



ABANDON ASSUMPTIONS & REACT TO THE FACTS TO GROW VOLUMES & MARGINS



Founded in 1988, E. Hofmann Plastics provides full-service, in-house design, manufacturing, decoration, assembly, packaging and storage to clients in the food and chemical industries. Focused primarily on North America with some exports to Europe, E. Hofmann manufactures a wide variety of heavy-duty and tamper-evident pails, dairy cups, deli containers, drink cups and square pails. The firm even runs its own truck fleet to ensure “just-in-time” deliveries to its customers.

Vital Statistics

- ▶ Established for over 30 years, located in a 175,000 sq. ft. plant with over 60 machines ranging from injection molding, thermoformers, printing machines and in-mold labelers. Standard runs of 20,000 to 80,000 pieces. Custom runs of at least 2,000 units. More than 80,000 injection molded parts produced daily. Over 21 million thermo-formed parts manufactured weekly.

Key Challenges

- ▶ Over the past decade, E. Hofmann Plastics has faced a variety of significant shifts, including two changes of ownership and currency fluctuations that negatively affected the firm’s price advantage with U.S. customers. To survive and thrive, management had to abandon assumptions and react only to the facts to better manage costs and productivity while increasing sales and profit margins.

Why CyFrame?

- ▶ E. Hofmann Plastics was committed to working with a company that had created an ERP system specifically for the plastics industry. Owner Paul Kalia recognized the value of dealing directly with an owner-operated Canadian company to get personal service while leveraging a long-standing relationship with a supplier that truly understands business and specifically plastics. As importantly, CyFrame continues to develop new capabilities and modules in response to customer demand and a constantly evolving marketplace. This would allow E. Hofmann to do more with CyFrame and its ERP system as time progressed.

Solution

- ▶ In 2008, CyFrame implemented and integrated its ERP system for E. Hofmann with a focus on the finance, sales, purchasing and production modules. Over the years, E. Hofmann would also benefit from its wireless physical inventory, real time PLC machine monitoring, inventory by location, scrap reporting, and production scheduling and EDI (Electronic Data Interface).

Benefits

- ▶ In essence, CyFrame’s ERP helped E. Hofmann Plastics assess how it ran the business and use historical and real-time data to challenge its assumptions. Faced with the facts, E. Hofmann Plastics was able to identify its most profitable product lines, then heighten its focus on downtime, reject rates, scheduling and both operating and material costs. The firm supported those product lines with its best sales and marketing efforts to grow the top and bottom line, while improving productivity and customer satisfaction. At the same time through EDI, they automated key customer transactions and eliminated substantial manual order entry to the extent the company was able to eliminate two full time resources.

E. Hofmann Plastics
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ERP solutions for the Plastic Industry

“CyFrame challenged our assumptions around which customers and product lines had the most positive impact on our bottom line by presenting accurate, current data. We couldn’t argue with the facts!”

In business as in life, we all hold certain beliefs based on our experiences and observations, but as the management team at E. Hofmann Plastics has learned over the past decade, it’s always worth challenging our assumptions.

When E. Hofmann Plastics installed CyFrame’s ERP system in 2008, management soon discovered that reassessing the business can produce significant returns when you leverage an impartial, objective third-party provider that knows business and specifically the molding industry.

“In essence, CyFrame is asking you how you run your business and serves as a framework without telling you how to run your business,” says Paul Kalia, president and owner, E. Hofmann Plastics. *“CyFrame challenged our assumptions around which customers and product lines had the most positive impact on our bottom line by presenting accurate, current data. We couldn’t argue with the facts!”*

As a result, E. Hofmann focused its sales and marketing efforts on the products that produced the most beneficial margins and volumes, but also let management dig deeper across the entire business to better manage costs and efficiencies.

“The ROI on the CyFrame ERP was the best we’d ever experienced with a business tool,” says Kalia. *“CyFrame simplified the management of my company and was a big help to us as we turned the company around.”*

The ERP system tracks every relevant cost associated with a product, from the most obvious such as raw materials, labor and operating expenses to the less evident, such as reject rates and machine downtime. Being able to quickly and accurately track total costs and subsequently margins on standard and custom products over time gives a firm the information required to do everything from set prices to troubleshoot production issues.

“It’s a snapshot that lets us look at where we’ve been, where we’re at right now and where we’re headed,” says Sunny Sharma, production and planning manager, E. Hofmann Plastics.

Across the company, the ERP system affects every aspect of the business following the product cycle from beginning to end. In view of the 75 employees, 52 machines, massive production volumes and almost 5,000 SKUs, Sharma depends on the ERP to plan and schedule production. It allows him to consider the set-up time for every standard and custom product, each machine’s cycle rate and



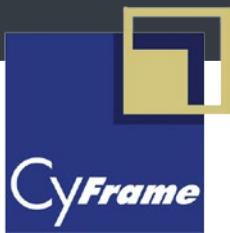
capacity for a particular product and as importantly, its track record with those products around speed, efficiency and reject rates.

