THE CLOVERDALE COMPANY

Solution Overview

Industry

Manufacturing
Furniture

Scenario

Cloverdale's older manufacturing system was not flexible enough to meet their growing and detailed inventory needs. Good integration between the accounting and manufacturing systems was essential

Company Profile

The Cloverdale Company, Inc is best known for its manufacture of the Band-It line of wood veneer and edging.

Benefits

The ability to track the build of a product throughout the entire ten steps of the process with all the information tied back in through the financial solution allows Cloverdale to know exactly where their costs and inventory stand at any given time.

Software Used

Microsoft Great Plains eEnterprise
- Financial Series
- Distribution Series
- Manufacturing Series
  - Payroll Series
- FRx Reporting

Microsoft Great Plains Siebel Front Office

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The Cloverdale Company, Inc., Cloverdale, Virginia, manufactures the popular Band-It line of wood veneer and edging. Its furniture-grade veneer is made from both domestic and imported wood and is available unfinished or pre-finished. Veneer rolls are available in a wide range of sizes. They are sold to professional craftsman and cabinet makers as well as to the do-it-yourself, retail market for use by home decorators, hobbyists, and others. The company also produces melamine facing and edging. The products are easy to apply and can be used on wood, plywood, composite, hardboard, plastic, and metal surfaces.

Since installing an integrated business management solution with tightly integrated financial and manufacturing functionality, The Cloverdale Co. has reduced production time for master rolls of wood veneer from five days to two. Previously, the company generated manufacturing orders manually and used paper forms to track production, slowing turn-around considerably. The new system generates manufacturing orders automatically after a sales order is recorded, getting an order into production days sooner. Shop floor personnel use the software to indicate when their task is done, allowing an order to proceed to the next production step more quickly. Another benefit of the new system is that the company now has a much better understanding of its costs. The past manufacturing program only recorded material usage at the end of the production process. The new software records it at each point in the multi-step process. "This information is very important since our costs can vary considerably," says Lisa Carter, inventory control manager at Cloverdale. "By knowing costs at each stage, we can manage our expenses and pricing to make a profit in a competitive industry."

10-step process

The process of manufacturing wood veneer products typically consists of 10 steps. In the first step, stock pieces go through a machine called a guillotine that clips the edges. Next, the wood goes through a splicer that joins the clipped edges of many different pieces. After that, a finger joiner assembles all the shorter pieces into 500-foot rolls. A laminator puts a backing onto the wood and then the wood is sanded. At the completion of those first five steps, the company has a master roll that will then go through five additional steps before the company has a product to sell. For retail, the roll is slit to the necessary width. Then, a glue backing is applied. The product is then passed to a repair station for inspection and any necessary clean up if needed. Then it is wound back into a roll by a re-winder. In the final step, the veneer roll is sealed in a blister pack. For industrial customers, the roll is slit and repaired if necessary and shipped.

Cloverdale produces separate Manufacturing Orders for each step of the process and they are sent out to the shop floor one at a time. Previously, after one step was completed, shop floor personnel would return the necessary paperwork to a manager, who then sent the next Manufacturing Order out to the shop so the job could proceed to the next step.

The company's older manufacturing software also was not flexible enough to track inventory with the level of detail that Cloverdale needed. "That program was set up for an order to flow through the entire process before any material usage was recorded. We stop our process at different stages and would like to be able to know our costs at each stage," explains Carter. Not having that information caused several problems. For example, a malfunctioning machine might be wasting a lot of material. Since the old software didn't track inventory at the individual manufacturing steps, this was not immediately apparent and the problem could persist. It also made it difficult to account for fluctuating prices and different conditions of the wood. "We might have gotten some wood that was dry and kept breaking, so for that job we required more wood than usual," says Carter. "But we wouldn't be aware of that extra cost until the job was finished." Since the manufacturing software was not well integrated with the accounting system, manufacturing costs had to be entered into the accounting system manually. This was only done periodically, meaning that costs for a given time period were grouped together. "If we had a cost rise, it could be couple of months before we knew about it," adds Carter.

To speed production and get a better handle on costs, Cloverdale decided to upgrade its older accounting and manufacturing programs. One requirement was good integration between the two applications. This would eliminate manual data re-entry and make manufacturing information immediately accessible to the financial system. Second, the firm wanted a flexible manufacturing program that would allow them to track their processes in the step-by-step manner they are performed. The software that best met Cloverdale's needs was Microsoft Great Plains eEnterprise. This Microsoft SQL Server-based program offers very strong functionality across many areas including financials, distribution and manufacturing and is affordable for medium-sized enterprises. The manufacturing component of eEnterprise is very flexible and easily configured to suit a wide variety of manufacturing industries. Cloverdale purchased the software from a Microsoft Great Plains partner, DCS, Harrisburg Virginia. "This firm works with a lot of manufacturers so they know the business," says Toi Ahl, Information Systems Manager at Cloverdale. "They have been a wonderful partner for us."

Faster production

Today, when a sales order comes in and is entered into the system, the information first goes to the Material Requirements Planning module, which explodes the order into the parts that are needed. The total material requirement is netted against existing stocks and work in progress/on order to determine the net material requirement. The software automatically generates Purchase Orders, taking lead time variability into account. For example, one order might take six weeks to obtain while another takes only six days. The software knows to wait to order the six-day item until closer to the time it is needed. Next, the Manufacturing Order Processing module automatically generates the manufacturing orders. This is the source of much of the three-day time savings in Cloverdale's master roll production process. "We can now get the manufacturing orders out on the same day that we get a sales order," says Carter. "Sometimes it takes only half a day." The rest of the time savings comes from the ability to move orders through the production process faster. "eEnterprise has been set up on the shop floor," explains Carter. "When a task is complete, someone there clicks the "Done" button and the job is able to move to the next stage without delay."

Cloverdale has used the flexibility within the manufacturing orders numbering system in such a way that the manufacturing task they pertain to is easily identified. Each is assigned a work order number for that particular job but the number is followed by one or more letters signifying the task. For example, a work order number followed by the letter "G" represents a manufacturing order for the

guillotine operation; the letters "FJ" represent the finger joiner. With this method, Cloverdale can track inventory through the separate stages of the manufacturing process. When the shop sends electronic notification that a particular task is done, Carter closes the inventory on that step. This makes it immediately apparent if material usage at that step deviated from normal. "If there's a problem, we can see it right away rather than at the end of the process," says Carter. "If it's a problem with the machine, we can fix it before it persists. If it's a problem with the wood, we can account for the extra cost in our pricing." The system not only points out problems at the individual production steps. It immediately shows the cost of each completed order. "In the past we had just the average cost for multiple orders," Carter says. "Now if the cost goes way up on a particular run, we are aware of it."

Cloverdale also benefits from the tight integration between the software's financial and manufacturing applications. Since it is no longer necessary to re-enter manufacturing data into the financial system, the company is able to close the books at the end of the month in only one day, a task that took three to four days in the past. They also get invoices out in days, rather than weeks as in the past. Faster production, combined with a thorough and up-to-date understanding of costs, is helping Cloverdale succeed in the highly competitive furniture industry. "By allowing us to keep close tabs on costs, eEnterprise helps us maintain profitability," says Ahl.

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Toi Ahl
Information Systems Manager
The Cloverdale Company, Inc.

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