MACH 1000
ERP Recruiting

Every Company Measures its Performance

The Difference is What?

This is a Wake-Up Call for Managers: Outdated Metrics Undermine True Success! The way we measure success is failing. Outdated paradigms, financial obsession, and inward focus are holding companies back. It is time for a change. Key elements to watch:

1. **Outdated Paradigms:** Innovate and adapt to the dynamic business landscape.
2. **Need to rethink the Financial Obsession:** Do not let finances blind you to other critical areas of growth.
3. **Look Beyond the Company's Borders:** Consider the bigger market, customer needs, and societal and environmental impact.
4. **Predictive Power Matters**: Use data that forecasts future trends and opportunities.
5. **Shift from Functions to Processes:** Streamline processes for a smoother workflow.
6. **Use metrics that Align with Reality:** Tailor measures to fit our unique objectives and mission.
7. **Incentivize the Right Behavior:** Reward sustainable growth and positive impacts.
8. **Focus on Outputs, Not Just Inputs:** Measure actual outcomes to allocate resources effectively.
9. **Streamline Information Overload:** Focus on actionable insights, not drowning in excessive data.
10. **Release the Power of Detailed Insights:** Dive deep to understand complex challenges.
11. **The time is now to question the status quo** and adopt measures that reflect reality.

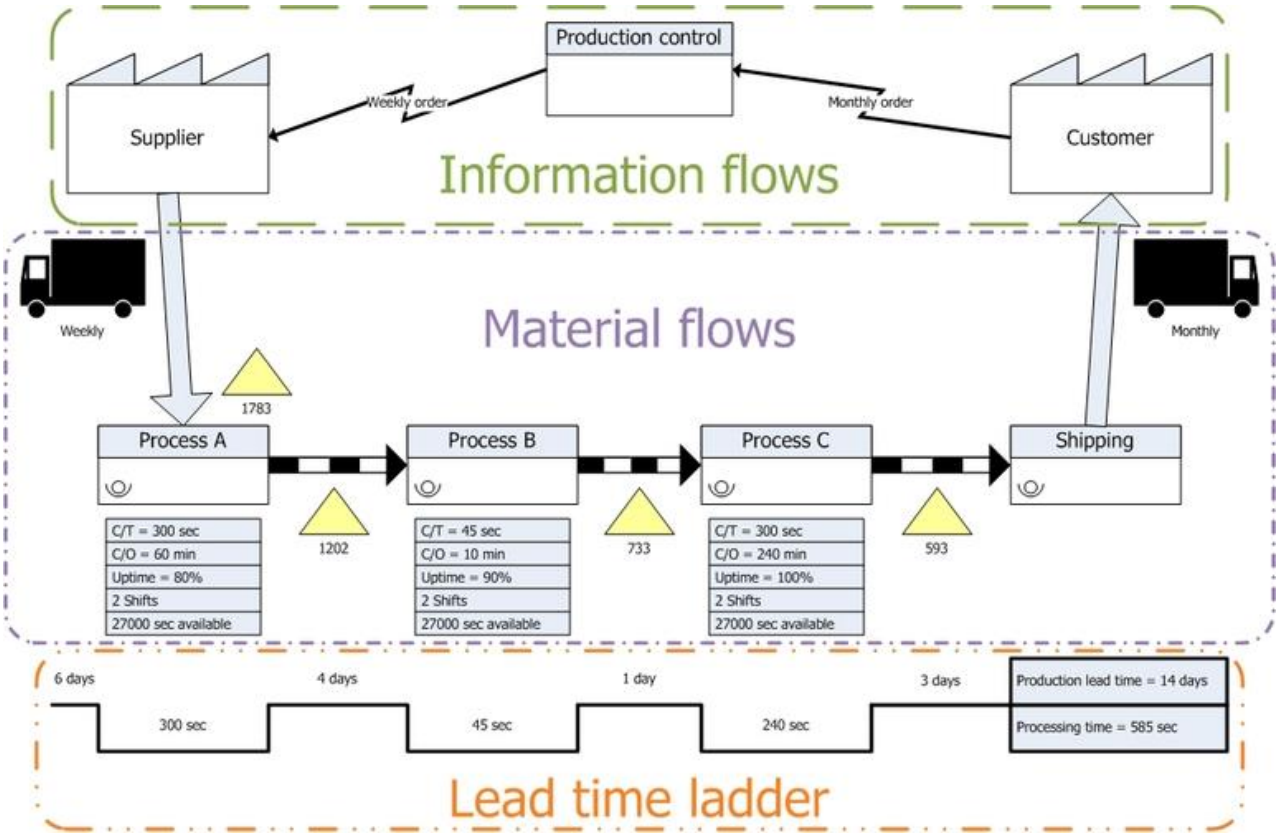
Do this BEFORE you even think of installing an ERP system

