Sunset’s Investment in aPriori Pays Off

Improved response time by 300% strengthens its ability to win more new business.

BACKGROUND
Sunset Metal Works is a contract manufacturer of painted metal weldments and fabrications to Original Equipment Manufacturers (OEMs). It serves a variety of segments in Agriculture & Construction Equipment, Aerial Work Platforms, Vertical Transportation, Oil & Gas Equipment, Department of Defense (DoD) and custom work. Its services include shape cutting of all ferrous and non-ferrous materials, forming, machining, tube bending, materials joining, finishing, assembly and reverse engineering.

The company is a veteran-owned small business and its employees and management leverage more than 500 years of manufacturing experience to provide superior quality, competitive pricing and on-time delivery for its customers. Many of the company’s employees have been together as a team for more than 25 years. Sunset employs 90+ and has 100,000 square feet of facilities on 15 acres including three administration and operations facilities on its main campus. In Q1 2014, it will launch a new sister company called Sunset Industrial Applications (SIA) which will provide finishing services of liquid and powder painting to OEMs and tier suppliers.


THE CHALLENGE
Contract manufacturing for global OEMs is a fiercely competitive business. In addition to product quality and timely delivery, pricing is always a key factor in winning new business and retaining existing customers. Over the years, Sunset has continued to invest in its manufacturing processes and capabilities to differentiate itself in this market. More recently, it has also invested in two new areas — product costing and finishing services.
Sunset Metal Works’ president, Jim Nicklas, saw many large OEMs moving towards what he calls “the automotive mentality of assembly only” and outsourcing everything else to their supplier base. This includes primary operations and finishing services such as painting. As Nicklas watched other contract manufacturers struggle to meet the OEM’s increasing requirements, he saw an opportunity for Sunset Metal Works. To capitalize, he created the new company, Sunset Industrial Applications (SIA), to provide these services to OEMs and tier suppliers. Ideally located within 30 minutes of major OEMs, SIA will serve as a finishing facility to global suppliers — saving on freight costs to ship raw and then paint and drop ship into the OEMs.

On the product costing side, Sunset Metal Works has relied heavily on “tribal knowledge” and experience in its cost estimating efforts. In 2007, the company implemented a new ERP system and began to utilize that as its primary cost estimating tool as it created Bills of Materials (BOMs) for each project. The cost estimating process was thorough, but fairly lengthy. And the company was only winning 30% of the quotes it put together.

“We were slow and often missing quoting deadlines as we tried to balance all the different new and existing customer opportunities we were quoting on,” said Laura Nicklas Sponseller, head of business development at Sunset Metal Works. “As a result, our business development team was not always able to put its best foot forward with prospect OEMs when we were given a package to quote. We worried that customers perceived this as a lack of interest, but our estimators had their hands full with current customer RFQs. It was a struggle to balance it all.”

The problem was not limited to new business either. An increasing number of existing customers were also looking for greater transparency in the cost process. This put additional pressure to document what were highly manual processes managed by a select number of product cost experts in the organization.

THE SOLUTION

The need to take action hit home in 2012 when Sponseller saw an article about another contract manufacturer that had deployed a product cost management platform from solution provider aPriori. The article talked about how “the first quote in often wins,” especially where there is an existing relationship.

aPriori’s Product Cost Management software platform is a flexible and powerful costing engine that is able to instantly and precisely determine the cost of a part or product from a 3-D CAD model, based on the materials to be used and the manufacturing environment where it will be produced. With a click of a button, users can get a precise, real-time cost assessment at any time during the development process. As changes are made, aPriori automatically re-assesses and provides an updated product cost in real time. In addition, the software enables users to leverage product cost data hosted in other enterprise applications to calculate costs and communicate product cost information between all functional organizations involved in product definition and delivery. This includes the import of complex engineering Bills of Materials (BOMs) from ERP, PLM or other enterprise applications.

As a smaller business, Sunset prides itself on its ability to move more quickly than its larger competitors. That advantage was no different when engaging with aPriori. As Sponseller put it, “We researched aPriori, demoed the product, visited with the teams, reached a small group consensus and pulled the trigger. It was a thoughtful but easy decision. We looked into other tools (e.g., Costimator) but they didn’t seem to offer much improvement over our current ERP-based system.”

“aPriori provides Sunset Metal Works with the ability to respond to new business opportunities with greater speed, accuracy and consistency. For an organization that competes in the contract manufacturing environment, this is a real and sustainable advantage.”

JIM NICKLAS
PRESIDENT
SUNSET METAL WORKS, INC.
Sponseller had also read that aPriori was typically only used at the OEM level, but she and her colleagues saw an opportunity to differentiate Sunset by investing in a more in-depth product costing capability that would enable it to respond to customer RFQs more quickly and accurately, and strengthen its ability to win more new business.

The aPriori solution uses a concept called Virtual Production Environments (VPEs) — a model of a factory that is used by the application to produce cost assessments. A VPE can be configured to represent a specific manufacturing environment — such as a specific facility at Sunset Metal Works — or a broader base of suppliers, depending on its intended use. Costing parts with a VPE that matches its specific manufacturing environment, processes and materials enables Sunset to quickly understand the cost of manufacturing different products and parts and respond to an RFP with tremendous detail and accuracy.

Sunset also anticipates synergies with OEMs who utilize aPriori and hopes to strategically connect during design and production costing projects to share their product cost management assumptions and metrics via the VPEs. This will provide true, known cost vs. best practice estimates and eliminate a lot of unnecessary back and forth with the customer. Through this type of collaboration, the OEM would already know what a design would cost at their trusted contract manufacturer so they could move more quickly into production and aftermarket, eliminating weeks of additional effort and speeding time to market.

**THE RESULTS**

Today, aPriori enables Sunset to quickly and effectively produce detailed and accurate product cost data for its customers. The speed, consistency and detail of the cost data achieved with aPriori is a big advantage in Sponseller’s and Nicklas’s view.

While Sunset is still training their estimating team and ramping up internal procedures, they have already seen improvements of 300% in their quote times with 3-D models. Once aPriori is fully implemented, their goal is to turn around weldment packages within five days for OEM customers.

The team at Sunset also appreciates its newfound ability to have deeper partnerships with its customers and more open communication and transparency.

“We can now sit down with them and understand why we may not be competitive in a certain aspect of our proposal,” says Sponseller. “Both parties can discuss and determine potential areas for cost savings in manufacturability, materials, design and other aspects of the project.”

**About aPriori**

aPriori software and services generate hard-dollar product cost savings for discrete manufacturing and product innovation companies. Using aPriori’s real-time product cost assessments, employees in engineering, sourcing and manufacturing make more-informed decisions that drive costs out of products pre- and post-production. With aPriori, manufacturers launch products at cost targets, maximize savings in re-work projects and avoid overpaying for sourced parts.

To learn more about aPriori and its product cost management solutions and services, visit www.apriori.com or call 1.978.371.2006. To see an overview demonstration of aPriori, click here.

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