

# Danforth Manufacturing – Future View

**Business  
Objective**

**Planning  
Assumptions**

**Investment  
Analysis**

**Future  
Scenario**

# Business Objectives

- Align technical solutions to business needs
- Maintain and grow market share
- Business segments interruption minimized
- Business segments need to be integrated
- Reduce production turnaround time
- Provide sales force with business data
  - Inventory, Pricing, Scheduling

# Planning Assumptions

- Sales and Inventory Tracking System
  - Sponsored By Kate Jarvis – COO
- WELLCO – Front End/Back Office
  - Sponsored By Jim Gorman – CFO
- Data and Information Relationships
- Performance Measurement

# Sales and Inventory Tracking System

## SITS

### Planning Assumptions

1. Initial Cost Estimate \$3M
2. ROI realized: 2 years
3. Life Expectancy: 7 Years
4. Annual ROI: 12%
5. Business Integration
6. Market Share Mitigation

### Evaluation Description

SITS is a new initiative that has been suggested by Kate Jarvis. During the Danforth Annual Planning Meeting, Kate described several problems that are interfering with the sales force in performing effectively in the market.

SITS is suggested to handle the future business requirements which will facilitate retention and growth of the companies market share.

- Sales associates will offer customers “On The Spot” quotes
- Sales, Inventory and Production systems will be integrated
- Customer Orders will be matched to Inventory levels and production information
  - Turn Around Time of customer orders will be reduced
  - Customer and production scheduled will be made available
- High Profit areas of the company will be expanded

This capability is needed now for the sales force and production. In order to mitigate risk of loss of market share, the development effort will address Sales & Production and Finance as initial business segments. Once this integration is complete, the succeeding enterprise segments will follow.

Return on investment offsetting developments costs will be realized with 12% growth in operating years 3 through 7.

# WELLCO – Front End/Back Office

## WELLCO

### Planning Assumptions

1. Initial Cost Est: \$600k
2. Can handle some
3. May not be modifiable
4. Plug in other Modules
5. Bottom up View

### Evaluation Description

WELLCO would have some modules modified to handle the business requirements. However, it's been learned that WELLCO may not be able to handle all of the requirements described by the COO. There is a possibility that additional modules could be purchased to address the gaps that the initial WELLCO modules could not fulfill. It is understood that these modules would most likely also need to be modified to suit the Business Requirements.

The WELLCO model utilized the ability to procure independent modules that connect to an application framework. These modules would individually apply to the described business needs.

- Offers a bottom up view of the architecture (Program & System)
- Modules interconnect based upon individual program needs
- WELLCO is a leading ERP that has been proven commercially
- New modules can be added as requirements emerge

