

Sage ERP X3 | Case Study

Automotive Importer Speeds Customer Service with Sage ERP X3 Distribution

Background

CRP Industries is an importer and high volume distributor of automotive and industrial products in Carteret, NJ. Their extensive product line spans markets covering automotive replacement parts, high speed motors and industrial hoses. The automotive replacement segment is a core business of CRP, servicing customers such as BMW of North America and Volkswagen of America.

Although 90 percent of CRP's business involves importing and distribution, the company also houses automotive and industrial hose shops where extensive kitting and value-added activities are conducted, as well as a motor repair shop. Finished goods are sourced from warehouses in Carteret, Fremont, CA and Puebla, Mexico.

Prior to 2002, the company had been using a homegrown software system for more than 20 years. "Our legacy application wasn't allowing us to keep inventory and service rates in balance, particularly as part numbers and sales volumes increased over the years," said Daniel Schildge, CRP Vice President. "We decided to replace it with a packaged solution."

The business drivers for change centered on the company's desire to:

- Improve inventory fill rates while reducing inventory levels
- Ship orders faster and with greater accuracy
- Reduce costs and streamline operations by automating more processes, particularly in their finished goods warehouses

System Evaluation

"We first conducted a bottom-up needs analysis and then reviewed which software packages best fit our needs," explained Schildge. "We immediately discovered that, for most offerings, there was a mismatch in what the standard ERP packages offered and what we really needed to improve efficiencies in our warehouses."

System deficiencies were especially apparent in warehouse activities requiring radio frequency-directed operations for palletized picks, shipping confirmation and labor tracking.

CRP considered using a best-of-breed approach and bolting a third-party WMS onto their new ERP system, but most of these specialized packages contained far too many bells and whistles than what was needed for their mid-sized operation.

"Our top priority was to manage inventory better," said Schildge. "But while we considered employing a best-of-breed approach, we felt that working with a single vendor would be more cost effective."

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- Dan Schildge
Vice President
CRP Industries Inc.

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Kitting was another key business activity that CRP needed to get a handle on. “Although our business is primarily distribution, we’re increasingly doing light manufacturing activities that produce finished goods according to customer-specific needs,” explained Schildge. “For example, we produce repair kits, taking several components and packaging them together prior to delivery. We also cut hoses to different lengths and add a variety of fittings. We can either make-to-order or to-stock.”

One enterprise software vendor had more to offer in both the WMS and assembly areas than the others – Sage. In addition to providing robust order fulfillment capabilities across sales, picking, shipping, invoicing and procurement, Sage ERP X3 had already built in comprehensive warehouse location management features and automated data collection capabilities into its core Sage ERP X3 Distribution system that supported key transactions such as physical counts and inventory receipts right out of the box. Sage ERP X3 also provided production capabilities that were readily scalable to the level of light assembly operations that CRP Industries required.

“Sage ERP X3 provided a solid entry point in the warehousing area, was reasonably priced, and we felt we could be fully operational in a quick timeframe,” explained Schildge. “Its broad functionality base and ability to be customized for our size of operations made it an attractive selection.”

The Implementation

A high priority in the project was to ensure that key RF-directed warehouse transactions and reporting were included in the final system. As part of the implementation, Sage added these capabilities to accommodate directed product putaways, pick planning and scheduling, palletized picking, shipment confirmation and labor tracking. Eventually, this new functionality would form the basis for Sage ERP X3’s Advanced Warehousing module.

“Having these capabilities was a competitive necessity for managing our inventory,” noted Schildge. “We also wanted to make sure they were part of Sage ERP X3’s standard warehousing offering, so the system would be continually enhanced and supported on into the future.”

Using Sage Cappuccino, a goal-directed project methodology designed for more sophisticated mid-

sized implementations, Sage staff members worked closely with CRP Industries in requirements analysis and system design. Other key phases in the methodology included data migration, the use of a conference room pilot to validate system operation, and a train-the-trainer education approach.

Following a successful conference room pilot and cut-over period, Sage ERP X3 was placed into production.

Results

“Order cycle times are much improved with orders going out the same day or next. We can now allocate inventory regardless of whether it’s against on-hand stock, backorders or receipts coming in from overseas,” said Schildge. “With improved visibility into real-time information comes the ability to manage exceptions better and adjust quickly to changing customer needs.”

Through the new labor tracking capabilities, visibility into labor costs for each warehouse has enabled CRP to determine its “true” profit for orders. “With our legacy system, we couldn’t easily assess the financial impact of the manpower it took to fulfill orders,” noted Schildge. “Knowing these costs has helped us identify cost improvement areas.”

Future planned actions include the ability for CRP Industries to extend their improved internal efficiencies and access to information out to their supply chain. “We feel communication throughout the supply chain is another important way to balance inventory and service,” observed Schildge. “Combining forecast information from our customers with our own forecasting and planning functions will help take our ability to manage inventory to the next level.”

Headquarters
Carteret, NJ

Industry
Manufacturer of automotive replacement parts, high speed motors and industrial hoses

Revenues
\$11 million

Employees
80

Sage ERP X3 Licenses
65