

Case Study

A Leading European Manufacturer of Packaging Machinery

Service(s) offered: **ERP Advisory**

Sector/Industry: **Packaging Advisory**



Enterprise Resource Planning – Transition and Transformation

The Client, a label printing and label machine assembly manufacturing company was the leading producers of self-adhesive labels in Europe and has been growing at a fast pace in Asia and Africa. It had 11 production units across eight countries, and all followed the same high standard for quality. An ISO 9001 certified company, the Client had over 100 years of experience in the packaging industry. Their customers sought responsible suppliers.

The Client's vision was to be a preferred supplier, and they were open and happy to information on their operational practices through well-accepted professional CSR platforms like Sedex, Achilles, and EcoVadis etc along with customized solutions (for customers with requirements for label printing), cutting edge technology (which lets them print through 3 different types of printing technologies), and efficient supply chain.

Challenges

These were the broad observations of the overall problems faced by the Client

- Involvement of the organization in both discrete and process manufacturing.
- Two separate business units handled different manufacturing processes, yet all functions

- including reporting, materials management, manufacturing assembly line, costing, and work-in-process had to be addressed on a common platform (ERP).
- Consolidated accounting and reporting to head office by way of interface and integration with global systems.
- Addressing and handling the complex tax structure and local regulations unique to the country.

The following were some of the challenges faced by the Client because of their existing IT structure.

- Multi-location manufacturing and centralized bookkeeping, compliance management, customer service and repairs, leading to the following other challenges:
 - Lack of accountability for activities undertaken
 - Loss of productivity due to duplication of work and manual record-keeping
 - Dependencies on individuals leading to time overruns
 - Pilferage due to lack of visibility on scrap and wastage

- Custom-based application software used in silos with accounts maintained in Tally.
- Use of Tally ERP by the finance department led to:
 - Data manipulation and inconsistency in uploaded data.
 - Lack of visibility on the integrity of the information uploaded
 - Lack of accountability on changes made to the data uploaded
- Lack of integration between the operations and finance departments led to:
 - Excessive procurement of raw material leading to cost overruns
 - Improper budget allocations
 - Lack of visibility on actual consumption of raw materials

Solution

The entire project was managed using an integrated cloud-based delivery platform to maintain consistency and to provide real-time updates to relevant key stakeholders.

The transition and transformation were handled in three phases:

Phase 1: Partner to evaluate and recommend the appropriate ERP solution.

Phase 2: Functional support and project management during ERP implementation.

Phase 3: Hyper care post-ERP implementation.

Phase I

- Conducted detailed business/process understanding study to prepare Business Requirement Document 'BRD' and Detailed Process flow diagram 'PFD.'
- Conducted Technical evaluation and feasibility study for the appropriate ERP solution for both industry-specific and off the shelf products.

- Designed a Business Process Mapping document with required ERP features.
- The team further provided the organization with a Return on Investment 'ROI' calculator (Nexdigm (SKP) proprietary tool) to help the organization gauge the return on the current investment made across the number of years.
- Recommended shortlisted ERP to the management.

Phase II

- A dedicated team member who was part of Phase 1 was involved as a functional consultant to ensure what was evaluated was implemented.
- The process involved efficient co-ordination with key stakeholders with for UAT, training, and sign off.

Phase III

- Training identified SPOCs within the processes to ensure each one is able to handle their area in the ERP
- Hyper care – based upon predefined success outcomes worked with individual teams across a period of six months to ensure that implemented ERP becomes a part of the organization transformation.

Result

- Most appropriate ERP with minimum customization could be identified and acquired by the company
- The implementation was project managed to adhere to pre-defined timelines with minimal or no delay in most of the processes
- The transition and transformation, due to this change, led the organization to work in an integrated manner with minimal disruption and duplication

Benefits

- The organization was able to manage its financial and manufacturing activities along with other business activities in an integrated manner within six months of transition
- Cash flows and investments did not impact working capital as there was clarity and visibility for management to plan and budget the investment
- Pilferages and production losses were reduced as per management expectation.
- Increased investment in Research and Development ensured that the organization maintains its competitive edge over its peers due to production gains

For more information on this case study, please write to us at:

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