“Remember: What you don’t measure, you can’t control.”

Use the systems you currently to measure and record your key metrics, even if they are manual or just spreadsheets. This can be done without new software. Metrics help evaluate

performance, provide insights, and drive business improvement. They assist in making data-driven decisions, optimizing operations, and monitor financial health. By focusing on key metrics, businesses can achieve sustainable success and maintain competitiveness. To make this happen does require a change in thinking, which, when not aggressively and consistently led from the top, dramatically increases the chances of project failure.

Use tools like Value Stream Mapping (VSM) to measure your processes and have a better understanding of your situation. What Is Value Stream Mapping? Value stream mapping (VSM) is defined as a project workflow visualization tool that pictorially represents the events leading up to the user receiving the product, including product development, the supply chain, design, quality assurance, customer support, etc. — depending on the industry — to map inputs vs. outputs and reduce waste.



Why Value Stream Mapping?
Spot & Slash Waste: Pinpoint non-value-added stages and trim them.
Boost Teamwork: Enhance interdepartmental collaboration with clear roles.
Ramp Up Efficiency: Optimize cycle time, takt time, and remove unnecessary resources.
Pave Growth Paths: A foundation for expansion and introducing new products.

Value Stream Map Essentials

Customer: What matters most? The customer's view of value. Ensure production matches their demand, optimizing operations where cycle time equals takt time.
Supplier: Central to the map, this tracks raw material flow. Monitor production costs and inventory efficiently.
Product Flow: The heart of the process. Visualize every step—from raw to finish—with symbols, capturing key resources.
Information Flow: The silent driver, be it reports, apps, or emails, that fuels efficient operations.

Companies worldwide must deal with the ever-growing challenge of meeting rising consumer expectations and value systems while maintaining an affordable price for their goods and services. That is, prices fit into the demands of the already established or prospective target market. This can be challenging for industries and manufacturing plants that deal with the production of goods and organizations that specialize in offering numerous services. Managers, team leaders, and employees should understand it at crucial points in the workflow and decision-making process.

Some examples of metrics for a manufacturing company:

- Data accuracy: BOM, inventory, WIP, Master schedule, forecast cycle time, etc.
- Velocity of materials through the system
- Production Volume: Track the quantities that you can produce
- Production Downtime: Analyze and optimize your maintenance
- Production Costs: Monitor the costs implied in the production
- Overall Operations Effectiveness (OOE): Evaluate your operational efficiency
- Overall Equipment Effectiveness (OEE): Assess the scheduled efficiency
- Total Effective Equipment Performance (TEEP): Track overall effectiveness
- Capacity Utilization: Maximize the use of your capacities
- Throughput: Measure your production capabilities (Takt Time)
- First Pass Yield: Monitor your production quality
- Scrap Rate: Track the amount of failed units
- Defect Density: Track the damaged items right away
- Rate of Return: Measure how many items are sent back
- On-time Delivery: Ensure your products are delivered on time
- Right First Time: Understand the performance of your production process
- Revenue Per Employee: Measure the success of your workforce