



## Improving Planning and Scheduling at Sharon Tube

With surging demand and production levels at full capacity, The Sharon Tube Company recognized that it needed to optimize its planning and scheduling systems. Implementing i2 solutions to maximize its value chain management operations, Sharon Tube reduced inventory, centralized its planning functions, and improved communication between its sales force and its plants.

When the metals market surged in the mid-1990s, demand for Sharon Tube's products soared. Production was at 100 percent of capacity, but the company experienced trouble creating optimized production plans and schedules.

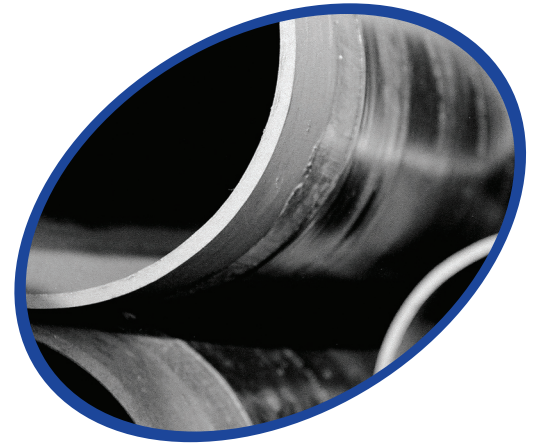
"Our traditional planning method was not dynamic enough to allow us to react quickly enough to the shifting constraints caused by the high business level," said Lee Hooper, Sharon Tube's President/CEO.

Each business area had been using its own planning system, which ranged from simple manual processes to more complicated computer-driven applications. This range of planning systems made coordinating the plans difficult.

### Why i2?

After an extensive search, Sharon Tube chose i2 solutions to optimize its value chain operations. "When you start looking at supply chain planning solutions, you soon realize that i2 owns the metals market," said Jim Ayers, Sharon Tube's IS Director.

"i2's reference list includes U.S. Steel, Bethlehem Steel, and BHP Steel—a veritable 'who's who' of the metals industry."



### Challenges

- Integrate disparate planning systems
- Shorten reaction time caused by increased business level
- Decrease finished goods inventory by making more intelligent planning and scheduling decisions

### Solutions

- Implement constraint-based capacity planning
- Implement detailed scheduling
- Provide due-date quoting

### Results

- Decreased finished goods inventory by more than 50 percent
- Reduced processing time
- Reduced lead times

### Company Description

**The Sharon Tube Company**, based in Sharon, Pa., is a closely held corporation manufacturing welded pipe, seamless pipe, and mechanical tubing. Founded in 1929, its products are used in the steel distributor, automotive, construction equipment, and agricultural industries, among others.

Sharon Tube's executives were impressed with i2's knowledge of the metals industry and the solution provider's Business Release Methodology (BRM). The sequential BRM implementation approach allows companies to achieve their most critical business goals and see bottom-line results as quickly as possible. In addition, executives were pleasantly surprised to learn that i2 invests more in research each year than some of its competitors' annual revenue.

i2 provides software and services that help businesses make a lasting, positive impact on their profitability. Through solutions for value chain management, i2 delivers innovative ways to increase efficiency and velocity, within the enterprise and across all of its suppliers, partners, and customers.

### **i2's Contribution**

Sharon Tube installed i2 Factory Planner,<sup>™</sup> part of the i2 Supply Chain Management<sup>™</sup> (SCM) suite of solutions, at the Sharon plant for high-level capacity planning and detailed scheduling. The first business release was completed in about three months at the Sharon facility, allowing the plant to perform high-level capacity planning. The second business release, which also was completed in three months, gave the plant detailed scheduling capabilities.

***“We can better see the holes in capacity because of the dynamic nature of Factory Planner, allowing us to better fit orders in the plan. In the past, we didn't have that visibility.”***

***— Tom Anzio, Vice President, Sales – Mechanical Tubing, The Sharon Tube Company***

### **Sharon Tube's Results**

Almost immediately after implementing Factory Planner, Sharon Tube noticed a decrease in finished goods inventory. Prior to using i2 solutions, Sharon Tube scheduled production runs for efficiency. That meant that some tubes were being produced even though they would not be needed for weeks. Factory Planner considers due dates when setting production schedules, allowing for the inventory reduction.

“We can better see the holes in capacity because of the dynamic nature of Factory Planner, allowing us to better fit orders in the plan. In the past, we didn't have that visibility,” said Tom Anzio, Vice President, Sales–Mechanical Tubing.

By centralizing all tube production planning using i2 solutions, coordination among the plants and the sales force has improved. Planners can more effectively deal with large orders by dividing up individual requests without affecting customer service.

“We're heading in the right direction, and we're confident we're going to achieve our goals,” Anzio said.



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