



10 things about managing MTO processes for mass customization

Today's increasingly sophisticated consumers demand more configurable and personalized products. As a result, manufacturers like you need to implement new processes to meet the challenges that come from mass customization. With the right technologies in place, you can accommodate your customers' needs and differentiate your company from the competition.

Why manufacture custom products?

- 1** Between 25% and 30% of online consumers are interested in purchasing build-to-order products, according to a study by Bain & Company.
- 2** The number of consumers interested in ordering custom products is likely to grow, thanks to advances in areas like additive manufacturing (such as 3D printing) and richer customer-facing interfaces.
- 3** "Consumers who customize a product are more engaged" and "are willing to pay 20% more than standard equivalents for customized products—and many companies are successfully charging higher premiums," according to Bain & Company.
- 4** An IDC Manufacturing Insights survey found that "becoming more customer centric was the second-highest supply chain priority" (after reducing waste) for manufacturers.¹
- 5** Additive manufacturing had already become a \$2 billion global market by 2013, with "ten of the top fifty US manufacturers [having] announced programs to use innovative materials or new production processes," according to Deloitte.

How do you manage MTO processes for mass customization?

- 6** Implement an order configuration system that supports all of your unique product configurations with a rules-based engine, so that every custom order can automatically be confirmed as "buildable."
- 7** Integrate your order configuration system with your ERP system to automatically create custom BOMs and routings. Read this [IDC Manufacturing Insights](#) report to learn more about product configuration engines in the mass customization environment.
- 8** Ensure your ERP system can manage the complexities of custom orders, including the ability to schedule staff and resources, stage the necessary raw materials, and automatically replenish inventory.
- 9** Use tools to view your entire supply chain and collaborate directly with your suppliers. A [KPMG](#) report states, "many of the gains in supply chain visibility have resulted from stronger relationships between manufacturers and their top-tier suppliers and the willingness to share more real-time data across the value chain."
- 10** Implement quality checks at multiple points of your manufacturing process to catch errors as soon as possible.

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¹ IDC Manufacturing Insights, "Business Strategy: 2014 Manufacturing Supply Chain Survey Results and Implications for the Industry," Doc #MI250183, August 2014.

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