ERP SELECTION CASE STUDY

Miljoco Corporation
Warren, MI

Challenge:

Based in Southeastern Michigan, Miljoco Corporation is an international manufacturer of temperature and pressure instruments used in the refrigeration, food service, commercial heating, ventilating and air-conditioning (HVAC), and processing industries. Miljoco gauges and thermometers are installed by original equipment manufacturers and mechanical contractors on products such as refrigerated cases, boilers, compressors, burners, chillers and food-holding cabinets.

With 35 people in its headquarters and manufacturing facility in Detroit, and 55 more at a plant in Shanghai, China – and with more than 1,500 customers around the world – Miljoco's management knew it needed an Enterprise Resource Management (ERP) system to manage the increasing complexity and still remain competitive in a market that stretched across the globe. But they could not afford a misstep; the speed of business would overwhelm their small staff if an ERP implementation went awry.

Approach:

Long before they even starting thinking about ERP vendors, Miljoco's management polled their leadership team to determine if they had in-house experience to manage an ERP implementation. Fortunately, the company's head of marketing & sales had ERP implementation experience and was able to take the tactical lead for the project.

Miljoco then convened a team composed of senior management and representatives from every department that would be directly impacted by an ERP system: sales, manufacturing, engineering, production & logistics, finance. Over multiple meetings, the team created a list of features they wanted in an ERP system. The features were divided into "Must haves" and "Nice to haves." To qualify for the "must have" list, features either:

- Provided measurable cost savings, or

- Would enable the company to keep growing and still serve customers at a competitive level of support.

The team then boiled down their work into a four-page brief on how Miljoco was currently doing business, a list of internal processes and system that needed fixing before any ERP application was implemented, and a prioritized list of needed ERP capabilities.

Miljoco then took the package to their CPA and business advisor, a firm that has an in-house IT assistance unit. Their unit researched available ERP systems for companies the size and scope of Miljoco, and provided a list of four finalists that could match needs and prices.

To assess the candidate ERP packages, Miljoco selected four staffers that would be key users of the new system.   Every prospective vendor demonstrated their product and answered questions from the team. Once the vendor demos were complete, the team met to make its choice. The recommendation to management was unanimous: the Infor ERP VISUAL Manufacturing Software system.

Implementation:

After the decision, that same team of four future users built the datasets that would drive the new ERP system. The datasets were complex and extensive: 25,000 stock-keeping units (SKUs) the company sells, 15,000 SKUs they make, 5,000 components from more than 300 vendors, and, of course, detailed records from 1,500 customers. The only data that was readily available from the legacy system included some details about customer records. Most of the new data was built from scratch and often from paper records.

At the same time, the team was documenting all of the company processes – and fixing the less efficient ones – so they could be translated into business rules for the VISUAL application. An implementation specialist from Infor partner BizTech supported the data and process tasks to ensure they would fit seamlessly into the ERP system.

When the team neared their launch date, they set up a pilot database and began processing dummy transactions to test every component of the system. The pilot ran so well that the company decided on a "big-bang" cutover, and shut down the old systems. Commenting on the decision, Miljoco president Howard Trerice said, "If you're not confident enough to not run two systems parallel, you're not ready and you shouldn't launch."

At the end of the first month, the results validated their decision: while they had to chase down a few errors, everything tied together in the month-end reports. "The exceptions were small and routine, and have not repeated since fixing them," Trerice added.

While Miljoco planned to run the system for six months without considering changes, they have already added a shipping interface with UPS that eliminates the potential for expensive shipping errors.

The next big goal is to realize full cost savings on the promise of reduced inventory through better materials sourcing and management. "Our original projections indicated that we could pay for the entire ERP implementation in reduced inventory alone," Trerice said. "It will take months to rationalize our existing inventory, but early results are promising."

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