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Despite the critical importance of being able to compare your company's performance against the "best practices" of similar companies in your industry segment, you are likely to find such comparisons difficult to make.

To help Missouri manufacturing companies establish and maintain a culture of continuous improvement, Missouri Enterprise uses a sophisticated Transformation Planner benchmarking tool that includes comparisons to a large national manufacturing database.

When used in conjunction with an on-site assessment by an experienced manufacturing specialist, the Transformation Planner can enable companies to chart a path to sustainable, long-term growth.

#### Make Comparisons in Nine Areas

The national manufacturing database is an integral part of the Missouri Enterprise benchmarking tool. It is divided into nine major sections. They are:

- Personnel
- Plant
- Operational

## Benchmark Against "Best Practices" to Help Your Company Succeed

- Lead Times
- Costs
- Inventory
- Response to Customer Demand
- Environmental Management
- Quality Systems

#### Using This Benchmarking Tool

Using this sophisticated benchmarking tool is easier than it might first seem. After an initial introduction and instruction on how the computer based tool works, a company is asked to gather data in nine sections which will be used to complete a detailed questionnaire. Each of these nine critical areas addresses a variety of specific and tightly focused areas.

The more complete, accurate and thorough the information collected, the better the results. *All information that*

*is provided is completely confidential and will not be shared.*

Here are some examples of data needed to complete each section of the questionnaire:

**Personnel** – Average hourly pay rate, annual employee turnover and total number of people employed.

**Plant** – Total square footage and days and hours of operation.

**Operational** – Average number of hours (per year) a typical machine is available for use, critical resources for meeting production schedules and scrap and rework rate.

**Lead Times** – Current lead times for customer services, design, scheduling and manufacturing.

**Costs** – Utilities, direct and indirect labor, cost of goods sold and average monthly receivables.

**Inventory** – Average amount invested in raw materials, work in

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progress and finished goods.

**Response to Customer Demand**

– Percentage of production made to stock and made to order.

**Environmental Management**

– Disposal costs, emission controls and recycling efforts.

**Quality Systems** – Status of ISO 9001:2000, AS9100 and Six Sigma.

a detailed report that will present an accurate picture of a company's performance and the specific area where operations can be most-easily improved to impact the long and short term bottom line.

The report will show how a company is doing compared to its peers in these important categories:

- Operating Margins
- Inventory Turns
- Days Receivables
- Scrap and Rework
- Utility Expenses
- Annual Employee Turnover
- On-Time Delivery
- Premium Freight

Companies can use this data to develop and implement process improvements to address specific opportunities on their "Journey to World Class Status."

**About Missouri Enterprise:**

Missouri Enterprise operates the state's only program that provides direct services to existing small and medium size manufacturing companies. Missouri Enterprise clients regularly realize top line growth and bottom line profitability. They can be reached at 800-956-2682 and on the Web at [www.missourienterprise.org](http://www.missourienterprise.org).

Getting The Results

The information from completed questionnaires is entered into a secure computer program that runs the comparisons in all of the key areas of the nine major sections. In a very short time, the system will generate



**Client Data Entry**

**Current Company:** Demo Company  
**Current Group:** industry  
**Current Sector:** stamping

|  | Company Values                  | Percentile |
|--|---------------------------------|------------|
| Annual Revenue                             | \$10,750,000                    |            |
| Cost of Goods Sold                         | \$9,545,000                     |            |
| Purchased Material                         | \$5,895,750                     |            |
| Labor and Overhead                         | \$3,649,250                     |            |
| Gross Margin                               | \$1,205,000 (11.21% of Revenue) | 23%        |
| Average Inventory                          | \$1,362,500                     |            |
| Inventory Turns                            | 7.01                            | 34%        |
| Outside Services                           | \$158,000                       |            |
| Utilities                                  | \$287,500                       | 13%        |
| Value-Added                                | \$4,408,750                     |            |
| Cost of Scrap (Total)                      | \$387,500                       |            |
| Cost of Scrap (Material)                   | \$127,875                       |            |
| Cost of Rework                             | \$200,000                       |            |
| Scrap and Rework (as % of COGS)            | \$587,500 (6.16% of COGS)       | 5%         |
| Premium Freight                            | \$12,000                        | 37%        |
| Average Receivables                        | \$1,650,000                     |            |
| Days Receivables                           | 56.02                           | 33%        |
| On-Time Deliveries                         | 88.50%                          | 10%        |
| Machine Hours Available per Year           | 4576                            |            |
| Machine Hours Running per Year             | 3112                            |            |
| Available Machine Hours as % of Hours/Year | 52.24%                          | 80%        |
| Machine Run Hours as % of Available Hours  | 68.01%                          | 63%        |
| Schedule Bumping                           | 15.00%                          | 25%        |
| Annual Employee Turnover                   | 7.50%                           | 80%        |
| Avg. Number of Hourly Employees            | 79                              |            |
| Avg. Number of Salary Employees            | 22                              |            |
| Average Work Week                          | 52                              |            |
| Full-Time Equivalents (FTE)                | 124.7                           |            |
| Average Hourly Pay                         | \$10.89                         |            |
| Value-Added per FTE                        | \$35,355                        | 5%         |

A huge benefit of the Transformation Planner is that through comparison, a company can see specific areas where their business may be underperforming coupled with that is the ability to see the financial impact of current performance.