



# DONNELLY CUSTOM MANUFACTURING SHORT-RUN MANUFACTURER BUILDS LONG-TERM SUCCESS

Case Study

## Overview:

Founded in 1984, Donnelly Custom Manufacturing sets the short-run standard by providing its OEM customers with value-added engineering, highly customized manufacturing offerings and superior customer support services. Working with over 600 resins to produce a wide variety of part sizes from less than one gram to over seven pounds, the Alexandria, MN-based company serves an array of world-renowned customers including Diebold, Graco and Honeywell. Donnelly's 230 employees are committed to short-run excellence and provide such services as: insert molding; gas-assist and structural foam molding; overmolded parts; complete part decorating and packaging services; machining; mechanical assemblies; and more. ISO certified, Donnelly continuously pursues industry best practices to fulfill on its promise of delivering good products on time.



## Setting the Standard

Since opening its doors in 1984, Donnelly Custom Manufacturing has played the short-run game to win. Organized for excellence, Donnelly has always held fast to the guiding principles of speed, simplicity, service and success to overcome such challenges as compressed lead-times, fast changeovers and the demands of just-in-time inventory management. Over the years, Donnelly has focused operations on what it does best: provide short-run manufacturing and value-added services to original equipment manufacturers (OEMs) that produce an array of quality goods from industrial to commercial products. With a can-do attitude at the core of its operations, Donnelly has set the standard for how short run is done.

Donnelly's mission to "deliver good products on time," underscores the essential truth that every part it makes supports its customers' success. As company president Ron Kirscht explained, "Our job security rests on performance alone. Every day. So the promises we make to our customers must be kept."

Donnelly used to manage operations using an OS/2 operating system and various software packages. Production scheduling was done manually using a magnetic board, a process Donnelly had perfected to accommodate its high level of mold changeovers and the many related support activities. Yet, while Donnelly achieved much success while using the OS/2 platform and manual scheduling, the company's growth eventually began outpacing the system's capacity.

"Manufacturers today operate in a flat world," said Kirscht. "The playing field between U.S. and off-shore markets is growing more level by the day, and every player along the supply chain is intertwined. If your information technology platform doesn't support lean operations and EDI transactions, you will fall below the curve."

Donnelly had already modified its old software to manage manufacturing operations, and any further modifications would have been time consuming and cost prohibitive. What's more, Donnelly's customers and suppliers wanted to communicate and interact through electronic means, which Donnelly's system could not adequately support. Donnelly also recognized that its manual system of scheduling and managing the shop floor was too cumbersome to absorb the growing complexity of short run. Finally, the existing system's limitation on the number of people who could be in the same module at the same time had become untenable.

To keep growth on track, Donnelly opted to move away from the old OS/2 platform and migrate to a Windows-based enterprise resource planning (ERP) system.

"At Donnelly, we are committed to setting the highest standard in short-run manufacturing," said Kirscht. "Our

## Return on Investment

- Optimized efficiency of highly complex operations
- Improved internal and customer communications
- Supported growth (Expanded by 60%)
- Eliminated excess data entry
- Saved hours of overtime
- Sped invoice turnaround

old technology was hindering that. Our customers and suppliers were moving forward, and our old software wasn't ready or able to move with them. We needed an ERP system that could support ever higher levels of connectivity and excellence."

## Fit, Function & Future

Beyond the operating system, Donnelly wanted an ERP solution that could handle the unique requirements of injection molders, such as add back of regrind, family molds and multi-cavity molds. The company also wanted a system that had a large enough install base to ensure committed long-term development and continual improvement.

"We were looking for fit, function and future," said Kirscht. "Going into our search we thought that might be a tough combination to find, but early on we found exactly that in EnterpriseIQ from [DELMIAworks] (formerly IQMS)."

As Kirscht explained, historically the plastics industry has been underserved from an information technology standpoint. Off-the-shelf ERP solutions typically are not a good fit, and larger systems often require bolt-on, third-party software for customization.

"EnterpriseIQ was different," said Kirscht. "Right off the curb it looked like an incredible fit, and the more we looked, the more apparent the value."

Donnelly selected EnterpriseIQ for its comprehensive functionality, and the fact that — though EnterpriseIQ is designed for all manufacturing types — it can specifically handle the distinctive issues related to injection molding.

"There are a lot of hard truths in our industry that we need software to manage," said Kirscht. "For example, you might have one tool that makes 64 parts every cycle. Most ERP systems can't handle these truths. You have to lie to the system to trick it into doing what you need it to do. We selected EnterpriseIQ because it easily manages many key aspects of our business. EnterpriseIQ can handle the truth."

Many other factors also contributed to Donnelly's selecting EnterpriseIQ. Donnelly liked that EnterpriseIQ is easy to use, intuitive and required a modest level of

training. The company also liked that EnterpriseIQ is contained and extendable within a single database, no third-party add-ons needed...ever.

