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Kardex Systems

Automated Retrieval Systems Company Develops State-of-the-Art Business Processes

Kardex Systems has a long and storied history—dating back to 1898—of building products that help businesses stay organized. Its products range from paper file folders to sophisticated steel file cabinets with automated retrieval systems. It also builds material handling systems for moving both large and small parts around factories as well as a line of cabinets that facilitate orderly storage and retrieval of household kitchen items.

With just over 200 employees, Kardex, based in Marietta, Ohio, is classified as a mid-market company. But its customer list nearly mirrors *Fortune* magazine’s annual list of the world’s 500 largest corporations, with names such as Motorola, Honeywell, Hewlett-Packard, Boeing and each of the Big Three auto manufacturers. As the premier supplier of equipment that promotes an orderly flow of information and material within these world-class organizations, Kardex puts a premium on such things to run its own business.

That’s why Kardex turned to Made2Manage Systems, the leading supplier of software for mid-market enterprises, when it needed to upgrade its business systems. With the Made2Manage Enterprise Business System in place, Kardex management believes it is primed to not only manage its business in an orderly fashion well into the future, but to also create new strategies that will help increase its market share over time.

The Made2Manage Enterprise Business System is built on an open technology foundation that allows for easy expansion of functionality to accommodate a company’s changing business requirements. It also contains a full set of applications that gives a company a huge head start in building the state-of-the-art technology infrastructure that is necessary for doing business in today’s hyper competitive environment. The core elements of the Made2Manage Enterprise Business System include an enterprise resource planning (M2M™ ERP) component for handling basic business functions such as order entry, inventory management and production scheduling. It also contains customer relationship management (M2M CRM), advanced planning and scheduling, and a host of other applications that can be used to design and execute strategic business processes.



Introducing E-Business

Kardex is using Made2Manage VIP (M2M™ VIP), one of the system's e-business components, to create a Web-based portal through which the 120-plus independent dealers who sell Kardex products can gain easy access to information about orders they have placed with Kardex as well as general information about their accounts. "We are very close to making VIP available to our eight or ten top dealers," says Regis Kern, Kardex's MIS manager. "Once we work with them to make sure the interface into our back-office systems is fine tuned, we will be rolling it out to our other dealers."

Kern also points out that this is just one of the ways in which the Made2Manage Business Enterprise System has changed—and will continue to change—the way that Kardex does business.



Kardex first turned on the Made2Manage system in November 2000, replacing a mainframe system that was forcing the company to operate in ways that no longer made sense. For instance, each department within the company had its own database housing records pertaining to the same customers and the same orders, but those databases were rarely synchronized. "With Made2Manage, we have a single database," Kern says. "If the engineering department updates an item master, everything falls into place. That same information can go into a sales order, a bill of materials, or a production router and the flow works extremely well."

Dana Franks, Kardex's master scheduler, says this continuous data flow has had a tremendous impact on Kardex's ability to turn around customer orders. "We now have the ability to take an order from sales through the shop floor and into shipping within a matter of minutes," he says. Previously, almost any order Kardex received took at least 24 hours to process—and typically longer—because its mainframe system did not allow for accessing real-time data.

A Lower IT Budget

In fact, most orders were processed in batch mode by a second shift of production and information technology personnel that reported to the plant at night. Soon after Made2Manage was installed, that second shift was eliminated, and Kern says his overall IT budget has shrunk by at least half. "End users can now do many of the things that were being managed by that second shift," he adds.

Kern says the "culture shock" of moving from a mainframe system to the Windows-based Made2Manage environment was the biggest hurdle that Kardex had to overcome, but he credits Made2Manage and Computer Access Group, a Made2Manage implementation partner, with helping Kardex overcome those issues. Before Kardex's implementation began, Made2Manage and the Computer Access Group helped Kardex prepare its data for the conversion to the new system. They also helped lay out plans for integrating the Made2Manage applications with some custom production configuration programs that Kardex needed to retain.

To make this process easier, particularly the integration of the Product Configurator, Kardex decided to introduce the Made2Manage system in stages, using it to manage one product line at a time. "Basically, we turned those configuration programs into front-end applications to the Made2Manage sales order management system," Kern says. "We started with our paper products, and that implementation was done in 30 days. We then moved on to our other product lines, and the whole thing actually went quite smoothly."

Once the entire business was being run on Made2Manage, Kern was quickly able to see the benefits, which included a higher on-time delivery rate, more accurate job costing, lower inventory levels—with fewer product shortages—and the ability to ensure that products are priced at profitable levels.

A Host of Benefits

Kern says that most of these improvements directly stemmed the seamless flow of real-time data throughout the enterprise. Other benefits, such as the ability to quickly analyze and improve business processes, come from Made2Manage's complete integration with the Microsoft Office suite of products. That integration was a major factor in Kardex's decision to purchase Made2Manage, according to Kern, because Kardex had already made Microsoft Office its standard suite of desktop applications.

"We have found Microsoft Excel to be a powerful tool for doing analysis, by simply dropping data into a spreadsheet, without ever having to leave the Made2Manage system," Kern says. "We also can export information into Word for creating reports when we need to. This complete Microsoft environment gives us a tremendous amount of flexibility."



Kardex is also finding Made2Manage's flexibility extending to the realm of e-business. Until the company completes its interface with the M2M VIP enterprise portal, they are pulling documents from Made2Manage and sending them to customers and suppliers via e-mail. "That has worked very well with a vendor we are using to outsource our paper products," Kern says. "We are very comfortable transferring data in this manner, and so are they."

As that relationship continues, Kern says Kardex is likely to speak with Made2Manage about the possibility of developing an Internet-based EDI program. He is also intrigued by a new supply chain management tool that Made2Manage recently released, called M2M™ Synchronizer, which could help Kardex manage its inventory and production schedules in a more just-in-time fashion.

"We also want to look at the interface that Made2Manage offers for AutoCAD, a computer-aided design program," Kern says. "We think we could use that interface to transfer bills of material and production routers directly from our CAD system into Made2Manage."

Overall, Kern says, Made2Manage offers Kardex the ability to continue its century-old tradition of innovation.

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