How Flexible Thinking Led Hiawatha Rubber To The Cloud

John Dancoe, Product Manager, Plex Systems, Inc.

Minnesota-based Hiawatha Rubber Company has been a leader in the manufacturing of precision rubber parts since 1955. It serves the medical, aerospace, printing and most recently, the waste water treatment industries.

After more than 50 successful years' operating in the traditional job-shop environment, Hiawatha Rubber determined that to thrive over the next 50 years, they needed to become a strategically focused brand owner while maintaining their custom manufacturing business. They knew that this business transformation would force changes in the work culture, business systems and workflow processes – but promised significant advantages in revenue growth, operational efficiency and flexibility to respond to changing market conditions. All have proved to be true.

An IT System Had Grown Unruly and Difficult To Manage

Hiawatha had relied on an AS/400-based system, spreadsheets and a collection of homegrown databases to manage data. It was nearly impossible to gather any meaningful data without time-consuming, custom programming. Access was largely limited to management and information was shared on a need-to-know basis.

Hiawatha recognized the advantages of consolidating its many systems to better track data for all functions and more easily pull reports and compare costs, productivity and efficiency of various facilities. It could also make the data available to all employees, creating transparency into the entire enterprise and a renewed sense of ownership by everyone.

The ideal system would accurately report inventory control, track labor and profit and loss metrics, and automatically capture data that had previously been entered manually.

Cloud-based ERP Provided Solutions to Business Challenges

After seeking a technology solution that met its specific manufacturing challenges, the company selected Cloud ERP solution Plex Online from Plex Systems. An ERP system specifically developed for manufacturers, Plex Online spoke Hiawatha Rubber's language and didn't require a great deal of training for its staff to learn how to leverage its data and reports.

By using a cloud-based system, Hiawatha was able to jettison its IT infrastructure and focus on its core strength – producing high-quality, specialized rubber parts and solving customers' problems – instead of managing security patches, upgrading hardware and testing versions of new software updates.

“Our strategy as a company is to focus on our strengths while avoiding areas in which we’re not experts,” said Hiawatha Rubber Operations Vice President Howard Hauser, “so having our system moved into the Cloud was a perfect solution for us. With Plex Online, we’re letting the experts handle all our IT maintenance and security issues while we focus on our business.”

Now Hiawatha Rubber’s staff is no longer responsible for manually tracking important data such as cost components. Data is tracked automatically and is accessible in real-time. Management can now measure production cycle times and quickly respond when necessary.
“Now that we have a better handle on costs, we can price our products more strategically,” said Hauser. “We have been able to identify products that were either overpriced or underpriced and have been able to adjust them in order to be more competitive.”

Inventory Control No Longer Educated Guesswork

There were always variances at the conclusion of the annual physical inventory. Now, using Plex Online and integrated barcoding processes and technology, workers are able to use container-to-container inventory controls resulting in much more accurate inventory tracking.
The first time Hiawatha employees tracked inventory variances using the new system, they achieved a reduction from 2.25 percent to .29 percent – an improvement of 87 percent.

Access to Data is Empowering the Workforce

All employees have access to Plex Online, allowing them to access data about their jobs and make decisions that help the company operate better.

“The fact that management clearly trusts the shop-floor workers with business data has improved morale — an unexpected bonus of bringing Plex Online to Hiawatha Rubber,” noted Hauser.

“The implementation of Plex Online coincided with a major cultural shift for Hiawatha, and in many ways it helped foster the changes we needed,” concluded Hauser. “As we moved from a job-shop mentality to a brand mentality, we faced many challenges, but we now have the foundation for future success.”

Flexibility has always been a fundamental business principle at Hiawatha Rubber – allowing the manufacturer to solve business problems other companies wouldn’t, or couldn’t, tackle. Leveraging the Cloud helps make Hiawatha Rubber an even more formidable competitor, ensuring it will continue to improve and maintain its position as a manufacturing leader.

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