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Management Consultants to the Precast Industry

RESULTS IMPROVEMENT BULLETIN

PRECAST BUSINESS RESULTS IMPROVEMENT BULLETIN

Precast Business Results Improvement Bulletins are published by MJS Management Services. Additional bulletins that summarize current management challenges and solutions for the precast industry can be found at www.mjsmanagement.net.

MJS Management Services is a consulting firm that works exclusively with clients in the precast industry to improve business performance and results. For assistance with this or other management challenges please call 206-388-5209 or contact us by email. Visit our web site for a full description of the services we provide.

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IT STRATEGIES FOR PRECASTERS TO DRIVE PRODUCTIVITY

North American industry has and continues to invest heavily in Information Technology (IT) to drive productivity improvements. This Results Improvement Bulletin is one of a series that discusses the management challenges and opportunities faced by precasters who seek the benefits of IT.

Some common management questions relating to IT strategies:

- Have we clearly defined our goals for investments in IT?
- What IT features and capabilities are required to successfully manage the business, maximize benefits and provide a competitive advantage?
- What degree of integration is needed in order to avoid duplicate handling and drive the highest level of efficiency?
- What are the pro's and con's of the different IT strategies available to precasters (integrated software suites, best of breed software packages, custom developed)?
- Where is the greatest benefit/payback and what order of priority should be selected? What are the costs and timeframes for an IT upgrade program?

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An effective IT strategy answers these questions and provides a clear sense of direction for future IT activities. Many tough choices must be analyzed and made regarding scope, integration, software strategy, costs and other key issues. A “perfect” off-the-shelf solution is not available for the precast industry so the trade-offs between options must be well understood in order to choose the best direction.

Much of the potential value of an IT system is achieved when each component is integrated to provide a single source for information and eliminate duplication between systems. For example: sales and estimating information should integrate with project management and accounting/job cost; information from the CAD platform (AutoCAD, StructureWorks, Tekla) should integrate with production and project management.

Because IT implementations usually proceed in stages and may involve multiple software packages, an overall plan is required to ensure the finished product provides the desired features and integration.

KEY ISSUES TO ADDRESS IN AN IT STRATEGY FOR PRECAST

Define IT Business Goals

Examples of common goals and benefits from IT investments are summarized below. Generally, capabilities are required to automate core processes, provide integration and timely information. Common objectives are to improve productivity, better control projects, schedule more effectively and provide metrics to successfully manage the business.

Additionally, an effective IT strategy will support lean management objectives to standardize processes and eliminate waste. When done right, strong IT solutions can provide a competitive advantage in cost and responsiveness.

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Opportunity	Solution
Sales: Reduce administrative burden and improve sales team productivity.	CRM systems that automate contact management, lead tracking, forecasting and proposal generation.
Estimating: Streamline and standardize estimate process, produce more accurate estimates more quickly.	Estimating systems that allow estimates to be prepared from parameters; provide access to historical estimates and actual costs.
Project Management: Full integrated access to project information; automate tasks such as scheduling, RFI's, change order tracking. Manage document flow.	Project management system that is fully integrated with estimating, CAD, production and accounting to provide a single source of information. Scheduling and document management systems.
Engineering and drafting: Improve speed and accuracy of design and shop drawing	3D modelling platforms that improve productivity and accuracy and that integrate with production to provide bill of material information and track piece status (shop ticket, produced, shipped, erected)
Production: Streamline scheduling, production management and shipping. Timely tracking of labor, material and other key performance measures.	Drag and drop scheduling systems that easily allow schedule changes. Production management systems that automate work orders, labor and material cost collection. Piece mark tracking to report production, yarding, shipping and erection status.
Finance and administration: Streamline billing process, change order tracking, accounting and financial reporting.	Automate billing, accounting and job cost functions and integrate with other systems including estimating and production.
Management: Provide timely, accurate and complete information	Integrate various systems described above to provide a single source for information. Standardize core processes.

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Assess Various IT Strategies

Precast producers broadly can choose from a small number of IT strategies:

- Integrated software suite – select a single ERP supplier to provide all software capability, providing a higher degree of integration but possibly with trade-offs in functionality.
- Best of breed software – selecting the “best” solution from a variety of suppliers then building the integration between the various packages. This could mean different suppliers for CRM, estimating, production, project management, job costing, billing and financials.
- Custom develop solutions – some precasters may elect to custom develop software features that are unique to the industry or to their business. This may apply in estimating, production management, scheduling, progress billing and revenue reporting.

These strategy choices and the associated trade-offs are discussed more fully in other Results Improvement Bulletins.

Determine benefits, scope, phases, cost and timeframes

Once benefits are understood and ranked, the scope of IT activities can be determined. Some organizations will plan to use integrated packages to automate and integrate all core processes e.g. sales, estimating, scheduling, project management, CAD integration, production and shipping, revenue accounting and billing, financial management and document management. Others will find benefits only in automating a subset of these areas and using non-integrated manual or spreadsheet type solutions for others.

After the target scope is decided, a strategy for phasing the implementation of upgraded IT capabilities can be developed. Depending upon benefits and budgets, some organizations may elect to proceed sequentially by automating functions in sales, estimating, project management then production and finance/accounting. Others will choose to establish a core information capability

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through accounting/job cost then expand this to include enhanced project management, production or estimating.

Business needs and resource availability will largely determine the order of implementation of upgraded IT functionality. Implementing all the elements of an IT strategy as a single project is not wise. Full IT strategies may require 2 to 3 years to implement – longer if budgets or people resources are constrained. The order of implementation is usually not critical but as mentioned at the outset, an overall game plan is required to ensure appropriate integration between each component is eventually in place.

How MJS Management Services Can Help

Additional Results Improvement Bulletins that further describe the IT challenges and solutions faced by precasters are available at the Improve Results page (Management Process and Technology section) of the mjsmanagement.net web site.

A range of ERP software packages and specialty software for CRM, estimating, project management and scheduling are available. However, none of these “off-the-shelf” systems are specifically designed for the needs of the precast industry. Depending upon the exact requirements of each business some will provide a better fit than others. We’ve evaluated these solutions and have good insight into their strengths and weaknesses.

MJS Management Services can assist you to gain the benefits available from IT by helping your team to:

- Develop a successful IT strategy.
- Assess your current IT capabilities and identify opportunities for improvement.
- Assess, map and streamline current processes.
- Document IT needs.
- Identify, evaluate and select suitable software solutions.