



Expand your business with a platform for growth

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Like all global economies, the equipment industry has been going through a tough time the past six to seven years. A period marked by economic slowdown, reduced liquidity, and shrinking business activity. Many heavy equipment dealers have been hard hit by the recession and have been forced to restructure their organizations to survive. Others are refocusing and changing their strategies, particularly in light of the impact the economy has had on equipment sales.

But history tells us that recessions do not last forever. In fact, many companies realize that each crisis carries with it hidden opportunities. You may find that it is the perfect time for introspection, a time to take a good look at your business processes and see exactly where and how you can improve. By identifying targeted areas in your business that need improvement, you can make the decisive moves necessary that can help set your company up for success going forward.

Gear up for change—learn from the past

The design of workflow in most companies is based on assumptions about roles, organizational goals, and technology that no longer apply today. By examining your existing process engineering, you can focus on all the different functional areas of your business that make it run effectively—from warehousing and parts logistics to rental, service, and finance. Does your ERP system allow you to get good reliable information quickly? Can you track the simple daily flow of business, knowing what your cash flow is or inventory levels are on any given day? Can you get all the customer information you need in one place? Or, do you find yourself constantly waiting around for this kind of data?

As you ask yourself these questions, you may decide that your underlying enterprise application structure is hindering your plans for the future. Sometimes you need to undertake a radical redesign and reorganization to streamline operations, reduce costs, and improve quality of service. The fact is that information technology is a key enabler for this change.

Improve operational efficiency

Warehouse management

Companies simply cannot afford to have excess inventory or the cost of expediting parts unnecessarily. For efficient utilization of inventory space, equipment companies like yours need a system with advanced resource and location management functionality. You also need a single system to automate and modernize processes. Disparate systems or “information silos” should be

replaced with a system that can link all geographically dispersed operations with a trusted data source. To further streamline operations and reduce costs, consider adding barcoding and scanning technology that can interface with a variety of automated warehouse equipment.

With greater transparency and integration with other internal departments, you can focus on having the right amount of high-transaction parts in the right place, while more costly, slow-moving parts can be kept to a minimum or centralized into a larger warehouse.

Supply chain and parts logistics

Equipment companies are continuously looking for ways to improve supply chain management and parts logistics. Ideally, they should be able to interface directly between the original equipment manufacturer (OEM), the dealership or rental company, and the customer base. Sharing data in real time about equipment orders, configuration, delivery, service, and warranties, helps to strengthen the dealer/rental-OEM relationship. This, in turn, helps companies process customer orders and warranty claims more quickly.

To run efficiently, you need to make sure you have a good parts planning process in place, so you can schedule service to coincide with parts delivery. Forward visibility and effective demand management can help you fine tune procurement planning, scheduling, and supply levels for customer locations in the field, as well as service vans.

Rental and leasing

As competition grows, customers expect more from their equipment and service contracts. They want contracts based on the value they receive from the equipment, instead of straight warranty or break-fix support.

Effective equipment utilization is more important now than ever before. But if customers are really only interested in machine utilization and 100% up time, what does that mean for construction equipment dealers? As Garry Bartecki, founder of Dealer-Rental Success LLC and financial consultant to the equipment industry explains, “Rental is becoming the new normal and we see this transition in everyday life. Dealers and OEMs that decide to stay with the status quo will have to deliver superior products and services with programs that somehow mitigate the benefits of rental. That’s a tough assignment indeed.”

The right technology infrastructure can give your company a complete overview of your rental operations, including a clear view of asset availability, when assets will return, and what their service needs are.

An executive at a company that provides temporary power, temperature control, and oil-free compressed air systems explained the importance of meeting customer expectations for their rental equipment by saying, “Customer satisfaction is fundamental to our reputation and has a large financial impact on our business. Being a global leader in providing equipment for critical uses means we have to make sure it’s reliable. It’s a key part of our strategy because in the rental business, no matter what relationship you build up with the customer, you are only as good as your last job.”

The right system can help you integrate all your rental operations with your supply chain management, finance, and service, so that you can maintain complex

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rental agreements with your customers. For leasing, you need an effective business application system that offers precalculation for all agreements. You need to be able to manage vital information for the length of the agreement including amortization, interest, and residual value after each period. You’ll also want to look for flexible invoicing functionality that can help you turn ordinary service into a value-added competitive advantage.

Finance and the equipment lifecycle

Equipment companies need a solid handle on their accounting, budgeting, reporting and transaction processing. Does your existing system allow you to analyze all financial information and link it to business processes to facilitate internal benchmarking? Are you able to get the cost and profit data you need quickly—by customer, fleet, equipment, or project? The right technology solution can help you with these areas, as well as help you pinpoint the business information that can fuel new growth strategies in areas such as marketing, service, and parts sales.

Many equipment companies today lack an integrated view of their equipment over the complete equipment lifecycle. As one equipment dealer comments, “We should be able to see machine availability, profit, and contribution without using spreadsheets; see the profitability of a fleet of equipment without adding it up manually. Typically, though, warranty, sales, travel costs, and field service are all in isolated systems.”

Companies need to be able to analyze a single piece of equipment as it ages, to see exactly where and how they are making a profit. With the right technology, you can track every transaction and therefore the profitability of a piece of equipment from its initial sale until disposal. This information allows you to offer customers advance notice of when they should repair, overhaul, or replace their equipment.

Equipment lifecycle management also can help you to build loyalty, as customers maximize the value they receive from their equipment. And, it can help you stay on top of your own preventative maintenance schedules, ensuring that the right parts, tools and service engineers are available when and where needed. When you have a reliable view into your equipment across its lifecycle, you’ll have more control over your business, as well as the information you need to make decisions that enhance your overall profitability.

Become lean and strong

Companies today are spending too much time and resources getting data internally. A fully integrated system can help you get the information you need to be more proactive and decisive. Many heavy equipment companies are turning to integrated solutions such as Infor® Equipment to give them a consolidated view of their business. With greater visibility over data, processes, customers, and equipment, your company can become more productive and profitable, lean up your processes, have the right staff in place, and improve operational efficiency to be successful now that the economy is picking up again.

“Before our integrated system, we didn’t have visibility into equipment issues without manually trawling through records,” comments an equipment executive. “Visibility helps you improve by understanding your service engineering costs and identifying challenges or a problem on a particular range of equipment. Knowing what has caused the problem and being able to get to it quickly, versus reviewing hundreds or thousands of records, helps us improve equipment reliability and customer satisfaction,” the executive explains.

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Capitalize on the downturn

Companies that emerge as winners in the economic upturn will have used the down time to:

- Streamline their operations so that employees get the information they need to act quickly.
- Get stronger, fitter, and more productive.
- Deploy flexible information and business process foundations to lead improvement projects.
- Focus on improving customer service.
- Find new sources of revenue that drive growth.

Today's equipment dealers, service, and rental providers need flexible systems that can grow and adapt with their changing needs—such as expanding product lines or services, moving to a new business model, or going through an acquisition. Now is the time for you to focus on efficiency and determine how to improve your business. Make sure you have visibility into your data through a central repository. Automate as many of your processes as possible, with decision points made where work is being performed and control is built in. By using the capabilities of an integrated enterprise resource planning system, you will be in shape for the next boom cycle. You will have a single source of quality information—a system that is easy to learn and use, and one that can carry you into the future, serving as a flexible platform for growth and profitability.

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