UNDERSTANDING THE ERP LANDSCAPE FOR THE BUILDING PRODUCTS INDUSTRY
There’s no shortage of ERP solutions for manufacturers, including solutions for manufacturers in the building products industry. Navigating your way through ERP options is time-consuming and, in many cases, it can be difficult to predict the outcome until a system has already been implemented. In this white paper, we’ll review ERP options, benefits, and challenges for the building products industry.

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ERP Systems in Building Products Manufacturing Play a Critical Role in Business Success Regardless of Size and Distribution Capacity.

Enterprise Resource Planning (ERP) systems are an essential component in the start-to-finish manufacturing process. Whether a company has a large-scale ERP, a smaller or legacy ERP, or even relies on manual processes through spreadsheets and paper workflows, there are solutions that can adapt to the nuances of our industry.

Our industry isn’t like other industries, where the products are standardized and the manufacturing processes follow suit. Our industry has its own language and terminology, which is as foreign to many as the lost languages of Wyandot, Jersey Dutch, and Pamlico. Our stiles and rails aren’t what people think they are, same for our sashes, jambs, and the real stumper, the jalousie window.

If you’re truly looking for an ERP solution that allows you to make data-driven decisions, then you need to look at how an ERP can address the unique challenges of the building products industry - our shop floor executions, our specialized processes, our highly customized products.

This white paper is focused on ERP solutions for the building products industry. We’ll review your options for an ERP solution, the benefits and challenges of the different options, and implementation considerations.
Which ERP is right for me?

The building products industry is specialized. It is unlike other industries in the level of customization that is possible. Catalogs offer literally millions of possibilities and your production line has to be able to manufacture all of them. These custom products, with their almost limitless options, require specialized production processes and workflows that simply don’t exist in other industries.

You’ll find two types of ERPs – ERPs designed to support “manufacturing” and ERPs designed to support “manufacturing building products.”

General ERPs are designed to work for all industries, not for a specific industry. They don’t come pre-loaded with an understanding of the building products industry. To overcome this inherent generic-ness, you need to supply the ERP with industry-specific knowledge. This industry knowledge is added into the ERP through the process of customization. Without customization, the general ERP won’t do what you need it to do.

Your other choice is an ERP built specifically for the building products industry. Industry-specific ERPs tend to have higher success rates and better time-to-value results than general ERPs because of the way the software is built. Industry-specific knowledge is native to the ERP and the software is built around industry processes. Industry-specific ERPs can support operations as soon as they’re implemented. They’re set up to do what you need, the way you need it, from the beginning.
When your ERP isn’t working for you in the way you need it to, it has a ripple effect throughout your company and can affect your production. There’s potential to see side effects everywhere the ERP touches, from automated workflows and integrations with other systems to staff productivity and staff acceptance of the new system.

Carefully consider which type of ERP is the best fit for your company, so you can avoid the negative outcomes of a difficult, lengthy, or unsuccessful ERP implementation.

Another way to think of ERP choice is to think about it in the same way you’d think about hiring an employee. Let’s say you have two candidates – one who has a background and experience in the building products industry, and one who understands manufacturing but isn’t familiar with manufacturing windows and doors. While the candidate without the background might be a perfectly fine candidate, you know he’s going to need more training than the other candidate. And you know that if you don’t train him adequately, it’s not going to turn out well. Your ERP choice is the same.

Do you have the time, resources, desire, and commitment to undertake the necessary customizations and see it through to completion? Or, will you have more (and easier) success if you go with the option that already understands your industry?

Both ERP options can work for building product manufacturers. But, for window and door manufacturers, an ERP that is specifically designed for your industry makes much more sense.
Below the surface, the single most important factor that differentiates a general ERP from an industry-specific ERP is the data.

Business intelligence, commonly referred to as “BI,” has become a buzzword across industries. BI gives companies the information they need to make more accurate and insightful decisions, which ultimately makes the company more competitive. BI can be the difference between success and failure.

