



Harold Johnson Optical Labs - 30-40% Savings in Estimate Calculation Costs

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STORY

At a Glance

**Harold Johnson Optical
Laboratories, Inc.**

Gardena, California

CHALLENGE:

Harold Johnson Optical Laboratories, Inc. is a manufacturer of optical lenses. Each order is custom produced for the different specifications of the company's customers, and the manufacturing process at the lab often requires as many as 30 sequential steps from the bill of materials to final shipping. Harold Johnson needed to integrate job estimating with work-in-process so that quotes could be accurately formulated by the computer system, based on actual costs incurred.

The Company

Harold Johnson Optical Laboratories, Inc. was founded in 1967 to provide lens designers and engineering companies a source for breadboard models and production optics. Harold Johnson Optical Labs, based in Gardena, California, builds and tests hardware to exact design specifications to assure product reliability.

Harold Johnson's craftsmen are quality-oriented and take pride in meeting all requirements and tolerances imposed by the drawings and specifications of customers. Every optic shipped from Harold Johnson Optical Laboratories has a minimum of five inspections regardless of quantity ordered, and some of the instrumentation utilized by the company's inspection personnel include a digitized lens bench, Zygo GPI and ZYGO PTI Interferometers.

The Challenge

In 1980, Harold Johnson's Chief Engineer, Joe Stuart, realized that a computer could streamline aspects of the business and help track work-in-process.

Each customer requires different specifications, making it necessary for each order to be custom produced. The target markets of the firm include medical and graphic arts imaging, the U.S. Navy, aerospace and the film industry. Spherical, prismatic, plano and cylindrical surfaces must be processed to meet specific tolerances required by different customers in these diversified markets. The company, which stocks 1800 master glasses, also provides lens designers and optical engineers with a source for prototypes and production optics.

The manufacturing process at the lab often requires as many as 30 sequential steps from the bill of materials to final shipping. Phases of production include rough shaping, grinding, polishing, edging and coating. Most jobs running through the lab have

a cycle of eight to ten weeks, including the purchase and receipt of materials.

Hal Johnson, Jr., President, had been content with his "home grown" computer tracking of work-in-process, but he needed more functionality. The software had to perform many of the internal accounting functions being done manually. Hal investigated 30 commercial accounting and manufacturing systems. He was specifically looking at software that could accommodate job shop manufacturing applications. Rather than getting "locked into" a proprietary system, he wanted an "off-the-shelf" system with all the capabilities already built in.

The Solution

After a thorough analysis of the best available systems, Johnson decided to install SYSPRO on the UNIX operating system. The quality combination was also the most cost-effective solution for Harold Johnson Optical Labs.

"For me, SYSPRO has become critically important because it has enabled us to integrate job estimating with work-in-process so that I can quickly and accurately formulate quotes on the computer system, based on actual costs incurred," said Hal.

The Results

Harold Johnson Optical Labs has been an enthusiastic user of SYSPRO software for more than eight years. SYSPRO has enabled the company to realize savings resulting from, among other things, better control of the manufacturing and accounting operations and improved customer service. SYSPRO has also streamlined job estimating procedures so that calculations are more closely aligned with actual costs.

In fact, the 30-40% savings in estimate calculation costs is now prompting the company to migrate to Microsoft Windows



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NT and SYSPRO, which features a feature-rich quotations and estimating module. This process has resulted in a 30-40% increase in combined efficiency and a reduction in the cost of working out these estimates. Most of the stations are used in the front office by persons who, prior to the installation of SYSPRO, did their work manually. Now, time sheets, machine run times, job tracking, accounts receivable and accounts payable are fully automated.

The lab usually handles from 100 to 300 jobs at any given time. The SYSPRO system has significantly streamlined the job tracking process by over 20%, in addition to significantly improving overall customer service functions. "Now, any time a customer calls with questions about

an order, our customer service people can immediately access the system's job tracking capability and explain directly where the order is in the process," explained Hal.

"While the value of the computerized control of our manufacturing and accounting procedures is quite obvious, the worth it provides for managing the business is even greater. Every job we've done in the last five years is in the system. I can review previous quotes for similar jobs and compare them with actual job costs so that estimating is much more accurate," said a very pleased Hal.

As for the SYSPRO software, Hal is equally as enthusiastic. "It is the most versatile, flexible and user-friendly system on the market to the best of my knowledge.