

## Efficiently plagiarize real-time users through best-of-breed



### Scope

*The accounting department of a large, multinational industrial equipment manufacturer requested that their business process consultant explore the viability of a solution that would allow them to accurately report the parts and supplies inventory housed at multiple facilities.*



**Industry:** Manufacturing



**Business type:** Industrial Equipment Manufacturing, Sales and Service

### Business Problem

The accounting department of a large, multinational industrial equipment manufacturer requested that their business process consultant explore the viability of a solution that would allow them to accurately report the parts and supplies inventory housed at multiple facilities.

The client was relying on a legacy parts management system backed by location employee hand-counts and was consistently noting inaccuracies between the parts and supplies that should be on-hand and the quantities actually housed.

Once theft was eliminated as a cause for the discrepancy, the client began to focus on the disconnect between when a part or supply was used and when its use was reported as well as possible vendor deliverable miscounts and probable inaccuracies in human hand counts.

All of these possibilities were leaving the Accounting department unable to accurately reflect cash flow spending and forecasting related to part and supply problems and the consultant asked Cernido for help.

### CERNIDO Solution

Cernido first worked with the consultant to unify the bar coding from all vendors who were providing parts and supplies to the client sites.

Once the bar code expectation was universally adopted, Cernido created a database that received real-time reports from each location whenever parts or supplies were delivered. Facility inventory managers were alerted whenever there was an inaccuracy between the shipping manifest and the numbers and types of parts or supplies received by the facility and problem deliveries were reconciled with the vendor before the shipment was moved beyond the facilities receiving department.

Once a shipment was accurately received by the facility, its reception was reported to the client's existing accounting management application as correct.

Cernido further worked with individual facilities to reverse the bar coding reports when a part or supply was moved from inventory into the production facility. Because bar codes were being read whenever a part or supply left inventory, accounting department staff could reconcile inventory in real-time and hand counts were reduced to twice annually. Parts or supplies that were removed from inventory, but not added to a finished product due to defect or other problem were returned to inventory and ultimately sent back to the vendor with a payment adjustment immediately added to the accounting software

Certain details are vague in order to protect consultant and client confidentiality.

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## Solution Results

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The Cernido inventory database was able to “escape” hundreds of thousands of dollars out of committed inventory by accurately reflecting the real-time state and location of all parts and supplies levels into a seamless accounting report. This improved cash and inventory management, increasing profitability at all locations due to more accurate reporting and the reduction in man hours associated with hand-counts.

The R.O.I. on this project was 7 months, including costs associated with integrating the Cernido solution with the client’s accounting applications.

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