



An Arena Solutions case study

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Western Electronics



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Western Electronics Uses Arena Software to Control Revisions, Reduce Errors and Improve Customer Documentation Management

Arena helps the contract manufacturer successfully manage its clients and their projects—so products get to market right the first time.

SITUATION

Much is written about the challenges of managing a company's contract manufacturers, however, what is less noted is the effort it takes for a contract manufacturer to successfully manage its many clients and their projects. The contract manufacturer that masters this ability and offers customers deep expertise can gain a significant competitive advantage in the market and build long-term relationships.

One such company is Idaho-based Western Electronics, a regional contract electronics manufacturer serving primarily the western portion of the United States, which boasts client relationships spanning more than 20 years. Western Electronics provides services ranging from design for manufacturability through fulfillment for a variety of emerging and mid-market original equipment manufacturers (OEMs). In a highly competitive market, the company has been able to differentiate itself through its high level of service.

"There are a lot of companies that provide essentially the same services that we do. However, we offer a team of professionals that have a tremendous amount of industry experience and offer customers manufacturing expertise, structure and accuracy. We've been very successful at out-servicing our competitors in the areas of delivery, quality, continuous improvement, flexibility, responsiveness and overall total cost," said Rob Subia, chief executive officer of Western Electronics."

Following a restructure, Western Electronics embarked on a growth initiative in 2006, strategically adding more customers to its portfolio. Its plan included the adoption of Arena to help the organization control the exchange of customer information, provide excellent service and tightly manage processes to maximize the company's profit margins.

"In comparison to the other tools we evaluated, we ultimately decided that Arena offered us the best cost-to-functionality ratio. The fact that Arena is Internet-based—so we all can access it from anywhere at any time and we always have the latest software revisions on our desktops—was a bonus."

- Rod Mullins,
Engineering Manager

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THE CHALLENGE

As a contract manufacturer, Western Electronics doesn't manufacture its own products, but instead manufactures assemblies on behalf of its customers. This translates into a tremendous amount of data being exchanged and an exponentially greater number of engineering changes to manage. In addition, the company's success often hinges on accuracy and timeliness—both of which can cost it and/or its customers a lot of money if done poorly. In this tight-margin business, the company can't afford to get it wrong, or the errors will eat into the company's profits.

"We have about 40 active customers between our two sites in Idaho and Colorado, each with an average of six or more SKUs (stock keeping units). We manage well over 200 active assemblies at all times," said Subia. "Since the margins for our industry are low, we must manage our activities and expenses very tightly."

Managing Customers' Engineering Change and Varied Deliverables

"To stay one step ahead of our customers—many of which are in start-up or emerging stages and are continually making adjustments to their products—we needed a solution that would help us successfully track all of the engineering changes associated with each of their assemblies, manage the overall data much more effectively and stay abreast of the continuous and more general product evolution that many of our customers have within their business," said Subia.

The design engineers at start-up companies with which Western Electronics does business often lack direct manufacturing experience. The customers' bills of materials (BOMs) in some cases are delivered without any consistent structure, and often do not use revision control when communicating change. As a result these customers may rely on Western Electronics to ensure their products meet compliance requirements. This challenges the company to assert control over the process and lead its customers into following best practices.

"A lot of our OEM start-up customers will send us a new BOM that may have the same revisions as it did the first time they sent it to us. It's up to us to figure out what, if anything, changed. That is why Arena is so critical. Ultimately, we want to make sure our customers get exactly the product they want, meeting their expectations perfectly, the first time," said Rod Mullins, engineering manager at Western Electronics.

"ARENA OFFERS US A STRUCTURE AND DISCIPLINE WE CAN SHARE WITH OUR CUSTOMERS TO PROVIDE BETTER SERVICE AND ENSURE ACCURACY AND TIMELINESS. USING ARENA, WE CAN BE MORE CONFIDENT THAT WE'VE GOT AN ACCURATE HISTORY, THE LATEST REVISIONS AND THE RIGHT DOCUMENTATION."

- Randy Manfull,
Idaho Plant Manager

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Using the Wrong Tools for the Job

Several years ago when Western Electronics employees experienced challenges going into the company's existing system to find quotes or appropriate customer support documentation, they knew they needed to make a change. The company stored customer data and other associated documentation in Excel files on its network and managed its BOMs with Infor ERP SyteLine, its manufacturing resource planning (MRP) tool.

"We had the wrong tools for the job, and using Excel was problematic at best. People regularly needed access to those files, so they had a tendency to get corrupted, moved or deleted," said Randy Manfull, Western Electronics' Idaho plant manager. "Consistently they could not find what they were looking for in the expected location or the item was gone, deemed missing. Searching for lost items wasted time and money."

Software That Doesn't Require Additional Resources

Western Electronics needed software that would give it comprehensive data management functionality without being a drain on resources and that would be quick to implement and easy to learn and use. After doing its due diligence, the company settled on on-demand Arena, in part because it didn't require any additional investment in new IT support personnel or equipment.