"IQMS' commitment to enhance and improve its singlesource software for the future success of its customers was critical to us," explained Kirscht. "We did not want to make a significant investment only to be left behind in a few years or be required to purchase a third-party solution just to add functionality. EnterpriseIQ offered the best fit and functionality at an attractive price, on a platform that should be around and vibrant for a long time to come."

### **Complexity Simplified**

With EnterpriseIQ in place, Donnelly has seen improvements in every aspect of its business. RealTime Production Monitoring allows shop floor supervisors to access production data as it occurs from any computer in the plant, instead of having to spend time walking the shop floor to check presses. Donnelly has also eliminated excess data entry and saved numerous hours of overtime because team leaders and supervisors no longer have to work long beyond their shifts to input data, something that consumed many hours of overtime each day.

Internal, supplier and customer communications have improved, too. Invoicing, which took four hours a day, is now complete by 9:00 each morning. But perhaps the biggest factor of success is the level of complexity or growth Donnelly has been able to manage. For the plastics industry, Plante & Moran, the nation's 11th largest certified public accounting and business advisory firm, has defined manufacturing complexity as the number of active resins multiplied by the number of active presses multiplied again by the number of active molds a company has in process. According to Jerry Bienias, Donnelly's vice president of finance and technical operations, the upper quartile of this index is 1.2 million, but Donnelly's complexity index as measured by Plante & Moran tops 42 million.

"Plante & Moran was completely surprised by the level of complexity we manage," said Bienias. "With EnterpriseIQ we have doubled our complexity and grown our business by 60 percent, all with a smaller office staff than we had before we installed IQMS. EnterpriseIQ simplifies processes so we can embrace a greater level of complexity and manage it well."

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– Ron KIRSCHT, Business Developer

Donnelly was also able to move its scheduling system into EnterpriseIQ with very little effort. This made the switch to a new system less painful in that the company did not have to change an established system that already worked well.

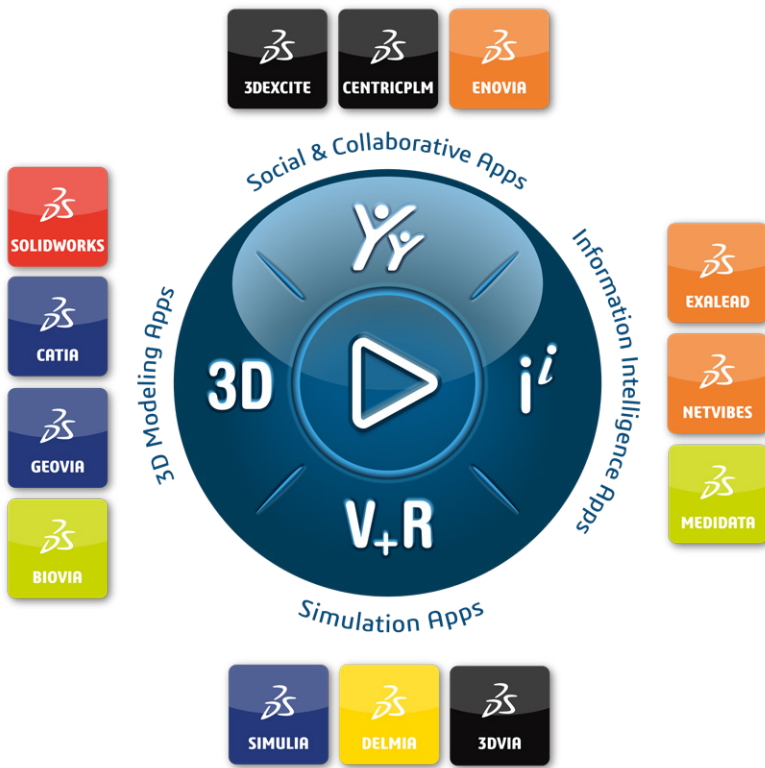
"At Donnelly, we believe knowing our customers and their business intimately is critical to our success," said Bienias. "We appreciate that IQMS operates under that same premise and is able to adapt their product to meet specific customer requirements with very little effort or added cost."

### **Optimized for Long-term Success**

Donnelly was up and running with EnterpriseIQ within six months, and now uses almost all modules including RealTime Production Monitoring, Quality Management and EDI/XML. The ease with which Donnelly's employees can now maneuver through every level of business data has saved Donnelly countless hours and eliminated the mistakes that were inherent with a manual-based system. In fact, the benefits of having EnterpriseIQ are so far reaching that Kirscht believes Donnelly made the best choice in selecting IQMS as a long-term business partner.

"Our customers tend to be large and leading public companies that have varied and exacting demands, but we're a small private company with finite resources," explained Kirscht. "Having an ERP system that supports and confirms our business strategy allows us to focus on our core competencies and excel where others might fail. Had we not migrated to EnterpriseIQ, we could not have grown as we have, and we would be struggling to fulfill our promise to the marketplace. The fact that we are not struggling, that we are on a pathway of optimization for the long-term, tells me we made a good choice. And that's very gratifying."

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