

Benefits to a business from information technology systems

Managing Director of XeBusiness Ltd David Cullis argues the case for investing in information technology, but warns that doing so effectively requires a real will to manage and implement change in a business.

Textile businesses today face unique challenges to maintain and increase competitiveness including:

- the management of continual change;
- global competition;
- operational complexity;
- shortening cycles for order fulfilment, also known in the sector as “quick response”. Moreover, not only must the response to demand be quick, but it must be customized to the specific requirements of a wide variety of customers.

One essential response to these challenges is to manage and deploy trading

information as the strategic resource that it is. Implementing an effective information technology system within the business to help achieve continuous operational improvements in customer service, productivity and cost reduction is no longer an option, but a necessity for survival. Before a company can achieve “right product, right place, right time”, it first must achieve “right information, right place, right time”.

Without the aid of an effective information technology (IT) system as a

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key business management tool, the continual process of performance measurement to drive operational improvements will not be achievable. Quite simply, you cannot control and refine what you do not measure. What you are not measuring is therefore probably out of control.

The reluctance to invest in IT systems in the textile sector is certainly one major reason why it has remained almost perpetually in recession to a greater or lesser extent in recent years. When investment is made it is usually piecemeal, fragmented and accompanies a perception that the computer system is a back office “number cruncher” rather than the all-pervasive information engine of the business that it should be.

Used strategically within a company, an IT system will recover any investment made in it extremely rapidly – months rather than years – as it models the business highlighting areas for operational improvement essential to maintain and increase competitiveness.

A well-deployed and integrated IT system will lead to major strategic benefits:

- it will reduce the cost of doing business;
- it will form the core of continuous improvement programmes in service-level and customer-relationship management—essential to maintain and increase sales.

Business cost reduction

The correct IT system will streamline processing and provide information that:

- reduces stocks of finished goods, while simultaneously improving sales availability—accurate and timely information will replace inventory;

- reduces stocks of raw materials and components by closely synchronizing the ordering and use of these stocks with sales-led production or sourcing of finished products—“just in time” instead of “just in case”;
- improves use of fixed assets (for instance, reduced inventories for finished stock and raw materials will reduce the requirement for expensive warehouse space);
- reduces the administration overheads. There will be less need to handle paper. Data will be captured once only, leading to greater accuracy as well as speeding up this process. There will be timely access to information for decision-making and those monitoring progress will be able to target people making the decisions at all levels;
- reduces overtime costs—better planning through better information leads to better use of staff and fewer crises requiring extended working;
- reduces redundant stockholding—timely information about what is selling (or not selling) and in which variations leads to less risk in sourcing and manufacturing products that are not or will not be in demand;
- reduces work in progress and improve productivity in a manufacturing environment—accurate and timely production information enables early identification of bottlenecks and downtime problems on the shop floor;
- improves cash flow—working capital reductions are generated by the operational improvements described above.

The overall result is improved price competitiveness and better sales margins.

Service-level and customer-relationship management

In addition, the right IT system will improve the management of both service levels and customer relations by:

- achieving more reliable delivery times—the IT system will synchronize demand with internal fulfilment processes more effectively;
- achieving shorter order-to-delivery times—the IT system will streamline internal fulfilment processes;
- responding more rapidly to market changes for products—the IT system will track demand trends based on sales information and report exceptions to support manufacturing and sourcing decisions;
- providing a more responsive after-sales service—tracking, categorizing and analysing complaints and returns to drive a continuous improvement programme.

In these cases, the overall result is increased sales and a reduction in lost orders.

Convinced, then what next?

The good news is that specialist IT systems for the textile sector are available with short paybacks on investment. However, deploying these systems effectively is primarily about the will to implement and manage change in an organization. Do it early and do it now, otherwise it may be too late for your business.

Further information

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