data entry and inherent errors,
- Identify lost, inaccurate and slow information,
- Reduce costs such as expediting fees,
- Sort out regulatory compliance issues,
- Detail decision making data,
- Document the processes and action plan, and
- Document and standardize operating procedures.