

AN ERP SYSTEM THAT SLASHED INVENTORY BY 50 PER CENT? UNBELIEVEABLE, YET TRUE!

Here's a reputed research institute that not only uses the latest technology tools for its research activities, but has also adopted them to streamline its management functions.



Established in 2006, Crish Metal Works provides solutions for precision sheet metal component development—right from punching to the final finished goods. It mainly caters to manufacturers of security equipment, chillers and panel air conditioners, escalators and elevators, electrical and electronic boxes, infrastructure, office furniture and telecom equipment.

The use of IT to meet operational challenges

The company has adopted the latest technology in the form of Computer Numerical Control (CNC) machinery for precision in laser cutting, punching, shearing and bending metal sheets.

“We use high-tech CNC machines from Trumpf, Germany, for laser cutting

and punching,” shares Rajendra Kothari, founder and MD of Crish Metal Works, adding that, “These machines are mainly used to design and manufacture any new sheet metal product in no time. With the help of compatible software and the advanced technology, we can now make a new product in a single day, something that would earlier have taken six to eight weeks with the manual procedure.”

The company also uses Delem controller hardware and its software for CNC metal sheet bending. This enables all types of metal bending in one sitting, while the other CNC machines do not.

Taking the plunge with Tally's ERP solution

While the company uses state-of-

art machinery to meet its operational challenges, the manufacturing, job processing, inventory control, order management and accounting are taken care of by Tally.ERP 9. Crish has been using Tally software for years and it recently upgraded the solution to Tally.ERP 9. This ERP solution is being used in many areas like purchase, sales, stores, quality control, production, dispatch and accounting. “The software we used previously made it difficult to transfer data, obtain customer and supplier outstanding statements, and finalise accounts,” Kothari complains. “Since Tally is known to be user-friendly and its services are easily available, anywhere, we decided to improve our accounting practices with Tally's ERP solution,” he adds.

Earlier, the company did not maintain a systematic inventory record and the information about stocks was recorded



Rajendra Kothari
MD, Crish Metal Works

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manually. Hence it was a tedious task to get data on available stocks and work-in-process. So the company decided to go in for an ERP solution. Before opting for one, it evaluated the solutions from many vendors like Ramco, Softech and other local solutions providers, before finally opting for Tally.ERP 9. Nevil Sanghvi, director of Antraweb, claims, "After undergoing a gap analysis at Crish Metal Works, we evaluated Enterprise Suite—a specialised application developed on the Tally framework suited for manufacturing companies. The company had already experienced Tally's ease of operation and its accounts were being maintained on Tally, so the management opted for the Enterprise Suite on Tally.ERP 9." Kothari adds, "The standard cost for the enterprise suite was Rs 3.5 lakh and the customisation cost us around Rs1 lakh, including training charges. The annual maintenance cost comes up to Rs 60,000."

Training employees on the new system

The implementation and training were planned effectively. Each department head and the assistants

were given training before the software was implemented. The installation and customisation of the ERP was done in December 2010, but it was implemented from April 2011 onwards as the management found it convenient to start from the beginning of the financial year. Kothari contends, "In the beginning, there was a lot of reluctance from the employees and each department had a different issue. Since we use the same type of raw material for all the customers' orders, it was very difficult for us to link the purchase, production, storage and account, separately, for each customer. Every department was working as a separate unit and there was almost negligible coordination between them. The Antraweb project team talked to members of all the departments, understood their problems, and customised the ERP according to their needs."

Implementing the solution with minimum customisation

The Standard ERP System covered 90 per cent of the requirements, while an additional 10 per cent of the firm's requirements was provided with customisation to easily obtain specific production reports, quality inspection reports, excise invoicing and annexure preparation. The ERP system included departmental gateways, enhanced transaction level security, material requirement planning, controls on procurement and dispatches linked to orders, job-work in and job-work out processes, with excise annexure V & VI, pending receipts of job materials, etc. It also included process-wise production and conversion of stock items, status of work-in-process, job-wise costing--including material



Nevil Sanghvi
Director, Antraweb Technologies

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cost and cost of manufacturing, and streamlining order processing with export documents including ARE1, ARE3, and the various reconciliations.

Since Crish Metal Works shifted to Tally.ERP 9 software, the inventory management and control has become much easier. "A direct consequence of the ERP system is that our inventory has gone down by 50 per cent after we started using this software," reveals Kothari. He adds, "We can easily obtain customer-wise production analysis and find the exact profitability with the help of this software. This was never possible with our earlier way of working."

Future plans

Sanghvi observes that future customisation will include achieving job-wise profitability reports, production planning and its execution with production yields. Crish Metal Works plans to increase its manufacturing capacity by four times over the next three years and hopes to be a Rs 200 crore company by 2016. "We will have more manufacturing set-ups in the near future as our company grows. We plan to upgrade the software according to the needs that emerge in the future," Kothari concludes. ●●