APPLIED RECOVERY SYSTEMS

Controlling Materials Inventory Costs with Sage 100c Manufacturing

Applied Recover Systems scraps its inefficient accounting processes for real-time inventory management, accurate cost estimates, and automated purchase-order generation.

Applied Recovery Systems has specialized in scrap metal recycling for more than a quarter-century. Management tenaciously searches for new methods that streamline their operations—helping them improve their bottom line while delivering quality products more efficiently.

Applied Recovery Systems manufactures hydraulic machines that compact scrap metal into briquettes for recycling and resale. This helps melt shops, smelting operations, and foundries reduce waste while improving their bottom lines. Ensuring accurate accounting of its inventory of parts and raw materials is critical to Applied Recovery Systems, as it is with all manufacturers. "The better you're able to account for your materials, the better you can control costs and avoid cost overruns," said Applied Recovery Systems Purchasing and Production Manager Les Pope. "It's something we always need to focus on."

Searching for the right system

Applied Recovery Systems Manual accounting processes had proven slow, inefficient, and error-prone. The company had also tried using accounting software for a few years— even making a significant expenditure on a system that simply didn't answer their needs.

"Basically, it just didn't give us a good accounting of our inventory in terms of dollars," Pope said. "And that's what we needed most."

sage 100c

Enabling streamlined and simplified workflows

DeRosa Mangold Consulting, a Sage Business Partner, eventually convinced the west Texas manufacturer to try Sage 100c Manufacturing (formerly known as Job Ops). Sage 100c Manufacturing is a comprehensive job management solution that delivers both operational and financial information from a single reliable source

Sage 100c Manufacturing has helped Applied Recovery Systems automatically estimate job costs by determining the prices of a project's material, labor, and sub-contracted services. Even if items are not kept in inventory but need to be purchased for a specific job, their prices can be estimated without having to add them to the inventory system. With that information, ARS has been able to make the best possible pricing decisions.

By providing the critical tools needed to manage complex jobs, Applied Recovery Systems has benefited from streamlined and simplified workflows. All financial and operational details are available from a single source.

Pope has avoided materials shortages that impact delivery schedules and controlled inventory holding costs. When a customer places an order, Sage 100c Manufacturing analyzes the supply and demand for the materials which need to be ordered from the vendor—and when. In fact, when a part is not available, the system flags the job and the part is automatically added to a list of items that need to be ordered. Pope said he has greatly appreciated "the improvement in accuracy between inventories and the reduction of research time it takes to reconcile inventory."

"What's really valuable is how quickly we can provide job estimates," Pope continued. "It's so easy to make a piece of equipment that has the same features we sold to Customer XYZ but modify it for the needs of Customer ABC. We can make multiple versions of a piece of equipment and make minor variations to it. I can go into the system and put all the parts together, see what they cost, and then price it within minutes."

Sage 100c Manufacturing continues to save Pope significant time and money. "It's an extremely fast way to generate purchase orders and work tickets. Before, one person literally had to spend all of his time doing what Sage 100c Manufacturing can do in seconds—identifying inventory, pricing it, estimating the total job cost, and then producing the P.O. It tells me what I need to order. It ties everything together for me in real time, giving us a really strong grasp of what a job will really cost. I think that's a pretty valuable outcome for any company."

Pope has also come to depend on the accuracy of Sage 100c Manufacturing. "When we conducted our last quarterly inventory report, we were within $200 of the original estimate," he said. "I've heard stories in this business of inventories being off by thousands and thousands of dollars. The process improvements Sage 100c Manufacturing helped us achieve in terms of inventory reconciliation were really significant."

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The Challenge
Replace existing systems to gain accurate accounting of parts and materials while resolving income statement fluctuation issues.

The Solution
Sage 100c Manufacturing software with an integrated job management and accounting solution that provides real-time inventory management, estimates accurate pricing and costs, and automates purchase-order generation.

The Results
Significant time, effort, and cost savings; greater accuracy in inventory reporting; ability to produce fast job-cost estimates.