Return on investment

Established in 1877, Spuhl AG is a machine-building company based in the east of Switzerland. In 1998, it began a major project to re-engineer its business processes and make it more profitable. To support the new business processes, Spuhl AG evaluated a new ERP and manufacturing software solution. Six years after the initial project Spuhl has now completed its migration to the latest version of iScala and is using the new visual manufacturing tools to support their lean and agile business vision. By deploying this integrated solution, Spuhl has far exceeded its original targets achieving a 30% productivity gain combined with the ability to deliver ordered goods to customers 50% faster while reducing manufacturing operating costs by 30%.

Spuhl AG is well known as the leading manufacturer of coiling machines for the mattress and upholstery industry with customers in more than 140 countries. Last year, the company generated almost 50 million euros in gross revenue and is part of the US based Leggett & Platt group. Following the acquisition by Leggett & Platt in 1997, the executive board decided to implement a new ERP and manufacturing solution to replace its aging bespoke system. The overall goal was to secure its market leadership by reducing production costs while maintaining the strong service reputation it has built with customers over many years. Another requirement was to become more agile, increasing manufacturing flexibility by integrating the disparate systems into a unified IT infrastructure.

Following an extensive measurement and business process mapping exercise, a budget of around 700, 000 euros was assigned to the project. The estimated return of investment of a modest 15% was expected after three

years. Spuhl AG then looked at 13 prospective ERP vendors and short listed four, namely Epicor Scala, SAP, Miracle and proALPHA, which were each asked to provide onsite demonstrations. Following an extensive period of evaluation, Spuhl AG with approval from Leggett & Platt chose Epicor iScala based on its core functionality, MS-SQL-database compatablity, multilingual support and strong contact to the Epicor Scala R&D. Paul Kramer, IT Manager for Spuhl AG explains, " iScala had very strong MRP-functionality such as chain-planning, product-configurator, time-calculation with offset-time and possibility for interfaces for future upgrades.

It also provided a common system for all departments including finance, sales, purchase, production and marketing." The internal IT department at Spuhl AG working alongside consultants from Epicor Scala started the implementation and system migration in March 1998 with the core systems going live in January 1999. There then began an ongoing process of phased optimisation and customisations to align software functionality with the new the business process. In the new system, an individual customer order is configured with a product-configurator that is then passed to an operator on a 3D CAD/CAM-application that sends data to the tooling-machines. The parts and bills of material information are generated from the PLM system with additional technical information, which is also replicated to the iScala ERP-system. This information is then supplemented with production and financial information.

Once a part is manufactured, finished operations are reported by barcode-pistol to the shop floor-system, which gives all real-time-information to the ERP. At the end of an order, an individual spare parts-catalogue is created

with exploded drawings and structured BoM. Paul Kramer added, " the biggest challenge for us was not technology but more that the new process has lead to a change in philosophy for our staff and it was important to keep them involved in the project from the very beginning. We now have a flexible working arrangement which has gone from fixed shifts to employees working from 28-48 hours a week with weekend production running unattended." The switch to iScala has had some major benefits to Spuhl AG manufacturing and stock processes which senior management have had to quantify to calculate return on investment value. The most substantial is a Manufacturing Operating costs reduction of 30%.

This has come about through a much more streamlined order taking, machining and assemble process using the power of iScala and a highly flexible workforce. Another major benefit is an Order to Delivery time improvement of 50% that has helped them maintain excellent relationships with customers. With an integrated system, the amount of paper flow between manufacturing stations and financial departments has massively reduced downtime and allows record keeping to be simplified. The company estimates a 30% productivity gain based on effective production hours on each machine divided by the attendance of the staff. Each worker is now producing as much as possible with least amount of attendance" We have significantly exceeded our 15% ROI goal by a considerable margin," explains Paul Kramer.

" And, we are now looking at new projects to electronically interact with our suppliers and customers to further generate savings and improve efficiency." About EpicorEpicor is a registered trademark of Epicor Software Corporation.

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