To fully leverage the power of BI, you need to have your ducks in a row. As the old saying goes, “Garbage in, garbage out.” The quality of your input directly affects the quality of your output. If your goal is to make data-driven decisions, you need to start with quality data…and it needs to be the right data. An ERP is the central nervous system of your manufacturing operations; it is one of the most important sources of data that you have.

An ERP is more than just the fancy graphs and charts, and the attractive dashboard. The underlying power of the ERP is its ability to capture data and then produce analytics, generate meaningful reports, and archive that data in a way that meets your business needs.

Having an ERP with an industry-specific focus means that the data capture and data analytics are tailored to the building products industry.
There Can’t be Data-Driven Decision Making Without the Right Data.

The right data comes from the right ERP.

One of the core functions of an ERP is to provide data that can influence decisions by giving you deeper insight into your process. ERPs that are designed specifically for your industry provide the data you need to answer your questions and meet your objectives. General ERPs simply analyze the available data and point out trends and indicators but, because the general ERP isn’t familiar with your industry, the data output that is offered to you might not be meaningful.

Let’s look at some examples. A company might want to know more about seasonal trends of Low-E Glass orders, so they can better manage their purchasing decisions. Or, a company might want to dig in to some assembly time studies, so they can improve their demand-driven scheduling and enhance their labor productivity. And, a company might anticipate their business needs and establish corresponding data parameters before implementing an ERP, to ensure they’ll be able to get what they need when the system is fully implemented. Maybe that company wants to be able to analyze returns by unit, part number, dealer or distributor, or geographic area.

The native industry knowledge is made smarter and more sophisticated with each company that uses the ERP. An industry-specific ERP is made to address your data needs, so you’re much more likely to have the information you need to make the data-driven decisions you want.

A U.S. Census Bureau Report cited that, in 2010, domestic manufacturers were embracing data-driven decision making at three-times the rate they were in 2005. A follow-up study has yet to be published, but it’s almost certain that seven years after the first study, even more manufacturers are relying on data to drive decisions. Now is the time for building products manufacturers to implement industry-specific solutions.

The Importance of Data to Decision Making.

Growing opportunities to collect and leverage digital information have led many managers to change how they make decisions – relying less on intuition and more on data. As Jim Barksdale, the former CEO of Netscape quipped, ‘If we have data, let’s look at data. If all we have are opinions, let’s go with mine.’...Managers at many levels are now consuming data and analytical output in unprecedented ways. This should come as no surprise. At their most fundamental level, all organizations can be thought of as ‘information processors’ that rely on the technologies of hierarchy, specialization, and human perception to collect, disseminate, and act on insights. Therefore, it’s only natural that technologies delivering faster, cheaper, more accurate information create opportunities to re-invent the managerial machinery.

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The Shop Floor is No Place to Play Hide and Seek.

Keeping track of the millions of parts, SKUs, materials, and cutstock that find their home on the shop floor...that’s a massive undertaking. Components can come in from dozens of different suppliers, head in multiple directions, to an array of departments. And somehow everything needs to return to final assembly and be packaged and shipped in perfect condition.

Industry-specific ERPs are adept at handling the nuances of these workflows. These ERPs understand the lay-of-the-land and can perform according to what is being produced, not simply to generic “production.”

When it comes to the shop floor, manufacturers look to their ERPs to handle the complexities of scheduling and routing. It’s not hard to understand why. Industry-specific ERPs keep track of each part, where it needs to be, when it needs to be there, what it is, and what it will become.

Most ERPs are associated with, or integrated into, product configurators that identify each part within each window and door, for every order, for each location, and to every final shipping address. Without an industry-specific ERP, achieving a “One Piece Flow” is supremely difficult.

Demand-driven scheduling processes, implemented through an ERP, often result in lower unit production costs. ERPs specific to the building products industry can tell us where the workforce needs to be, what the demand is, and what the demand will be. When needed, a simple integration with a third-party workforce management software can help you schedule the right skill sets, at the right times of day, all within the context of the human resource rules and requirements.
ERPs for our industry offer visual manufacturing applications that help workers see what they’re building, instead of imagining what it needs to look like. This visualization, which isn’t always provided by generic ERPs, reduces errors and improves quality. It’s important to remember, particularly for manufacturers currently without an ERP, that visualization does not mean an image on a piece of paper. In fact, many ERPs offer paperless shop floor solutions that allow workers and managers to view and share information digitally and in real time, providing faster communication and better product traceability.