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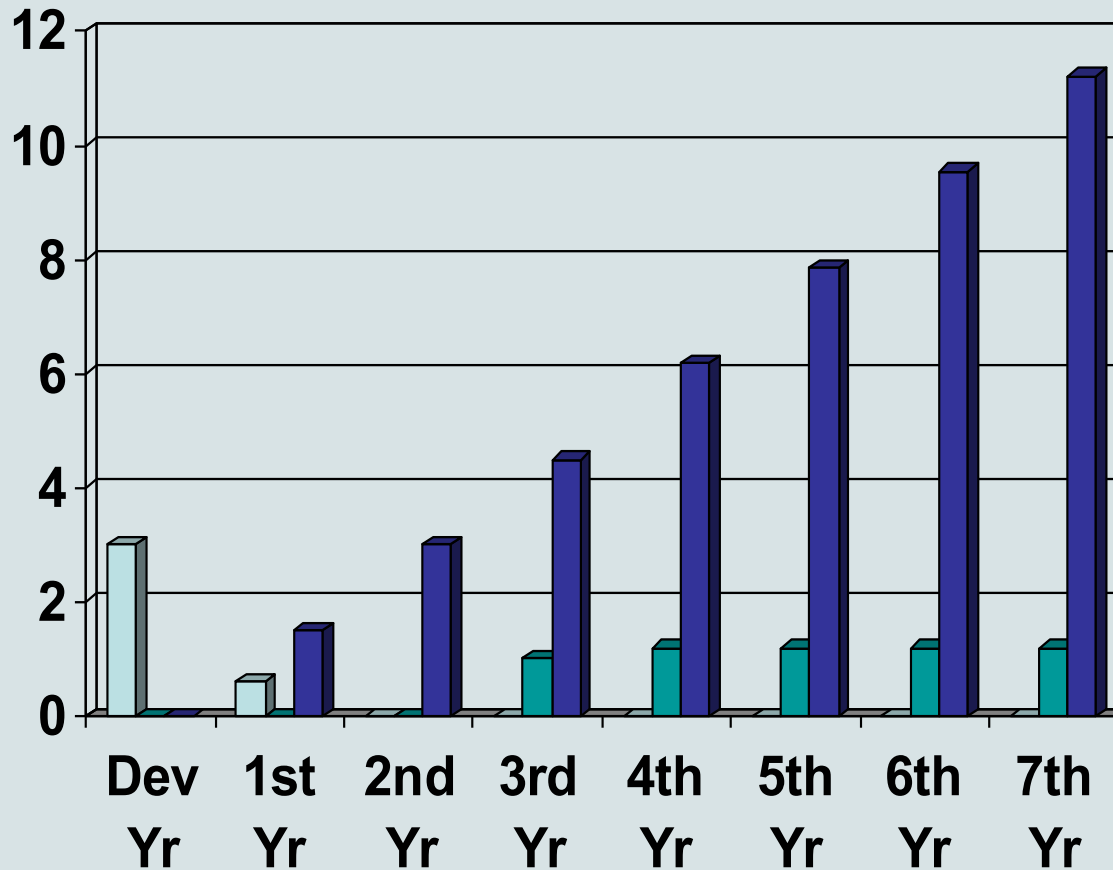
Return on investment offsetting developments costs will be realized with 16% growth after 18 months of the initial investment.

# Investment Analysis

- Sales and Inventory Tracking System
  - Initial investment of 3 Million Dollars
  - Two Years till positive flow on a ROI
  - 12% Annualized ROI after two years
- WELLCO – Front End/Back Office
  - Initial investment of 600 Thousand Dollars
  - 18 Months till positive flow on a ROI
  - 16% Annualized ROI after 18 Months

