

ICM Products reduces inventory and boosts profits

ICM Products Inc.

Industry

Chemical manufacturing

Locations

Cassopolis, MI

System

Sage X3

Challenge

Manual data entry and a lack of automated workflows and data controls were affecting ICM's on-time delivery performance.

Solution

NexTec and 4aBetterBusiness teamed up to design and implement a robust automated data collection solution based on Sage X3.

Results

- On-time delivery rose from 50% to 96+%
- Inventory holdings reduced by 22%
- EBITDA increased by 1.5%

ICM Products Inc. manufactures an industry-leading array of chemical compounds including silicone polymers, defoamers and specialty emulsions for a wide variety of applications. Its engineers draw on nearly 50 years of experience to develop custom chemical compositions that meet the exacting requirements of its commercial and industrial customers. The company has grown from a single US location to an international operation with offices in the US, England, Italy, and China and sales of over \$80 million. ICM's partnership with NexTec Group and 4aBetterBusiness have set the company on a firm foundations for continued growth and success.

“We’re delighted with the process and outcomes, and by the support provided by NexTec and 4aBetterBusiness.”

Levi Cottingham, CEO, ICM Products

Growth strains manual systems

The company has experienced significant expansion through acquisitions. The complexity surrounding integrating the new operations was made more difficult by a lack of data automation, automated workflows and product visibility, and the company noticed a slip in its on-time delivery performance - down to just 50 percent.

To get operations firmly on track, ICM engaged 4aBetterBusiness, an implementation-based consultancy that deploys proven strategies to help companies improve productivity, cut costs, and increase profits. The company identified multiple areas where ICM could make efficiency improvements, and brought in NexTec Group and the RFID team at Element ID to help plan and implement the improvements.

Lack of real-time data proves costly

ICM had been manually entering data into its Sage X3 system, compromising efficiencies and introducing the opportunity for data entry errors. Closing transactions could take from several days to a week. Inventory counts were unreliable. Without adequate real-time visibility into stock levels, higher levels of stock had to be maintained, and frequent schedule changes were required to accommodate materials availability.



Success Story: ICM Products



To address these issues, NexTec and Element ID would provide an integrated barcoding and RFID solution, leveraging the Sage X3 Automated Data Collection (ADC) component, to effectively eliminate the manual collection and entry of data.

Strategic planning pays off

Recognizing a major opportunity for ICM, 4aBetterBusiness proposed that the product labeling take place during the company's annual inventory count. ICM's CEO, Levi Cottingham, and CFO Tom Gawlik, both agreed that this was the right opportunity to introduce bar coding/RFID technology.

The inventory count was to be conducted in just three week's time, resulting in a short window for ICM and NexTec. Both firms had confidence that their teams were up to the challenge, and decided to divide the project into two phases. In phase one, inventory would be properly labeled and counted, and the data capturing devices would be rolled out. Phase two would involve the implementation of the Sage X3 ADC module to fully automate the collection of operational data.

With NexTec's assistance, ICM procured and configured the necessary hardware and equipment, including mobile scanners, printers, and bar code/RFID

labels, while 4BetterBusiness defined and documented workflows, oversaw the labeling of the warehouse and delivered operator training.

The planning and execution paid off: in just three weeks, ICM had a fully labeled and lined-out warehouse, labels on all its products, and was capturing data using its mobile scanners.

"This initial system gave us immediate improvement in the quality of data capture," says Chad Pickle, Director of Supply Chain for ICM.

Pickle also noted additional benefits the company is realizing, including: reduced errors by eliminating hand-written data recording and transcription, reduced time spent finding and handling materials, and reduced frequency of materials-related changes in the company's production schedule.

Proven partners

Following the successful of its barcode/RFID initiative, ICM engaged 4aBetterBusiness and NexTec to lead the effort to implement the Sage X3 ADC module.

"NexTec Group is a great resource for the ADC implementation," says Paul Vragel, President of 4aBetterBusiness. "NexTec is experienced and knowledgeable in the internal workings and functionality of Sage X3 and ADC, and has experts on staff capable of addressing any of the implementation issues encountered. Their responsiveness was great."

Vragel cites an example in which he emailed the NexTec primary contact for ICM, about an issue at 5:20 pm on a Friday afternoon. Expecting not to hear back until Monday, he instead received a call 10 minutes later, with not only the answer to the question, but also with additional

insight on the best use of the functionality.

22% reduction in inventory

The thorough preparation through process reviews and implementation changes supported by 4aBetterBusiness and NexTec led to big dividends for ICM. Before noon on the day the old system was switched off and the new system switched on, the first orders using the entire, end-to-end system were being successfully processed.

With the data scanned and transmitted directly into Sage X3, ICM is enjoying a 22 percent reduction in inventory, improved order processing time, a greater than 96 percent on-time delivery rate, and a net earnings boost of a percent and a half.

"We're delighted with the process and outcomes, and the support provided by 4aBetterBusiness and NexTec Group", concludes Cottingham. "As impressive as those results are, we're especially pleased with the way the process developed the engagement and buy-in of our employees. This will enable ICM to sustain those gains and achieve ongoing improvements in performance and profits."

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Sage President's Circle
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