There are plenty of other scheduling and routing advantages but, in the end, we know there’s one hiccup that can cause the shop floor to transform itself into a game of hide and seek – Inventory Management.
Without a Proper Solution, You Can Move from Hiccup to Havoc in Short Order.

Lack of inventory management is actually much more than a hiccup. It is havoc. Just like for scheduling and routing, industry-specific ERPs are developed to oversee the unique characteristics of inventory management in our industry.

No hiccups. No havoc. No misfortune.

We’re all familiar with the routine. Excessive costs that stem from over-carrying, expiring, and keeping obsolete materials in inventory are one of the most expensive charges within the supply chain. But don’t forget about the many other costly issues that can frequently occur, sometimes without notice. Lost or missing parts can mean that a product must be reassembled. Unexpected supplier delays can hold you up. Safety stock, or minimum quantities, can dwindle to precarious levels. And inexplicable inventory shrinkage can happen. These costs are directly associated with inventory management.

Other incremental costs can be equally stifling to your operations. Backorders initiate a long line of related problems. Backorders lead to shipping delays, which lead to issues with scheduling and routing, and those lead to invoicing delays. When it’s all said and done, backorders cause issues with customer satisfaction and preference, which affects the overall brand.

It’s just not worth it, on any level.
With such a critical part of the business affecting so many facets of your operations, why wouldn’t you put in an inventory control solution that is designed specifically for windows, patio doors, exterior and interior doors, and garage doors?

Although many companies take advantage of the inventory management attributes of an industry-focused ERP, companies often don’t know that they can pair a generic ERP with industry-specific modules.

Countless companies pursue Lean Manufacturing and Just-in-Time (JIT) inventory management. If you want to be more effective in these manufacturing principles, consider implementing inventory management controls that are designed for the dynamics of a window and door manufacturing environment. Yet again, industry-specific beats generic. The industry focus often means that you’ll be able to turn your goals into reality, much faster and easier than you would be able to if you use a solution that is built for generic industry.

An industry-focused ERP for scheduling, routing, and inventory management, means that you should expect a clean bill of materials, which then becomes a vital component in your value stream mapping practices. Your “Language of Lean,” can improve the flow of inventory and information within your organization, and that might be the single biggest benefit for implementing an industry-specific ERP.
Many companies want to replace their ERP, but don’t know where to start. Others like the potential benefits, but look at the project as a monumentally large endeavor too big for them to tackle. We’ve heard manufacturers compare an ERP change to heart surgery...it can be long, costly, and the stakes are extremely high.

The good news is that implementing an ERP solution that works for you doesn’t have to be heart surgery. Some of the fastest growing window and door manufacturers in the U.S. are revolutionizing their ERP systems without the high costs, lengthy timelines, and risk associated with a full ERP replacement.

How are they doing it? They’re going modular.

Instead of completely replacing an existing ERP, a modular approach lets you use one or more industry-specific ERP modules that simply plug in to your existing ERP. Industry-specific modules are affordable, developed by industry experts, and can be implemented in a fraction of the time that a full ERP replacement would take.

If replacing an ERP system is like heart surgery, implementing industry-specific ERP modules is like a series of outpatient procedures.
Three Common Scenarios - Which One Are You?

Manufacturers with Large-Scale ERPs

Organizations of this scale can’t afford to ignore the operational waste and lost profits that are associated with the industry-specific shortfalls of a general ERP solution. But very few, if any, are willing to undergo a heart surgery-like ERP replacement.

These manufacturers have found it to be more functional and cost-effective to integrate industry-specific modules into their existing ERP, than it would be to go through the cost and hassle of custom-coding the necessary workflows in their existing ERP. For this reason, the modular approach is gaining popularity among large manufacturers.

