

SYSPRO Case Study

Construction Specialties

Architectural Products Manufacturer



AT A GLANCE

INDUSTRY

Manufacturing - Commercial Architectural Products

PRODUCT

SYSPRO ERP - Manufacturing, Financial and Distribution modules plus Report Writer

CHALLENGE

Effectively manage complex, custom, project-based manufacturing process and achieve optimum efficiency in the deadline-driven construction industry.

SOLUTION

SYSPRO provides an all-encompassing ERP solution with enough flexibility to handle the many specific requirements in the construction industry whilst managing the company's expected future growth.

RESULTS

- ▶ Flexibility of solution enables the company to work the way the business requires, whilst still maintaining internal controls.
- ▶ Helps manage deadline-driven business with more efficiency, with WIP module providing a key differentiator.
- ▶ Improved inventory costing and accurate allowances for freight, duty and excises.
- ▶ Module nature and constant updating of SYSPRO has meant as a new requirement emerges, SYSPRO is able to meet it with existing functionality.
- ▶ Automatic creation of BOM helps better manage and reduce lead times.
- ▶ Flexibility in handling complex invoicing ensures best possible profit margins.
- ▶ Flexibility in raising invoices before beginning work ensures optimal cash flow - essential in the construction industry where a deposit before beginning work is required, as well as the ability to invoice progress payments.
- ▶ Provision of more valuable, effective reporting and improved internal business procedures.

"With SYSPRO, you can 'bend the rules' of the Work In Progress (WIP) and Sales Orders modules to meet your business requirements. For example, even if an item is not in stock, you can still set up a job to allow progress deliveries.

The software is very flexible and enables us to work the way our business requires - whilst maintaining good internal controls." Peter Watters, General Manager - Construction Specialties Australia

Construction Specialties Australia Beats Deadlines with SYSPRO

About Construction Specialties

Construction Specialties Australia is an international manufacturer of specialist commercial architectural products, with 22 offices worldwide. Like other suppliers to the building and construction industry, delivering customised projects to strict deadlines is critical to success. SYSPRO has helped Construction Specialties achieve a competitive edge and manage expansion in the local market.

The Australian business commenced in 1983, using several small accounting packages before selecting SYSPRO ERP (then known as Impact Award) in 1994.

The local business was built on supplying specialist interior wall protection products. The company manufactures and supplies "Acrovyn®" - designed to protect interior surfaces, particularly in hospitals where surfaces can be damaged by trolley and wheeled-beds, as well as in hotels and office interiors.

Every Project Treated as Customised One-Off Job

The business is project-based, with each job individually specified. A typical project can involve 40 or 50 separate components used to manufacture wall protection coverings and make crash rails and bumper guards.

Each component is selected from a range of 60 possible colours and up to five different shapes. Installation can require two or three progressive deliveries to complete - with project value ranging from several hundred to several hundred thousand (Australian) dollars.

SYSPRO's Functionality Helps Manage Deadline-Driven Business

With thousands of potential inventory items, only neutral colours are kept in stock - which means many orders require additional stock. With minimal available inventory and a deadline-driven project requiring multiple items, SYSPRO's 'Quotations & Estimating' (Q&E) and 'Landed Cost Tracking' (LCT) modules are particularly important.

“SYSPRO is constantly being updated and has grown with us. As we’ve had new requirements, we’ve often found that SYSPRO has the feature already available. As the nature of the company changes, we’ve been able to implement different parts of SYSPRO.”

Peter Watters, General Manager for Construction Specialities said, “On receiving an order, the Quotations module is used to automatically create a bill of materials showing what inventory exists and what must be ordered. This instantly flows through to create a purchase order for components we don’t have.” SYSPRO’s LCT module ascertains when an ordered product will arrive, which is vital when managing long lead times.

Watters continued, “The system is great, because you can manage a multitude of orders - each comprising many colours and shapes. For example, the USA may be able to only partly fulfil an order and will ship it out in several deliveries. SYSPRO LCT can combine different purchase orders into one shipment - and if there is one date change, it is automatically altered with every order adjusted simultaneously.”

Many components and assemblies must be imported so lead time is extremely important. A key differentiator between competitors in the building industry is the ability to meet deadlines. Suppliers and contractors must meet delivery dates or face massive liquidation damages. SYSPRO provides the ability to keep a close watch on a project’s progress to ensure deadlines are met. As well, the flexibility in handling complex invoicing has been important to ensure optimum profit margins are achieved.

SYSPRO Bends to Address Individual Business Requirements

SYSPRO accurately itemises each stage - from purchasing; to inventory stocking; to cutting and assembling the job - which is finally delivered in kit form. SYSPRO’s ‘Work in Progress’ (WIP) module allows labour transactions to be captured against each stage which incorporates cutting and assembling a multitude of metal and plastic components.

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The company is able to raise an invoice even before beginning actual work - a particularly important feature in the construction industry where a deposit is required to start, along with the ability to invoice progress payments.

Construction Specialities originally commenced as a licensee in Australia in 1980 and was acquired by the US-based Construction Specialities group in 2000. SYSPRO has proved useful in meeting requirements set by corporate headquarters.

Watters notes, “In October 2000, we had to change our accounting year to match the US financial year (30th April). Although this required changing the entire general ledger, the transition was smooth, since SYSPRO has built-in

features to handle such a change. Following this adjustment, the company was required to change its system again - to a calendar year. Again this massive change went smoothly thanks to SYSPRO.”

Construction Specialities moved from Standard costing to FIFO (First In, First Out) costing in 2005, allowing for more accurate inventory costing. SYSPRO can allow for freight, duty and excises, and Watters said “The auditors have been much happier with this system.”

SYSPRO’s custom forms have also been useful in meeting head office demands. For example, among the regular reports needed, the US parent requires a ‘delivery performance’ report showing the percentage of shipments delivered on time. SYSPRO’s Report Writer enables comparison of data from the WIP module with the invoiced date from the Sales Order module to create a report showing discrepancies between actual and promised delivery date - as well as reasons for discrepancies. The use of SYSPRO has also contributed to improve the company’s internal business procedures because of the need to meet in-built rules and processes.

Other Companies in Group Keen to Implement SYSPRO

SYSPRO’s flexible solutions have prompted other local Construction Specialities companies to consider it to address their own needs.

The Singapore operation chose SYSPRO after comparing it to BPCS (used in the USA). A future plan being considered for Construction Specialities in Asia is to allow sales representatives in Hong Kong and Thailand to make inventory enquiries via web browsers to view stock manufactured in Malaysia. This would mean considerable time and cost savings because sales representatives could quickly obtain required information for themselves - e.g. even while on a building site using a PDA, rather than having to phone, fax or email the Singapore office to request someone look the information up for them.

Success Leads to New Projects

Watters envisages possible use of the ‘Engineering Change Control’ module, as the company further expands into a new market supplying products for commercial exteriors. “SYSPRO is constantly being updated and has grown with us. As we’ve had new requirements, we’ve often found that feature already available. As the nature of the company changes, we’re able to implement different parts of SYSPRO,” he said.

From starting the business with just three staff over 25 years ago, Construction Specialities Australia has grown steadily and is now regarded as a leading supplier in commercial building projects. With its growth, the use of SYSPRO has expanded, and this promises to continue well into the future.