8 Ways Manufacturers Can Boost Productivity, Margins, and Growth

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Small-to-medium size manufacturers often find operational improvements elusive until they tap into new technology that can streamline their processes. Using material derived from Nucleus Research, Inc., this white paper describes eight avenues many manufacturing companies have taken to boost their productivity and margins and enable growth, without a legacy system holding them back.

These eight ways can be realized through the implementation of Microsoft’s flagship software solution for discreet manufacturers, now named Dynamics 365 Business Central (formerly Dynamics NAV), available in multi-tenant cloud deployment or on-premise, with native integration with Office 365, Excel, Power BI, and SharePoint.

1. VISIBILITY: Improve visibility into your operations and costs.

Without an integrated ERP solution, companies find themselves with little visibility into their performance and thus are unable to make good business decisions.

A system with role-based views (in 365 Business Central) puts real-time data at one’s fingertips. You don’t have to spend a ton of time searching, compiling, and analyzing data that measures business performance. It is easily accessed. You can spend more time on strategy for business growth.

Improved visibility makes staff more productive in reporting and gives them the ability to identify where to eliminate or reduce costs in manufacturing and shipping.

“A reduction in freight and shipping costs was a common benefit Microsoft Dynamics NAV* customers achieved through greater visibility into order and shipping cycles. ...for some, a five percent reduction in overall cost of goods manufactured was realized. ...one user reduced product recall time from 48 hours to five minutes.”

[Nucleus Research: The Value of Microsoft Dynamics NAV* for Manufacturers, page 2]

*Now named Dynamics 365 Business Central
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2. INTEGRATION: Stop manually entering and reconciling data in disparate systems.

A truly integrated ERP system allows you to enter data once from within your role center or preferred tool, and see that data automatically entered in core financials or other areas of the system. This ensures one version of the truth for everyone.

One example, is the incredible integration of Dynamics 365 Business Central with Office 365. In the familiar environment of Outlook, you can access all the data you need in financials or collaborate with your team on SharePoint. A set of financial reports and dashboards that are specific to your role are viewable within Outlook. When you need to drill down into data or go into one of the Business Central modules, you have one-click access from Outlook (no additional password necessary). Moreover, you can easily connect data to Excel to further manipulate it and share files with colleagues. This unites both your office-productivity world with your ERP world in one interface.

Another example is how the system creates a Sales Quote within Dynamics 365 Business Central, without you leaving Outlook, based on an email from a client with an order request. Then you can convert the quote to an order without rekeying data into a separate system. It’s all tied together.

Finally, Business Central and it’s fully integrated tools allow you to collect data on your shop floor and automatically update a Planning Board in the system. This eliminates guess work, phone calls, emails, and physical visits to the production facility to see where things are in production.

“Manufacturers moving from disparate systems can expect to increase Microsoft Dynamics NAV* user **productivity by up to 20 percent**... One manufacturer found, ‘we’re saving as much as a **week per month** over what we would be doing if we didn’t have it’... Another said, ‘NAV* allows us to capture data in a very granular and detailed way’... In some cases, Dynamics NAV* customers were able to grow revenues by more than **double without a corresponding increase** in administrative staff.”

[Nucleus Research: The Value of Microsoft Dynamics NAV* for Manufacturers, pages 2 & 3]

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3. MRP: Streamline your Materials Requirements Planning (MRP) and Master Production Schedule (MPS) in an integrated system.

Stop relying on spreadsheets for your MRP. When you “run” MRP in an integrated ERP system like Business Central, it generates a Planning Worksheet with a list of recommendations for actions to take to replenish your materials so you have what you need for production in a particular timeframe, for an upcoming forecast, or for specific Sales Orders.

When the system generates a Production Order, it calculates start and end times based on how an item was set up. It will automatically assign inventory and order raw materials. It also has approval capability so you can set up a work flow based on criteria and route it for approval.

In addition to tying Production Orders to Sales Orders, you can use your MPS Schedule to create requirements to replenish inventory for items based on seasonal or ongoing needs. Moreover, you can set reorder points for inventory, when it gets to a certain level, so recommendations for reorders are generated automatically when stock is low.

“Microsoft Dynamics NAV* enables manufacturers to make processes more flexible and agile so they can rapidly respond to new initiatives and customer requests [and orders]. ‘...our order volume has grown from 75 a day to around 120 on average and we’ve only added one person to a staff of five.’ ‘Before orders were entered manually. That could take a week and a half. Now point of sales is tied into ERP so there's no need for human intervention.’”

[Nucleus Research: The Value of Microsoft Dynamics NAV* for Manufacturers, page 3]

*Now named Dynamics 365 Business Central
4. **PRODUCTION TRACKING: Track and schedule your production with efficient tools.**

Use a Production Journal to record all your activity on your manufacturing floor. It lists all the labor and materials that are going into each item currently being produced. Data is available on the “consumption” and the “output” of each order. For example, managers can track and adjust how much labor and materials is used for each production and how much output each individual on the shop floor has, i.e., how productive they are.

Once a Production Order is completed, the system automatically updates the General Ledger. There is no need to manually enter data in journal entries. Moreover, both shipping and invoicing a customer is streamlined for greater efficiency.

In addition, for improved productivity and responsiveness, you can embed a powerful multi-user Production Scheduler into Dynamics 365 Business Central. With constraint-based finite capacity scheduling, an easy-to-design optimization engine, and a color-coded graphical display of your orders (that can be over-ridden by dragging and dropping orders), it maximizes production efficiency and improves customer service.

