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Best Practices for Using the Macola® Software

Best Practices are a way of thinking and acting, and they apply to every department within your company. Best Practices are well known in manufacturing and distribution as having an essential role in boosting profits and streamlining operations. These practices encourage every business to improve its operations continuously.

The following Best Practices were identified while working with Macola® manufacturing and distribution customers over the past thirty years:

Top management leadership – Top management must set an example and support a culture of continuous improvement and self-responsibility.

Dates – As a company, agree on how to use the Macola® order dates. For example, what field are you using to document when customer orders need to be shipped? What date field is to be used for the purchase order due date?

Coding – Decide on a small number of customer types, product categories, material cost types, etc., from which you can analyze your operations.

Quantities – Strive for 98% accuracy for on-hand quantities and 100% for on-order quantities. Cycle counting is tedious, but it works for better accuracy.

Data clean-up & accuracy - Close out purchase and production orders regularly to improve the accuracy of your open order reports.

Replenishment methodology – When it is time to replenish via a purchase or production order, establish a policy for how much to order. Vendor lead times, reorder levels, and safety stock levels must be reviewed ongoing.

Ownership of data – Individuals need to be responsible for the accuracy of your inventory, customer, vendor, and selling price files. Ownership extends to monitoring customer orders, purchase orders, and manufacturing orders.

Real-time reporting/posting of transactions – Shipments, purchase order receipts, and production needs to be posted by the end of each day. A daily review needs to pinpoint errors such as costs & labor hours.

Performance metrics – Develop metrics (ex. on-time shipping) to evaluate your performance. Encourage improvement suggestions.

Written procedures – Document (in writing) how you want your work to be processed. Employees can best be trained and responsible for their workflow if things are in writing.

Training – Someone should be assigned to conduct your staff's initial and ongoing training. This assures a smooth workflow.

Record retention - Establish a retention policy for critical transactions. Purge or archive transactions each month. For example, you may want to retain two years of inventory transactions and five years of sales transactions.

Timely wrap-up of physical inventories and month-end closings – Avoid disruptions by allowing the posting of the following month's transactions while the prior month's general ledger is being closed. Set a goal to reconcile your physical inventory in two days and your month-end closing in three days.

Computer network & SQL database – Maintain an up-to-date computer network and database software to avoid slowness and downtime. Your SQL database settings should be periodically optimized. Database recoveries need to be tested annually.

Questions and comments on the above best practices are welcomed. Feel free to contact Mike Leahy at (513) 723-8103 or MLeahy@LeahyConsulting.com.

Visit our website at www.LeahyConsulting.com

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