Manufacturers with Smaller or Legacy ERPs

Manufacturers in this category often struggle with getting the right data and retaining the necessary resources to maintain their system.

For them, switching from a legacy system to an industry-specific ERP isn’t the complex undertaking that you might imagine. Gone are the days when ERP implementation stifled a corporation, when grumbling on the shop floor was louder than the cutline, and the order entry department was sent home for the afternoon while implementation specialists figured out what wasn’t working. This is all thanks to industry-specific ERP modules.

Manufacturers without ERP

Organizations in this category might have chosen not to use ERP because of the cost and complexity, or simply because spreadsheets and paper work orders fit the needs of their business. But as competition gets fiercer, ERP technology is quickly moving out of the “nice to have” list and becoming a critical business system.

Adding an industry-specific ERP solution isn’t as complicated as it was in years past. Technology has improved and there are plenty of options to implement a new ERP that addresses industry-specific challenges. A modular approach has a relatively low cost and allows you to implement one module at a time.
There’s Professional Services, Then There’s Industry-Specific Professional Services.

When you purchase an ERP, the purchasing process typically includes an end-to-end review of professional services offerings. These offerings run the gamut from customization and onboarding, to implementation, training, and ongoing support.

Understanding the difference between a jamb liner and a brickmould doesn’t seem like it would matter when you’re implementing an ERP…but it does. In the end, this knowledge is the difference between an incredibly steep learning curve and being able to hit the ground running. Most large-scale ERPs are sold, implemented, and supported by third-party system integrators. These integrators move from industry to industry, installing ERPs. While there’s nothing wrong with this practice, a professional services provider who knows your industry will be able to understand what you need better than someone who only knows what they’ve worked with in the past...which might not include building products.

What if you need to define and develop data objectives during your implementation? What if those professionals knew, in advance, the benefits and challenges of integrating the ERP with third-party workforce management software? What if you need to figure out why there is excessive shrink in your glazing bead inventory? What if the professionals you’re working with understand what you need, what you’re asking for, and what you need help with?

These aren’t “what if” scenarios. These scenarios will happen, and you’ll want the team you’re working with to have the knowledge to help you. You won’t want to wait for them to learn your industry. You won’t want to wait for them to try to adapt their previous experience to your industry.
You can implement a new ERP at any time. And you can add industry-specific modules to an existing ERP whenever the timing is right. But how do you know when a new ERP or a modular approach is needed?

It isn’t hard to know.

There are warning signs that it’s time to take action. Stock-outs and/or prolific backorders. Reworks because of lost or missing parts. An increase in manufacturing errors and returns. You simply can’t find things when they need to be found. All these things point to a deeper problem.

Then there are danger signs. If you’re experiencing increased lead times, can’t keeping pace with industry best practices, your employee morale is sinking, or are falling behind your competitors...you need to look at ERP options.

Implementing change is always scary, but it isn’t as risky as it used to be. Today, there are a lot of options and many paths to success. You can take the first step by exploring the building product-specific ERPs and niche modules. All it takes is a phone call.
WTS Paradigm, LLC is the leading technology solutions provider for the building products industry.

The company’s MasterPoint™ ERP system, CenterPoint™ sales tool, and host of data-driven solutions are specifically designed for the building products industry. WTS Paradigm technology helps to grow revenue, increase sales opportunities, and reduce the time from quoting to closing. We process more than $5 billion in building product transactions annually.

MasterPoint is an industry-specific ERP that can be implemented in a modular approach or can be implemented full-scale. Manufacturers can implement as many or as few of the modules as they need, allowing them to tackle challenges like scheduling, routing, inventory management, and data-driven decision making – with the ultimate goals of driving down cost and growing profitability.

For companies that already use WTS Paradigm’s CenterPoint configurator, MasterPoint can manage the complete workflow process. Because WTS Paradigm already has the data from every configuration, quote, transaction, and shipment running through the software, they’re able to provide manufacturers with critical data.

The company also sells, installs, services, and supports each ERP with professional services experts located at the company’s headquarters in Middleton, Wisconsin.