

Focus on Process and Quality Management

ERP software now offers features to help service centers monitor their business processes and improve operational efficiency.

Service centers have a growing need to monitor and report on their business processes, both to improve operational effectiveness and to achieve industry certifications such as ISO or AS. This has prompted some software providers to address these issues in their ERP systems.

Quality and process problems can have a significant impact on issues ranging from employee safety to sales and profits, so a system to manage them can benefit all areas of op-

eration. Quality management functions within business software can help management recognize and report on various issues, provide a process for correcting inefficiencies and provide documentation as needed for industry certifications.

What types of quality-compromising issues might a service center need to address? Following are some examples, by department:

■ **Procurement**—Late delivery, damaged material, wrong material, unsafe loading practices, incorrect pricing, no material test re-

Table 1: How to Address Quality Management Issues

Step	Step Description	Personnel Involved	Required Actions	Notes
1	Identification of issue	All employees	Anyone can identify a QM issue	Allow for the selection of pre-defined issues or the entry of free-form text
2	Initial review and triage	Quality Manager	Send a request for information to all department heads whose departments were involved in the QM issue	Re-categorize issues if necessary, and potentially create new categories for future use. Focus on creating clean data that can be used in reporting
3	Departmental response	Department heads involved in QM issue	Department heads respond to request for information	The response should be partially pre-defined, and allow for a free-form text explanation
4	Review of responses	Quality Manager	Information from department heads is received and follow up questions are asked	The responses are edited and re-categorized to fit the structure of the QM system and ensure data stays clean
5	Preliminary report	Quality Manager	A preliminary report is created that identifies the root cause of the QM issue, as well as the suggested next steps	The root cause should be scrutinized to ensure that there are not additional underlying issues. Keep asking "why?" until the "real" cause becomes clear
6	Management sign-off	VP – Operations	Management signs off on the preliminary report or asks for additional work to be done prior to sign-off	Ensure that management compensation packages don't encourage ignoring QM issues
7	Final report	Quality Manager	The report is finalized and becomes part of a database of resolved issues from which reports can be generated	Periodically review the report to identify trends and areas for improvement

ports with material or in advance of shipment.

■ **Sales**—Relationship issues, neglected accounts.

■ **Sales operations**— Order entry error, over-promising delivery dates, “stealing” material sold to another customer, long delays in the quoting process.

■ **Credit**—Unnecessary delays in issuing credit, illogical credit decisions

that hurt customers with no benefit to the company.

■ **Warehouse**—Receiving errors (physical), receiving errors (ERP), put-away errors, picking errors, packing errors, loading errors, inventory discrepancies, unnecessary backorders.

■ **Facility**—Overdue preventative maintenance, unsafe storage of items.

■ **Material Test Reports**—MTR entry errors, wrong or no MTRs sent to customers.

■ **Logistics**—Late deliveries, unsafe driving, poor driver attitudes.

■ **Billing**—Wrong amount billed, delayed billing.

■ **Accounts Receivable**—Poor customer service, failure to correct billing issues.

■ **Accounts Payable**—Late payments to vendors.

Today’s software can help a service center identify areas of concern, be they a specific process, the lack of a process or the personnel related to the process. Table 1 presents a sample of steps that can be used to identify, resolve and report on identified Quality Management issues.

While the “reasons” an issue might arise are virtually unlimited, often the root cause of a quality issue will fall into the categories listed in Table 2. Yes, “bad luck” happens.

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Table 2: Causes of Quality Management Issues

Cause of Issue	Description	Next Steps
Process not followed	The personnel involved did not follow the proper process	Re-train affected personnel or take disciplinary action as necessary
Process non-existent	The process needed to execute the required steps did not exist	Draft process documentation and conduct training
Process is incorrect	The process needed to execute the required steps was drafted incorrectly	Adjust process documentation and conduct training
Bad luck	No reasonable steps could have been taken to prevent the issue	Continue to monitor trends and ensure that there is no such thing as “recurring bad luck,” and if there is, take steps to mitigate the risk of recurrence.

employees to report and manage issues as they arise can help service centers identify and correct quality problems on a timely basis, keeping incidents to a minimum, improving processes and profits, and providing necessary documentation for industry certifications. ■

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