

The Kronos Manufacturing Strategy: Aligning the Parts

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IN THIS PERSPECTIVE

This IDC Manufacturing Insights Perspective considers Kronos' manufacturing industry strategy and execution.

Kronos held its inaugural *Operational Excellence Conference for Manufacturers*, with the intention of driving home its commitment to manufacturing segments. In the third quarter of 2009, the workforce management applications vendor announced that it had aligned its product strategy and messaging along such industry verticals as manufacturing, healthcare, public sector, and retail. Since then, Kronos has hosted vertical industry-specific events to showcase its customers before targeted industry audiences. In March, manufacturing took the stage in Cincinnati.

Lean Times

In the wake of the recent recession, manufacturers are looking at processes and tools that promote improved efficiencies. Kronos has seized on these needs to build its messaging around the business issues that workforce management applications help resolve. Last month's manufacturing event spotlighted Kronos' key manufacturing clients. A selection of the world's leading manufacturers — ranging from discrete manufacturers to multinational diversified products companies — were in attendance.

It was clear that the company's message resonates with manufacturers that view workforce management as an important element of their enterprise strategies and processes. Kronos' efforts to align labor allocation with production targets were an important concern among the conference attendees. Kronos' clients reported that the use of the Kronos application version 6.x had helped them achieve greater utilization of scarce human resources by assigning the right people to the tasks most suited to them and eliminating unnecessary overtime.

Conference Highlights

- High industries achieved \$1 million to \$2 million in savings per year through the elimination of indirect labor expenses and improvements in productivity as a result of process efficiencies.
- Ceradyne has been able to execute a zero return policy by providing its customers with complete transparency on manufacturing processes. The company also recovered 35% of "lost" labor costs, translating to millions of dollars.
- A major multinational diversified manufacturer reported that it has seen a 13% improvement in repair-time performance. The company also received approval for the project by committing to a 3% overall labor productivity improvement. To date, the trending is above that.

The Voice of the Customer

Kronos encouraged presenting clients to address the group with complete honesty concerning earlier versions of Kronos software. Customers described the challenges of past versions — problems related to KPI reporting, integration issues, payroll system disconnects, and language localization. However, the attending customers agreed that the release of version 6.1 brought improvements in most areas.

The past-version discussions laid the foundation for detailed descriptions of version 6.2 and the product beyond. Version 6.2 in the context of technical specificity alone would not have been sufficient for this audience. In fact, event delegates were looking for guidance in how version 6.2 would assist them in managing challenges related to knowledge management, mobile workforces, and multilanguage single-instance functionality. Moreover, the company's customers wanted to move past the shop floor and into other functional areas such as engineering, sales and marketing, and the back office. This trend suggests that Kronos has moved well beyond traditional time-and-attendance applications, and the product is maturing as a utility for organizing and optimizing work teams.

The Kronos message accurately reflects the benefit customers are gaining from the company's solutions. However, one concern emerged that cannot be overlooked. Kronos, a SAP 6.0 certified integrator, has established a productive relationship with ERP provider SAP. Kronos and Oracle do not share such a relationship. According to Kronos, it has applied for Oracle certification but has been denied "due to competitive concerns." In spite of the lack of a certified interface, companies such as Dresser-Rand and Elliott Company have integrated Kronos Workforce Central with Oracle software.

Guidance to Manufacturers

Kronos has aggressively hired vertical industry expertise and is now capable of assisting customers with bringing their products beyond time and attendance and off the shop floor. Kronos still has to do some work in the segment of the market that includes Oracle shops. Nevertheless, the commitment to the manufacturing industry is evident, and Kronos remains a viable partner. Kronos has graduated from being simply a provider of time and attendance technology to being a trusted source for workforce management enablement.

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Related Research

- *Worldwide Manufacturing 2010 Top 10 Predictions* (Manufacturing Insights, #MI221468, January 2010)
- *Business Strategy: Workforce Management at Dresser-Rand* (Manufacturing Insights, #MI220833, November 2009)
- *Seeing the Business Benefits of Sustainability — Revenue, Profit, and Inventory Management* (Manufacturing Insights, #MI219564, August 2009)

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