

## **Chapter 14**

# **Sticking to the Basics: Information Technology at the Glue Factory**

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### **INTRODUCTION**

M.K. Mikels and Company is a manufacturer that serves mainly as a supplier for the building industry in Israel. The company makes glues and related products used to construct buildings. To begin with, several factors have contributed to the current high price of housing in Israel, including waves of immigration from Russia and Ethiopia during the 1990s, demand created by young couples for housing, and heavy population density in the main cities. These factors particularly accelerated demand for construction of new apartments in this decade, giving rise to an increase in activity for the Israeli construction industry and its suppliers, including M.K. Mikels.

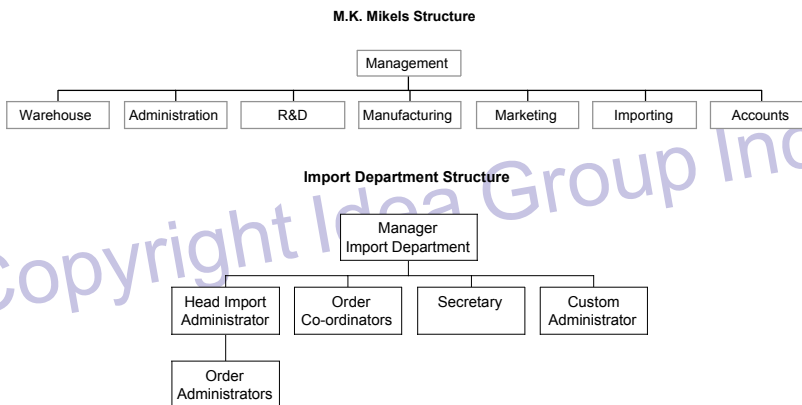
The firm's principal activities are the design, development, production, and marketing of glue products. This company, which is located in the industrial zone of Rishon-Lezion, is housed in three manufacturing facilities and two other buildings used for administration and management. It has 300 employees, most of whom are employed in manufacturing.

Mikels is among the largest companies in Israel serving the market for glue products. It has two key competitors who (along with Mikels) import raw materials from abroad and use a state-run central distribution center (and local agencies) to market their products.

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M.K. Mikels imports dozens of shipments of raw materials each month, mostly from South Africa and Europe. The Mikels “Import Department” manages this process and is facing a challenge. It has become clear that *the glue factory that can supply its products to the market fastest and most effectively will dominate the glue market* in Israel. In this situation, Mikels management has concluded that a ‘state-of-the-art’ automated business control system will be a key factor in the long-term success of the Mikels company. Such a control system would help to achieve efficiencies by cutting the time needed to convert raw materials into completed products and deliver them to the distributors. More timely and cost-effective production and delivery would put M.K. Mikels in a strong position to attract new customers and secure new (and existing) contracts in the future.

In support of this idea, the general manager of the company, Mr. Arch Levi, introduced the “2000 Project.” This project dealt mainly with the computerization of the various functions within the company. It essentially addressed conventional manufacturing and production information inefficiencies. M.K. Mikels did not have a centralized computer system. Rather, each department had its own computer platform and database. These systems were most often incompatible with the systems utilized in other departments. (For example, the Import Department had a Novell network that served only itself.) As a result, communications between the various departments tended to be accomplished using computer-generated reports (on paper) or, sometimes, exchanging data via magnetic tape. There was no well-organized flow of information and the communications process was uneven and too unpredictable.

A corporate-level department at Mikels handled computerization issues. It allocated resources (people and funds) to the departments based upon departmental requests and in accordance with company policy and priorities. But department-level personnel who supported any one system tended to be unable to

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