



Here's an account of an electrical switchgears manufacturer that turned to IT to synchronise the operations of its branch offices and manufacturing units. Its ERP system implementation helped tie its disparate processes together resulting in quick and easy access to crucial, decision-enhancing data.

## Switching Gears From Manual To Automated Processes

Headquartered in Mumbai, Popular Switchgears Private Limited is a leading manufacturer of custom-built low and medium voltage electrical switchgears and controlgears. Ever since its first manufacturing unit was set up in Nasik in 1984, its turnover has increased many times over. Two additional manufacturing facilities were added at Nasik and Baroda in 2005 and 2009. While on the one hand the organisation was experiencing impressive growth, on the other hand, things at the operations level were increasingly going haywire. The key reason was a conspicuous absence of an effective and automated system that could manage and track inventory, effectively, and bring about operational transparency. The management felt the need to establish strict control at all levels within the organisation by synchronising its various operations.

### The complexities

Growth brings along many challenges, the key one being the effective management of transactions and operations, which cannot be done manually. The management of Popular Switchgears realised this. It

explored many solutions and finally identified a solution that currently addresses its operational complexities, perfectly. Going over this journey of finding a perfect IT solution, Vikram Shah, head of accounts, Popular Switchgears, says: "At first we were using an accounting solution named Smart Invoice. But in 2002, the company made a switch to Tally 5.4. Thereafter, the company continued to opt for timely updates and upgraded to first Tally version 6.3, then to 7.2 and eventually to version 9." While the company's accounting function was being effectively taken care of, the task of managing its transaction processes and operations was still an area that required an effective automated solution. Many tasks were being performed, manually. A bin card system was used to store details on inventory, like the quantity of stock received or issued, the minimum/ maximum stock level, the re-order levels, re-order quantities, opening and closing stocks, etc. Maintaining strict control at all levels was not possible with this system and there was a need for a fast and timely management information system (MIS). Shah lists a few more challenges: "We had cumbersome processes. Goods-received notes and invoices were entered on paper,

manually, and sheets of paper were exchanged between the head office and manufacturing units. The data was entered into the system again in the head office at Mumbai. There was duplication of work, and this procedure was time consuming, leaving enough room for error. This is when we identified the need to have a system that would synchronise information from all the offices."

The views and requirements of all departments were studied and a gap analysis was done. In 2007, Antraweb Technologies introduced Popular Switchgears to Tally.ERP 9 and it was then that the company implemented this solution in all the branches.



Vikram Shah, Head of Accounts, Popular Switchgears

**"Implementing Tally's ERP solution has solved Popular Switchgears' problems related to synchronisation of processes and data."**

The company opted for the Enterprise Suite, a customised solution for manufacturing companies, says Riyaz Tamboli,



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Director, Antraweb Technologies

*"The Tally.ERP 9 solution proved to be a good match for Popular Switchgears as it covers the end-to-end process cycle of a manufacturing unit in areas like inventory control, procurement and so on."*

Director, Antraweb Technologies. He further explains, "The solution proved to be a good match for Popular Switchgears as it covers the end-to-end process cycle of a manufacturing unit in areas like inventory control, procurement and purchase, material requirement analysis, quality control, despatch, sales and production." The other option that Popular Switchgears considered was SAP's ERP solution, "But the cost of the solution made us think twice. Even the training cost for employees was much higher compared to Tally.ERP 9," reasons Shah. This was the key reason why the company willingly invested Rs 6.5 lakhs for the customised Tally.ERP 9 solution.

### **The migration to an ERP System**

Employees in the Mumbai head quarters were familiar with Tally 9 and required little training, but intensive training was given to employees at the manufacturing units. One of the main challenges that the company faced during migration was creating masters for inventory. There were about 5,000 stock items and 1,500 ledger accounts. "6,500 masters had to be created and it took us about three to five minutes to enter details about each item. A Total of two months were consumed for creating masters. We had decided to implement different modules in stages, as we had to ensure that current operations did not suffer. Thus, entries on the Tally.ERP 9 system were made alongside employees' daily tasks," Shah elaborates. There were many instances when data was recorded either in the Tally system or on paper, and this led to a lot of confusion until the mistakes were located. Shah continues, "This problem was sorted as soon as we migrated completely to the Tally.ERP 9 system. It took

us approximately six months to implement the new ERP system in the first location (Mumbai), and thereafter, three months more to implement it at the remaining Offices."

### **The ROI**

Implementing Tally's ERP solution has solved Popular Switchgears' problems related to synchronisation of processes and data. The solution is being used for purchase, sales order management, accounting and inventory control at all its branches.

The goods-received notes and invoices that are entered into the system at any office get updated in real time and the latest data is available for view at all four offices. "This way, the back-and-forth communication between offices has reduced and we can avoid repetition of data entry," says a relieved Shah. Not only has it helped to avoid duplication and reconciliation, but Tally.ERP 9 has also made it possible to get the value of stocks at any point in time, says Shah. Comparing the earlier scenario with the current one, he adds: "The bin card system was an old fashioned way of maintaining inventory data, and the valuation of stock was difficult as someone had to do the calculations, manually. Now, inventory management is computerised and it is possible to do valuation and get details about the stock, price and product details, easily."

What's more, the new ERP system generates daily reports for all the locations, separately. "There was a need for location-based balance sheets, and profit and loss statements to compare and analyse which office was performing well. However, it was not possible to gather consolidated information about each location, separately, as data from all the offices was stored together, and a single balance sheet was made for the entire organisation," Shah emphasises. Moreover, the data that was stored did not include details like product type, and where the business was generated. Now, the organisation generates location-wise balance sheet, along with profit and loss statements, making it possible to figure out which location is the most profitable. When the organisation issued payments, clients made deductions

for freight charges, late deliveries, performance guarantees, etc, but these reasons were not recorded earlier. "Now, we enter the value of the deductions made for each consignment along with the reason and it is possible to check if late deliveries are being made too often. This helps us to recognise our weak areas, fix the responsibility on specific departments along with the reason for and the extent of the loss, and work towards a favourable solution," comments Shah. The ERP system has also enabled the company to get information about the status of the C-form. "With just a click, we can get the C-form status of all our clients and suppliers. It is possible to generate a list of how many C-forms are yet to be issued or are outstanding, a task that would otherwise take us ages to accomplish!" Shah believes. While Tally.ERP 9 helps to generate reports, it has also made the year-end closing procedure faster. It generates a correct, up-to-date MIS (management information system) report and a bank reconciliation statement on a daily basis. Shah acknowledges, "Every month, Popular Switchgears gives a stock report to the bank. Since the ERP system maintains the information, centrally, information on quantity and the value of stock is readily available. This saves a lot of time and allows employees to focus on management functions." What lies ahead Popular Switchgears is planning to implement more customised features in its Tally.ERP 9 system. Shah affirms, "At present, the system generates a unit-wise profit and loss statement. However, the finished products fall under units like fabrication, control and relay, and low-tension panels. We would like to customise the ERP system to get product-wise statements too. That's another advantage of this ERP system. We can keep customising it according to the latest requirements," Shah concludes.

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