



# Four ways to better manage complex BOMs to drive productivity

Finding it hard to manage the increasing complexity of bills of materials (BOMs)? That's no surprise. The complexity of the automotive BOM process increases in lock step with the increasing complexity of the products being produced and the supply chain that's producing them. Add in the fact that product cycle times are being compressed and there are more "in-life" product changes, and it's no wonder that some automotive manufacturers are struggling to modernize their BOM processes.

Here are four ways to improve BOM processes to keep your operations productive and your business profitable.

1

## Think single, collaborative process

The fact that many parts of your business can claim at least some ownership and responsibility for your BOMs can be a real problem. If product design, engineering, supply chain management, and manufacturing each have their own point of view of what constitutes your core BOMs—or worse, their own version—you're going to have inefficiencies and operational mistakes.

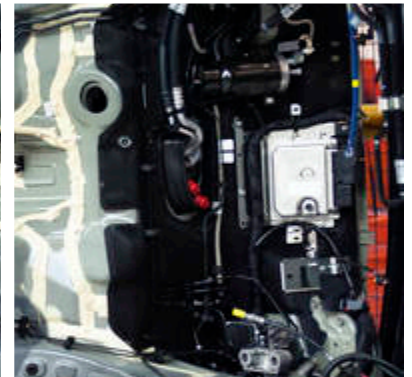
Historically, people in different departments disagree about the way to manage bills of materials, says BOM expert [Oleg Shilovitsky](#). As a result, individual departments strive for more control by cloning the bill of materials and managing it within the department. In this environment, issues with BOMs inevitably escalate as automotive products grow in complexity to meet demands for more consumer electronics, better safety, and compliance with tougher environmental standards.

You can correct the situation by establishing a single, collaborative process that clearly defines—for every applicable department—how it should contribute to the BOM process and how it can pull information from BOMs to get its work done.

## 2

### Automate as much as possible

Even if everyone in your company is working with a single, collaborative BOM process, the prevalence of human errors will be commensurate with the prevalence of manual processes. To avoid this problem, make sure the enterprise solution you use to manage BOMs has the ability to automate as many of the steps in the process as possible. When you automate BOM processes, you'll reduce operating costs by streamlining workflows and avoiding disruptive product information errors.



3

## Keep the hierarchy as simple as possible

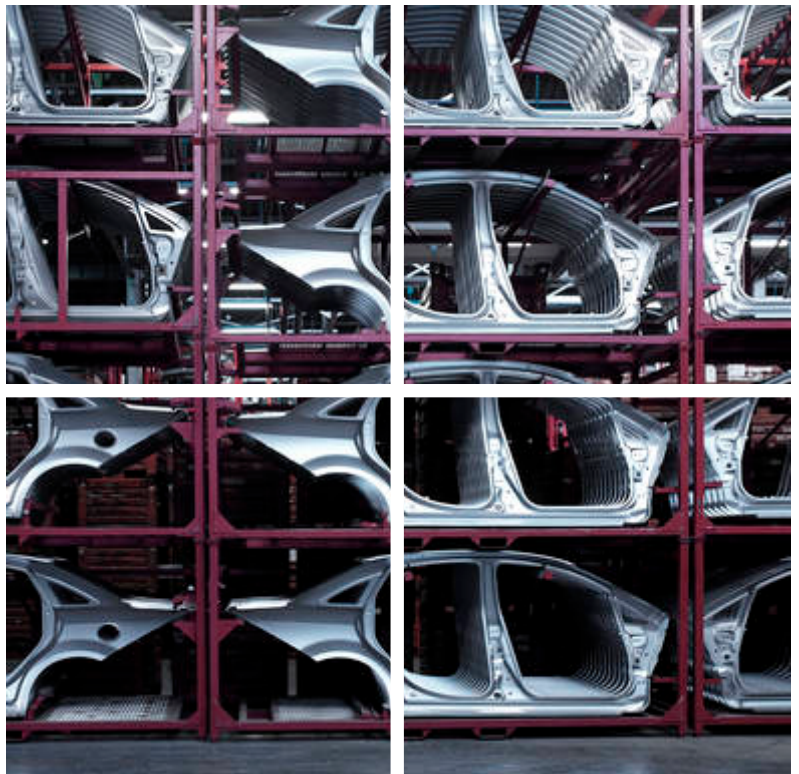
With a single, automated BOM process, your operations still won't be optimized if the basic structure of your BOMs is overly complicated and convoluted. "There is typically a funnel-shaped explosion of complexity as you move upwards in the bill of material structure from raw materials to finished product," says a blog on the enterprise resource planning information website, [ERP Focus](#). BOM expert [Oleg Shilovitsky](#) advises that even though modern tools make it easier to manage many different BOM hierarchies, it's best if companies keep the BOM hierarchies as flat as possible. This will make the BOM much easier to manage in day-to-day operations and to change when business needs and product changes dictate.

4

## Make your BOM process change-friendly

Increasing product complexity and faster cycle times mean that automotive manufacturers are constantly dealing with changes in BOMs. It's a management challenge made more difficult by the intense pressure to control costs. In response, automotive manufacturers should approach BOM change management as a strategic initiative. Create a systematic approach to automating how you update BOMs and how you communicate the updated BOM to every department that has a need to know. Make the process collaborative, giving the different stakeholders in your company the ability to provide input so the multiple implications of every change are reflected in the new BOM.

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