



Nifco



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Nifco UK specialises in the manufacture and supply of plastic fasteners, dampers and functional plastic components primarily for the automotive industry.

Based in Stockton-on-Tees, Nifco UK is owned by Japanese based Nifco Inc. and supplies the major automotive manufacturers including Ford, Nissan, Toyota, Honda and their major tier 1 suppliers.

With a turnover of £29 million and 220 employees, Nifco UK currently manufactures approximately 15 million products every month and has 32 moulding machines to make them. Prior to 2004, Nifco was experiencing a number of problems within the business. Management changes and high staff turnover were impacting productivity, and performance was falling short of expectations.

In 2005 a decision was made to embark upon a programme of change to return the company back to profitability. However achieving this was made all the more difficult as there was no clear data upon which to benchmark or track

the manufacturer’s performance. All of Nifco’s data was poorly maintained and existed only in silos, and there were no clear processes or procedures.

This lack of usable information resulted in poor visibility of operational and financial performance, and hindered initiatives to improve business performance.

Faced with this challenge, Nifco decided to replace its disparate systems with a single solution which would consolidate information and ensure consistency across the business. Additionally, the manufacturer required specialist capabilities within the solution to enable it to manage its greatest business challenge, hugely fluctuating demand. While the cost of raw materials continues to increase and prices are continuously driven down by the market, the only variable which Nifco can influence is the manufacturing process itself, and the volume of sales it can put through its business.



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John Tinkler IT Manager for Nifco

This is impossible without accurate, relevant, easily accessible information. Tighter management of information was therefore key to delivering profitability.

Having identified its requirements, Nifco reviewed the business software market, and upon evaluation of a number of enterprise resource planning (ERP) solutions, Nifco selected Infor ERP System21 Aurora through local Infor channel partner Indigo Software.

Nifco's IT Manager, John Tinkler had used earlier versions of System21 previously and was confident that it could deliver the functionality required. On benchmarking the latest version of Aurora against comparative solutions, the team were very impressed with the system's automotive industry specific functionality too.

"System21 Aurora's EDI and despatch capabilities are akin to the way car companies send their requirements, and suit our manufacturing environment perfectly," John Tinkler comments. "We were impressed with the system's industry specific functionality and ability to support our entire manufacturing processes from purchasing, MPS, inventory and financials.

"The experience and expertise of Indigo's consultants in both the software and industry knowledge was also impressive and made the decision an easy one for us."

Fluctuating demand puts a huge amount of pressure on planning and inventory, and since going live in 2006, Infor ERP System21 Aurora has supported Nifco through periods of both decreased and increased demand. In the third quarter of 2008, when the bottom fell out of the automotive market, demand for Nifco's products dipped significantly, but System21 Aurora enabled Nifco to react very quickly. Using the system, Nifco was able to identify surplus resource, strip out waste and align resources to production precisely. It also supported the manufacturer's shift in focus to source short term business in 2009, where revenue was key, and enabled continuous monitoring of the company's cash position with detailed cash management and forecasts. The result of this agility was that while turnover was down by £9 million in 2009, Nifco still made a profit.

Just 12 months on, at the end of 2009, the tide turned and Nifco's greatest challenge became keeping pace with a substantial surge in demand.

"Following an extremely quiet period, our biggest business challenge currently is escalating demand. Our machine range enables us to concentrate on the smaller end of the car market, and it is this sub sector which has seen the greatest recovery. Fuelled by the UK Government's scrappage scheme, which offered new car buyers a £2000 discount if they scrapped a car older than 10 years, 330,000 car sales industry-wide have been generated by the scheme," John Tinkler explains.

"We receive daily calls from our customers increasing orders, which puts our 32 moulding machines which form the core part of our production line under huge pressure, as they are in constant use.

There is no contingency so manufacturing has to be undertaken quickly and productively. We are also able to identify inefficiencies driven by our customers, by demonstrating where schedules have not been fulfilled, and as current market demand is starting to decline again, this facility has become even more important. Added to this challenge is that most of our raw materials are on three month lead times, so tight, continuous planning is integral," he continues.

Throughout this period of fluctuation, System21 Aurora has enabled Nifco to constantly re-budget and re-plan, thus keeping its production and scheduling aligned with demand. The MPS and planning capabilities have facilitated the extrapolation of better, more accurate information so that inventory can be minimised whilst meeting demand and keeping any excess costs out of the business.

The management information Nifco receives through the system not only ensures that production is as lean as possible and demand tightly managed against its five year forecast, but the management team have clear visibility of what margins are being achieved and therefore how profitable the company is on a daily basis. In turn this means resources can be channelled into the right areas to influence future profitability.

"We were so impressed with the system that when we established a plant in Poland to deliver against demand for Low Cost Country (LCC) manufacturing, the managing director there had no hesitation in deploying System21 Aurora to replicate the success of the UK operation.

"Ironically, the levels of efficiency we have achieved since using System21 Aurora in the UK mean that we can actually produce

products at a lower cost than our LCC," John Tinkler comments.

Nifco runs System21 Aurora on an IBM System i (9406 720) and this is supported locally by Indigo Software.

"The reliability of System i is unrivalled – put simply, it never goes down and we can focus on adding value to the business, rather than fire fighting any hardware problems. However we are looking to upgrade to a new version in the near future as we've been using our current model for some years," John Tinkler adds.

"The capabilities of System21 Aurora are exceptionally well aligned to the specific requirements of the automotive sector and we have worked with the team at Indigo, to improve and enhance the way in which the system supports Nifco's manufacturing processes since we implemented the system in 2006.

"Looking forward, the surge in demand we currently face means we are looking to move to new site so that we can capitalise further on this upturn".

"Infor ERP System21 Aurora plays an integral role in the success of our business. It is exceptional value for money and has already paid for itself several times over," John Tinkler concludes.