



Microsoft Dynamics Customer Solution Case Study



Aerospace Manufacturer Reduces Inventory Costs by 30 to 40 Percent with Lean Solution

Overview

Country or Region: United States
Industry: Manufacturing—Aerospace

Customer Profile

Kreisler Industrial, headquartered in New Jersey, is an aerospace manufacturer that produces specialized tubing and other parts used inside jet engines and commercial aircrafts.

Business Situation

Kreisler used lean manufacturing to manage its production processes, but needed better business management software to continue its efforts to reduce inventory costs and operate more efficiently.

Solution

The company implemented Microsoft Dynamics® AX 2009 and the Lean Enterprise Solution for Microsoft Dynamics AX 2009 to streamline its inventory management and manufacturing processes.

Benefits

- Reduced inventory costs
- Easier traceability for compliance
- Improved flexibility to maintain competitive advantage

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Paul Wilder, IT Manager, Kreisler Industrial

Kreisler Industrial is a manufacturing company that supplies the aerospace industry with specialized tubing, primarily for jet engines. The company works with exotic alloys and expensive special materials, and must maintain complete traceability of all its parts and supplies. Using a lean manufacturing process to reduce the cost of expensive raw materials, the company was unable to support its lean manufacturing efforts because its accounting and supply-chain management systems were outdated. To better support these efforts, Kreisler selected Microsoft Dynamics® AX 2009 and the Lean Manufacturing module for Microsoft Dynamics AX. Now, Kreisler expects to reduce its inventory of raw materials, currently valued between U.S.\$1 million and U.S.\$2 million, by 30 to 40 percent while maintaining the traceability and flexibility that it needs to automate its lean manufacturing processes.

eBECs



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Paul Wilder, IT Manager, Chrysler Industrial

Situation

Based in Elmwood Park, New Jersey, Chrysler Industrial is a manufacturing company that provides specialized tubing—mainly for jet engines—to the aerospace industry. Working with exotic alloys and expensive special material, the company must maintain complete traceability of all its parts and supplies to comply with safety and accountability regulations that govern the aerospace industry.

The company started implementing lean manufacturing principles several years ago to reduce its operating costs, eliminate waste, and carefully control the cost of expensive raw materials. Chrysler used several accounting and supply-chain management systems, which the company created for itself or purchased more than 10 years ago. These proprietary systems were outdated, expensive to maintain, difficult to integrate with each other, and did not provide the functionality, such as value-stream accounting, that Chrysler needed to support its ongoing efforts to improve its manufacturing and business processes.

After two years of researching the market for enterprise resource planning (ERP) solutions, Chrysler selected Microsoft Dynamics® AX 2009 and the Lean Manufacturing module for Microsoft Dynamics AX.

Solution

Chrysler engaged Microsoft® Gold Certified Partner eBECS, a company that has extensive experience supporting lean manufacturing efforts, to assist with its implementation of Lean Manufacturing for Microsoft Dynamics AX. “Chrysler did a very thorough job of researching products in the ERP marketplace. The fact that the company chose Microsoft Dynamics AX 2009 is a significant endorsement of the capabilities of the Lean Manufacturing solution,” says Andrew Rumney, Solution Director at eBECS, who

leads the Chrysler implementation project for eBECS.

In addition to engaging with eBECS, Chrysler participated in the Microsoft Dynamics AX 2009 Technology Adoption Program (TAP), which offered the company early access to the product and the opportunity to work closely with the Microsoft development team on its implementation.

“It was important for us to find a software solution that could be customized or configured to align with our processes,” says Paul Wilder, IT Manager at Chrysler and the point person on the project. “We’ve worked with lean manufacturing for a while, and we know what our competitive advantages are and what we need to do better, such as eliminating duplicate data entry. Microsoft Dynamics AX 2009 gives us the flexibility to build on those strengths and continue improving our operations.”

Chrysler’s customers typically give the company a long-term contract with a delivery schedule. With Microsoft Dynamics AX 2009, the company can analyze the history of customer orders and, if necessary, find more effective ways to respond to short-notice changes in the delivery schedule.

“We use exotic alloys, such as Inconel steel and titanium alloys. It’s very important for us to keep our inventory low; for obvious reasons, we really don’t want to have millions of dollars of inventory sitting on our shelves. The advantage that Microsoft Dynamics AX 2009 gives us is that when we get an order, we can pull the material in from suppliers at the right time, in the right amount, and get those orders out the door in a timely fashion,” says Wilder.

One of the tools Chrysler formerly used to implement lean manufacturing was a set of paper kanban cards to track steps in the

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manufacturing process. Other parts of the company's supply-chain management required multiple data entries in different accounting or management systems that the company developed on its own to support its operations. Says Wilder, “With Microsoft Dynamics AX 2009 in place, we'll be able to get rid of five or six different systems that we used to use.”

Kreiser can now manage its supply chain more efficiently because Microsoft Dynamics AX 2009 has built-in integration with Microsoft SQL Server® Reporting Services and Microsoft Office SharePoint® Server 2007 that eliminates duplicate data entry. The solution automatically coordinates information across the company throughout the manufacturing process. Kreiser will use these capabilities to improve supplier and subcontractor access to its manufacturing operation, helping create better demand-pull ordering.

Every part used in commercial aircraft must have complete documentation that tracks where the part was manufactured, the supplies used, and exactly what manufacturing processes were used before it can be sold. Much of the documentation required by Kreiser customers so that they can comply with safety regulations of the U.S. Federal Aviation Administration is now generated and tracked automatically in Microsoft Dynamics AX 2009 instead of manually.

Benefits

With Microsoft Dynamics AX 2009, Kreiser will gain better control of its inventory costs, maintain and increase its use of lean manufacturing principles, and ensure compliance with strict traceability requirements. The company has the tools it needs to meet customer needs and operate efficiently.

Reduced Inventory Costs

With Microsoft Dynamics AX 2009 in place, Kreiser looks forward to reduced inventory costs. “We think our lean implementation of Microsoft Dynamics AX 2009 will help us reduce our inventory of raw materials by 30 to 40 percent. Because we work with very expensive materials, the value of our inventory at any time is between \$1 million and \$2 million, so that will be a significant reduction and free up a lot of capital for us,” says Wilder.

Easier Traceability for Compliance

It's now much easier for Kreiser to create the documentation needed to comply with aerospace safety regulations. “Microsoft Dynamics AX 2009 gives us the flexibility to decide how we want to do automated tracking, what tasks we want the new system to do for us, and what tasks might be easier to continue with a previous system,” states Wilder.

Improved Flexibility to Maintain Competitive Advantage

After studying its business processes and working to eliminate waste for several years, Kreiser executives wanted a solution that would support, not replace, their efforts to stay competitive.

“We feel we have a competence in identifying and managing our business process, and we wanted a software package that could be configured or customized to align with the processes that we know so well,” says Wilder. “We know what our competitive advantages are, and we wanted software that would leverage those advantages. We believe Microsoft Dynamics AX 2009 will align with our business and help us maintain our competitive advantage.”

The company has grown from U.S.\$10 million to U.S.\$40 million in the past four years and expects to continue growing at a similar rate,

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without adding any headcount to the purchasing department. "With better coordination of information throughout the manufacturing facility, we can operate much more efficiently with Microsoft Dynamics AX 2009," concludes Wilder.

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

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