Introduction

This ERP/MRP II classroom training is presented over a consecutive two day period by Milt Habeck, the Founder and Managing Partner of Unbeaten Path. The A – T points below provide an introduction to each of the chapters in the classroom training material. The course is not specific to any particular ERP software brand; however, not a few of the anecdotes draw on the instructor’s international experiences with BPCS over the last two decades.

A. MRP II Overview

This chapter sets the tone and states the overall training objectives:

- Build an enthusiastic, heart-felt commitment to closed-loop/JIT principles and teamwork, and ...
- Create a vision for world class business performance, and ...
- Transform the ERP software implementation from a computer systems project to a total company drive for excellence.

B. Material Planning

The mathematics of MRP are taught together with an appreciation for why the MRP process is so much better than the order point inventory model. There is a practical exercise using real bills of material from the enterprise. The idea is to provide definitions and an overall view of the formal system which will be needed in subsequent chapters.

C. Bills of Material

Students will learn the MRP II theories about what should be in a bill of materials, how they should be structured, how bill of material accuracy is measured, and how changes to bills of material can be implemented with solid internal controls. We also talk about pseudo parents and phantom item applications.

D. Inventory Records

Company officers like this chapter because it demonstrates in a practical way the devastating effect inaccurate inventory records have on the operations of an enterprise. And, if you’ve got the problem, this chapter suggests some great ways to fix the problem. In a nutshell: are your material handling job descriptions written like the job descriptions of bank tellers?
E. Business Planning

This chapter demonstrates how senior management can get a strong, secure control on business operations without inspecting the work of each planner and analyst. The "sales & operations planning" process is explained and demonstrated using a simple example.

F. Demand Management

The objective of this chapter is to demonstrate the value of redefining "sales forecasting" to "demand planning." All sales forecasts have a variety of problems and challenges. The course shows how to manage the business well despite the vagaries of the sales forecasting process.

G. Master Scheduling

This is a challenging chapter because Master Scheduling is such a vital role in a well-managed manufacturing company. The math is explained and illustrated, the goals of MPS are defined, and the job description of a master scheduler is discussed. We even de-mystify “available to promise” and DRP (Distribution Resource Planning).

H. Rough Cut Capacity Planning

How can top managers easily simulate the critical capacity effect of their plans without waiting for days while an analyst prepares a study? This chapter uses some examples to demonstrate how to use load profiles and prepare a rough cut plan.

I. Detailed Capacity Requirements Planning

Does demonstrated capacity equal required capacity in your business? Do you know how to find out? We talk about work center definitions, routings, and shop calendars. Backward scheduling is taught with an illustration using a sample routing from your manufacturing area. Finally, the course demonstrates how emerging production issues and constraints can be identified with a simple input/output control system.

J. Factory Scheduling

The chapter starts with an illustration and then poses the question: “which factory order should the foreman work on next?” If students rely on their seasoning and intuition, they don’t get the correct answer. The content includes some practical suggestions on determining job priority, including dispatching rules.

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K. Purchasing and Vendor Scheduling

We will discuss the role of purchasing in a Class "A" company. The chapter explains how a philosophical change in the way top management views purchasing can change that department from a cost center that cuts orders into a profit center that creates a dramatic positive effect on the bottom line of the business.

L. Financial Integration and Simulation

The crown jewel of a system running at the class “A” level is the ability to develop paced financial plans/budgets by directly extracting information from the ERP system. That integrates the enterprise because comparisons of actual results versus budget suddenly really mean something. The chapter also presents a very challenging “World Class Financial Practice Checklist.”

M. Just-In-Time

Managers who are exposed to this training learn that anything that sits is a waste. JIT is not just a clever way to manage vendors ... rather, JIT makes vital contributions in every department in the enterprise. We talk about the "one less at a time" analysis approach which can optimize almost any business process.

N. Total Quality Management

Course participants learn how the principles of TQM are an effective process for problem solving in support of a JIT implementation. Six sigma practices are illustrated at a high-altitude level.

O. Measuring the ROI for World Class

CEOs and CFOs really like this chapter because it quantifies benefits of the formal system in a language they are familiar with. Perhaps our next client will be the first exception, but the exercise in this chapter typically reveals an enormous financial opportunity for non-Class "A" companies. The chapter begins with a self-assessment of where your company currently resides on the “ABCD” Checklist ranking.

P. Launching the World Class Project

This is a practical how-to-get-started chapter. Topics include authoring a vision statement, setting up a steering committee, selecting project team members, and finding a way to visualize the project for senior executives. We then discuss the first key steps: improving data integrity, defining future state business processes, and putting sales and operations planning into effect.
Q. Software Implementation

This chapter has one of my favorite charts: a long list of mistakes I personally made trying to implement BPCS in Latin America in the 1980s. Many companies make the same mistakes today. The material also discusses the implications of increasingly stringent IT security requirements (like Sarbanes-Oxley). We also explain how the Bedspread project visualization concept persuades senior managers that ERP software implementation isn’t really an IS project.

R. Fast-Track Implementation

How can top management dramatically cut through a stalemate using the "Slice of MRP" concept? It’s a technique that may not be needed at your company depending on the complexity of your operations and the current state of your ERP system usage.

S. Management of Change

Based on over thirty-five years of experience trying (and sometimes failing) to improve the way many enterprises operate in a broad variety of nations, this chapter offers some practical advice on how to create an attitude environment that is ripe/ready/eager for changing the way business is conducted at your company. Be prepared for some heart-felt opinions.

T. MRP II Summary

This final chapter restates the vision, the formula for success, and the philosophy top management should embrace to achieve a "quantum leap." The idea is to build inside each participant a unquenchable desire to make their firm into an enterprise with clear competitive advantages, an enterprise where teamwork triumphs, and an enterprise that produces outstanding results for shareholders. Be prepared for some additional heart-felt opinions.

Questions?

It would be a privilege to answer any questions about Commitment for Excellence course content. Here’s Unbeaten Path International’s contact information:

Toll free North America: (888) 874-8008
International: (+USA) 262-681-3151
Send us an email (click here)