“Ultimately, the system provides the detailed information I need to best allocate production and minimize change over and machine downtime,” says Sharma. *“It gives us the information we need to be in control of our business.”*

To that end, E. Hofmann also implemented CyFrame’s wireless physical inventory capability to allow the firm to more easily and accurately reconcile the inventory that’s in the system with what’s actually on the floor. In addition to a single wireless scanner, the firm also relies on three, \$200 wired scanners that are connected to small form factor laptops. While the full reconciliation is an annual event, Sharma also does spot checks whenever he suspects there’s an issue – typically about once a month. Previously relying on pen and paper to manually count each box was error prone and tedious and inventory reconciliation took about four days. With the scanners, it can be done in a single day.

“We minimize human error and improve customer satisfaction by verifying the variance,” says Sharma. *“If our customer needs an order on site in three days, but due to an inventory error, we have to manufacture and pack it before we can ship it, we’re not delivering on promises or meeting expectations the way we’d like.”*

Real-time PLC machine efficiency monitoring alerts E. Hofmann to cycle time discrepancies, identifies potential quality issues while there is still time to take action and ensures proper mold cycle times are respected across all shifts while tracking mold versus pack counts. It tells Sharma exactly how much he used a particular machine over a certain time period, but it also indicates just how well that machine performed. For example, if the machine produced 1,000 shots but there are just 900 units in stock – what happened? Machines are expected to run 24/7



ERP solutions for the Plastic Industry

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minus set-up/changeover and scheduled maintenance times, so if a machine stops for three hours or 10 times per shift, Sharma wants to know why. What’s the problem? The mold? The robot? Supervisor? Operator?

“Real-time PLC machine monitoring lets me know when I need to ask questions and can even suggest what the questions should be,” says Sharma, who also relies extensively on the production scheduling feature which allows those with the appropriate security clearance to access the relevant calendar.

On a daily basis, scrap reporting facilitates quality monitoring by flagging reject rates that exceed expected and accepted levels. Because Sharma can look at what the rate actually is versus what it should be, he and his employees can troubleshoot issues.

“It varies with everything from the machine to the supervisor to the product and material,” says Sharma.

Because the bulk of E. Hofmann’s business is with the food and chemical industries, its ability to accurately track detailed production records is key. CyFrame offers data on production times and dates, the materials used, the machines on which the product was produced and the supervisors and operators that were on shift at the time.

“It allows us to drill down and offers complete accountability,” says Sharma. *“This capability certainly gives us an edge with these customers.”*

E. Hofmann has hundred of recipes and while they’re typically standardized, they’re occasionally customized or adjusted to meet a specific client’s needs. Although such adjustments may be required just once a month, the ERP system’s ability to automate 95% of the calculations surrounding ingredients and volumes is appreciated. While

it saves time, the fact it reduces the possibility of errors is even more important. As Sharma notes, as long as your standards are properly entered and maintained, the ERP will get it right. It can tell you how much raw material will be required, whether it’s in stock or needs to be reordered and even populates the purchaser’s screen to quickly execute the purchase order.

Today, every single E. Hofmann employee relies on the system daily and the fact they’ve embraced the system and come to rely on it, when they had either very limited or no first-hand computer experience, speaks to CyFrame’s ease of use.

“The CyFrame ERP is a vital management tool that reduces the administrative burden on our leadership team and allows them to fully focus on managing and growing our business,” says Kalia. *“CyFrame simplified and integrated our workflow so that our employees can enter and share data in real time. It tracks and records productivity, efficiency and quality to ensure continuous improvement and gives me quick, remote access to the key data that I monitor daily.”*

“CyFrame’s ERP provided detailed, accurate, real-time data regarding everything from material and labor costs to machine efficiencies and true margins, which allowed us to make decisions that delivered both profitability and customer satisfaction through a significant growth phase.”

Paul Kalia, owner and president
E. Hofmann Plastics

About CyFrame

Since 1987, CyFrame has become the leading international provider of best-of-breed ERP II web-based software solutions created specifically for small- to medium-size plastics manufacturers. CyFrame is uniquely positioned to meet the needs of plastics firms because it offers ERP systems that handle both stock and custom product and have been developed specially for injection and blow-molding, profile and sheet extrusion with thermoforming, and blown film and converting manufacturers. The company also offers integrated financial modules, e-commerce capabilities and secure customer account/profile areas. Onsite training, implementation and support services are offered as part of all CyFrame’s ERP solutions.

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