



ETO Institute Celebrates the Start of Year 3

TR Cutler, Inc., August 22, 2005

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A big problem for engineer-to-order (ETO) companies is that they have many unique requirements that make traditional ERP systems unsuitable. The engineer-to-order market is relatively small and the companies themselves also tend to be small. The result is that the larger ERP software companies are more focused on the needs of the larger and more numerous repetitive manufacturers.

PR9.NET August 22, 2005 - In the manufacturing software industry the terms are clearly recognizable. The differences between make-to-stock, assemble-to-order, make-to-order, and engineer-to-order are clearly understood.

These distinctions are not so clear for those in manufacturing evaluating software systems for the first time. There is often a mismatch in how they describe their business. Companies may describe themselves as job shops or even make-to-order when they are really engineer-to-order.

Software vendors do not help the situation. Many vendors don't want to eliminate themselves from opportunities so they cast their net as wide as possible. They claim to support a multitude of manufacturing styles when on closer examination they are best suited to one.

The term engineer-to-order (ETO) denotes a style of manufacturing rather than a specific industry segment. Other synonymous terms are "project-based" or "custom" manufacturers. ETO companies typically have distinct characteristics about the way they conduct business that differentiate them from discrete or repetitive manufacturers.

According to Thomas R. Cutler, spokesperson for the ETO Institute, "ETO companies build unique products designed to customer specifications. Each product requires a unique set of item numbers, bills of material, and routings. Estimates and quotations are required to win business. Products are complex with long lead times, typically months or even years. Unlike standard products, the customer is heavily involved throughout the entire design and manufacturing process. Engineering changes are a way of life. Material is purchased not for inventory but for a specific project. All actual costs are allocated to a project and tracked against the original estimate. Once complete, the product is typically installed at the customer's site. In most cases, aftermarket services continue throughout the life of the product."

The ETO Institute (www.etoinstitute.org) is an independent organization committed to helping North American engineer-to-order (ETO) manufacturers compete more effectively in an increasingly competitive global environment. Our resources section provides a list of articles and white papers focused on manufacturing and, in particular, engineer-to-order. The bulletin board provides a forum for organizations to share ideas and information and to discuss challenges and business issues.

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