# Investment Analysis

## Sales and Inventory Tracking System

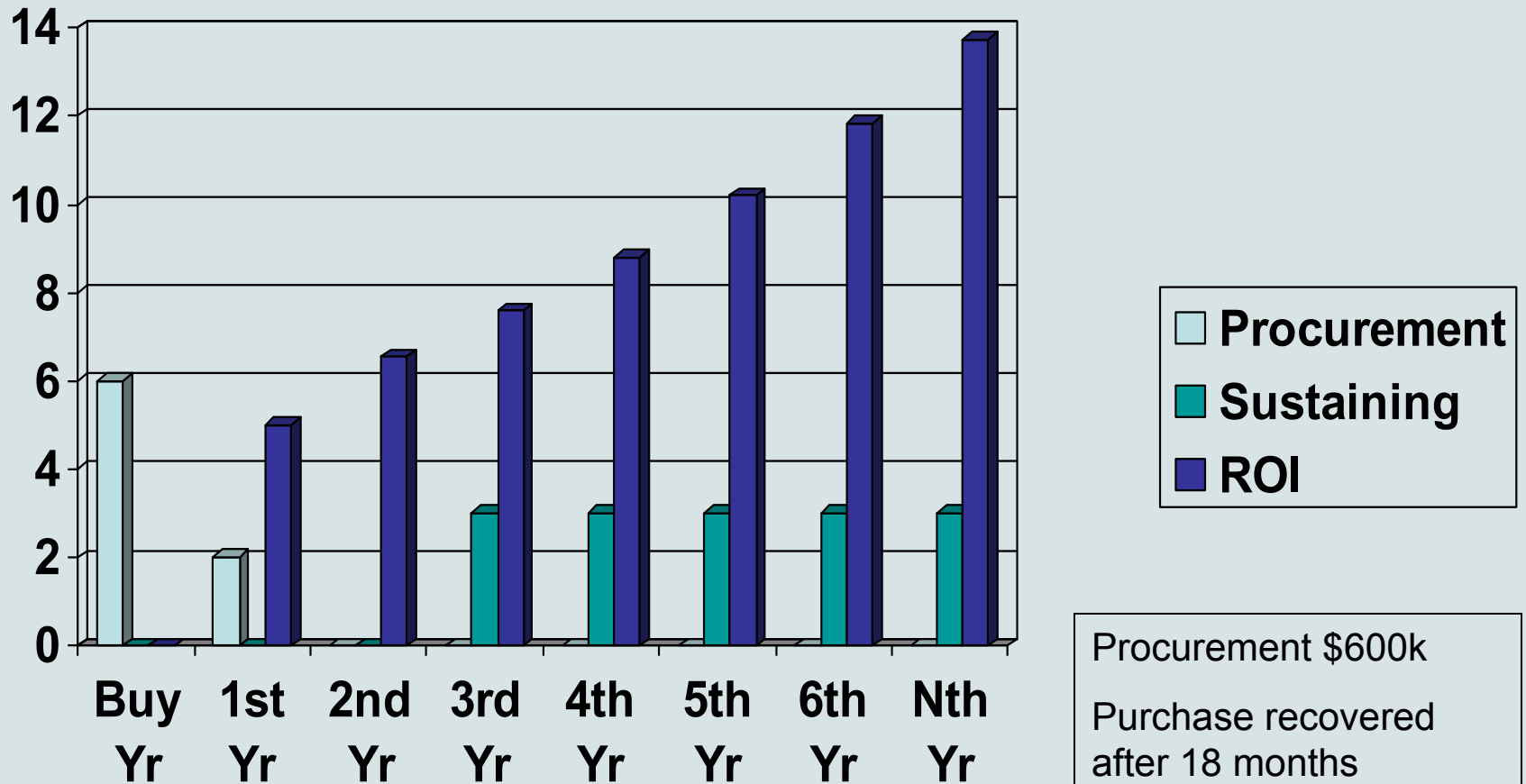


Development  
Sustaining  
ROI

Development \$3M  
Development recovered  
after 2 years  
Growth Index of 12%  
after 3 years

# Investment Analysis

## WELLCO Resource Planning (ERP)



Procurement \$600k  
Purchase recovered after 18 months  
Growth Index of 16% after 2 years



# Future Scenario

## Planning Assumptions

1. Lighting will be isolated
2. Sales works remotely
3. Systems are integrated
4. Production can fabricate
5. Information Flow Chart

The Danforth Manufacturing Company has received a RFP to offer energy solutions for a new Condominium Complex being designed in Texas. The Condominium Consortium has contracted with a progressive architect to include world class features throughout the complex.

DMC is being solicited specifically to provide electrical solutions to handle all of the lighting requirements, interior and exterior.

High Level Requirements that the Sales force acted upon include:

- Lighting must be available during all times of day, every day, including power outages.
- Energy solutions are to be isolated from all other electrical systems
- Individual Unit Lighting Systems are to be operated Manually and Automatically
- Community Lighting (all common areas) are to be Automatically controlled
- Where appropriate, energy saving features such as motion sensors will be used

The DMC integrated solution facilitated the ability for the DMC team to know what was already in DMC's product line to fulfill the energy needs. They were able to construct a detailed manifest categorized for the specific needs, individual units, underwater pool, hallways, outdoors path walks and external building lights. Where DMC does not have an existing product, the Sales Force was able to request a production design to fulfill the gaps.

The integration of Inventory, Production Lines, Finance and Resources improved the ability for the Sales force to provide a complete price list of existing inventory. They were also able to provide accurate estimates for pricing of proposed items for manufacture.

Knowing what is in inventory, what is in production and what is in design, DMC was able to deliver all products during construction of the Condominium Complex in time. Knowing that the improved production cycle time was a variable they could count on, the Sales force was able to provide a commitment and deliver.