“[Production visibility] enables manufacturers to increase the accuracy of promised orders, quickly respond to customer questions about order status and delivery, and handle changes and exceptions. Companies typically find they can **increase both sales and customer service productivity** with Microsoft Dynamics NAV*.”

[Nucleus Research: *The Value of Microsoft Dynamics NAV* for Manufacturers, page 3]

*Now named Dynamics 365 Business Central*
5. INVENTORY MANAGEMENT: Use improved visibility in manufacturing and supply planning to manage and reduce your inventory.

Dynamics 365 Business Central gives you up-to-date inventory information and allows you to effectively manage your inventory. On set up, you can enter alternative vendors, specify items’ unit of measure, their costing method, item substitutions, and more. You are able to manage and track serial/lot numbers of items and set up item categories and attributes.

You are also able to specify a list of sellable items, raw materials, subassemblies and/or resources as an Assembly Bill of Materials that comprises a finished item. Then use production orders to replenish assembly items to stock or capture the customer’s special requirements directly from the sales quote.

You can organize your warehouse by assigning items to bins, manage inventory in more than one location, and track inventory as it is moved from one location to another.

With greater visibility into your warehouse and production schedule, you can reduce your inventory.

“Greater visibility... enables Microsoft Dynamics NAV* users to reduce their inventory... this often results in reduced shrinkage as well as reduced cost of goods sold. ‘...we used to do inventory count once a year, and now we do several counts daily. Our shrink is down to $1,000... we used to do $60,000 to $70,000...’ ‘Our bills of material (BOMs) are all online and available to our operators, and if an error is found in a BOM, it can be fixed very quickly. ...We [have] a 5% per year reduction in our cost of goods sold...’”

[Nucleus Research: The Value of Microsoft Dynamics NAV* for Manufacturers, page 3]

*Now named Dynamics 365 Business Central
6. **CUSTOMER SERVICE: Deploy a system to streamline order entry and customer requests.**

The act of streamlining activities in an integrated system helps your customers in the end. You are more responsive, sales orders can be processed quicker, and improved visibility empowers each ERP user to get the data they need to quickly answer a customer request.

One example given above was how you can create a Sales Quote for a customer within NAV without leaving Outlook.

In addition, a fully integrated ERP system will have a Customer Relationship Management (CRM) tool. Microsoft Dynamics 365 Business Central comes with a CRM series. It allows you to automate day-to-day tasks for sales, customer service, and marketing, manage real-time customer records and sales histories, create and launch marketing campaigns, and track customer activities.

The integration with Office 365 and Outlook makes the CRM tool all the better as you can link email conversations with customer records with one click and easily attach documents.

“Greater visibility into operations enables [you] to increase the accuracy of promised orders, quickly respond to customer questions about order status and delivery, and handle changes and exceptions. Companies typically find they can **increase both sales and customer service productivity** with Microsoft Dynamics NAV*.”

[Nucleus Research: *The Value of NAV* for Manufacturers, page 3]

*Now named Dynamics 365 Business Central
7. **FLEXIBLE REPORTING:** Leverage your centralized data to create flexible reporting and dashboards.

Centralized data allows you to have one source of truth to report on. The Dynamics 365 Business Central system comes with a variety of reporting tools including Document Reporting in Word, Preconfigured Excel Reports, Report Scheduling, and a way for users with no SQL technology experience to easily create insightful reporting data sets.

With Report Designer, users can create new reports from scratch or copy an existing report to use as a starting point. Every report can be easily customized.

With Jet Reports, there is a simple way to create basic reports, build tables, and do business queries inside Excel. One big advantage of Microsoft ERP is the use of **Power BI**—a business intelligence tool that gives you immediate access to business performance dashboards and creates insightful charts and reports made available in the Role Center.

“...providing access to real-time data and user-friendly analytical and reporting tools gives manufacturers... greater visibility into their business and greater ability to make informed decisions... this generally results in increased staff productivity related to reporting... Companies also find the robust reporting capabilities and intuitive nature of the application enables IT to spend less time building reports and training users.”

[Nucleus Research: The Value of Microsoft Dynamics NAV* for Manufacturers, page 2 and 4]

*Now named Dynamics 365 Business Central*
8. **UNIVERSAL ACCESS: Enable web, tablet, and smart phone access to your system.**

A good ERP system will include access through role-based interfaces on your desktop, in a browser, on a SharePoint website, or with a native mobile app on a tablet, mobile device, or smart phone. Dynamics 365 Business Central has a web, tablet, mobile, and SharePoint client. With any device, you can work the same whether traveling, in the office, or at home.

Remote employees can enter time and expense on the go from their preferred device, managers can access reports and dashboards, and full-time users can enjoy the full capabilities of the system when they aren’t at their desktop, anytime and anywhere there is Internet access, regardless whether Dynamics 365 Business Central is deployed in the cloud or on-premise.

Users can also combine Microsoft Dynamics 365 Business Central functionality with that of Microsoft SharePoint to create collaborative workspaces and share data and insight with more people within your company.

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**Your Return on Investment (ROI) with Microsoft Dynamics 365 Business Central**

“Manufacturers without a centralized ERP application that deploy Microsoft Dynamics [365 Business Central] are likely to rapidly achieve a positive ROI from productivity and cost savings alone. **Properly deployed, [365 Business Central] can deliver payback in fewer than 12 months.**” - Nucleus Research,

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