"On top of doing my other day-to-day activities, I'm also responsible for Arena. We're a relatively small company, so we don't have a ton of resources to throw at special projects like this," said Mullins. "In comparison to the other tools we evaluated, we ultimately decided that Arena offered us the best cost-to-functionality ratio. The fact that Arena is Internet-based—so we all can access it from anywhere at any time and we always have the latest software revisions on our desktops—was a bonus."

"I CAN'T BELIEVE WE USED EXCEL FOR SO MANY YEARS—IT WAS VERY INEFFICIENT. THE STRUCTURE OFFERED BY ARENA WORKS WELL FOR US AND OUR CUSTOMERS. NOW, ENGINEERS, PROGRAM MANAGERS, FUNCTIONAL AREA MANAGERS AND OTHERS WHO ONCE HAD TO DIG THROUGH DATA TO FIND SOMETHING CAN GO STRAIGHT TO IT. IT SAVES SO MUCH TIME, FRUSTRATION AND MONEY."

- Randy Manfull,
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ARENA DELIVERS

Improved BOM Management and Compliance

Now Western Electronics is using Arena, rather than spreadsheets, as a single central repository for all of its customers' data. When customer information is loaded in Arena, the risk associated with accidentally deleting or moving key information disappears. There are so many checks and balances as part of the system that the days of chasing information are over for Western Electronics. Changes are reflected in real time and the latest versions—in addition to product history—are always accessible.

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“When I load customer information into Arena, it applies revision control and flags me when something hasn’t been revved and it should have been. It’s a much more straightforward way of tracking changes,” said Mullins. “Also, many of our customers are looking for RoHS compliance, so we are using Arena’s compliance modules to verify that all of the components that get loaded into our system are indeed RoHS-compliant and have the associated files, so we can prove they are lead-free and meet other RoHS requirements.”

With Arena, Western Electronics has been able to eliminate errors created by using ineffective desktop tools like Excel for enterprise-level activities. “I can’t believe we used Excel for so many years—it was very inefficient. The structure offered by Arena works well for us and our customers. Now, engineers, program managers, functional area managers and others who once had to dig through data to find something can go straight to it. It saves so much time, frustration and money,” said Manfull.

Disciplined Approach Optimizes Process

Arena gives Western Electronics the ability to control each customer’s product information with a single, centralized product record that provides a complete view of its relationship with that customer and the status of the products being built for it. In addition, it provides structure for information capture and helps the company track vast quantities and various types of data, even when it gets to them in disparate formats.

“Arena offers us a structure and discipline we can share with our customers to provide better service and ensure accuracy and timeliness. Using Arena, we can be more confident that we’ve got an accurate history, the latest revisions and the right documentation,” said Manfull. “The structure helps our customers in the long run, even though at the time, they may feel like we’re requiring them to be more disciplined about their approach to making changes and sharing them with us. It has helped us build very strong, long-lasting relationships with our customers.”

Arena Helps Improve Visibility

“As we look at our profits and losses at the end of each month, we see that Arena makes us more competitive by improving our visibility with customer changes. It’s pretty typical for customers to pull from or add to their BOMs on a regular basis. By being able to track engineering changes and any other changes that are beyond the original scope of work, we’re able to do a more complete accounting of our work. It’s certainly helped us manage our business better and theirs, as well. By closely managing change requests, we also help them maximize their profitability by reducing errors, creating less scrap and rework and a working within realistic deadlines,” said Manfull.

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RETURN ON INVESTMENT

Some of the other high returns Western Electronics realized from using Arena include:

- **Being More Nimble and Responsive Than Larger Competitors**

Western Electronics' management team used Arena to build an infrastructure that rivals any of the major players in the industry. With Arena capabilities, the company can perform like a larger, more established organization, but be more competitive because it is still more nimble and responsive.

- **Opportunities for Growth and New Business Opportunities**

Arena is a major pillar in Western Electronics' growth initiative and helps the company cost-effectively manage the increasing number of customers' program documentation requirements. The company can offer its customers more value-added services, which leads to the ability to manage new opportunities that fuel growth.

- **Lower Total Cost of Ownership (TCO) vs. Traditional Software**

Because Arena is delivered on-demand, Western Electronics was able to avoid the high costs and IT maintenance required by many client/server applications. Over a five-year period the TCO of Arena is 30% that of traditional software.

- **Improved Control**

Using Arena to establish strong process methodologies allows Western Electronics to give emerging companies that have little manufacturing expertise the benefit of structure and discipline, and provides mature companies with a robust documentation trail associated with the management of their products.

SALES CONTACT

sales@arenasolutions.com

P. 1.866.937.1438

CORPORATE CONTACT

Arena Solutions

4100 East Third Avenue

Suite 300

Foster City, CA 94404

P. 650.513.3500

F. 650.513.3511