



## **CASE STUDY 3**

### **Privately Held Defense Contractor**

#### **SITUATION**

The parent company is a sub-contractor to the prime defense contractors. In the last 5 years they had purchased 3 smaller sub-contractors in different locations in California. The parent company was using a 25 year old ERP system that was no longer supported and had not been upgraded in more than 10 years. Hewlett Packard had recently dropped support for the hardware platform that supported the system. However, the technical problems were minor compared to the business problems. The company's raw material inventory was growing due to inadequate inventory control and procurement procedures. The manufacturing process was in disarray as the system could not accurately produce a manufacturing plan or material requirements.

The subsidiary companies were each on a different system. For 2 of the companies this was not a big problem as their systems were functional. The primary disadvantage was for accounting as they had to be trained on all the systems the company used and process financial transactions and reports on each systems. One of the subsidiaries had been a division of a larger corporation utilizing a enterprise ERP system. When they were sold, the company was taken off the enterprise ERP system and was using manual processes and Excel. This resulted in extensive problems for both the subsidiary and the parent company.

The new CFO, who was responsible for IT, felt they needed to evaluate new MRP/ERP systems. He did not know exactly what systems to evaluate and how to go about the detail evaluation. In addition his finance duties took most of his time so he needed someone to organize the evaluation and define the requirements.

#### **SOLUTION**

LJR Consulting Services (LJRCS) was hired to create a detailed Requirements document, identify potential ERP candidates and manage the ERP evaluation.

The LJRCS team met with all departments and subsidiaries to define the requirements, reviewed with management and created the detail requirements document. The team also researched and selected 5 ERP candidates based on the business requirements.

The LJRCS team coordinated with each of the ERP candidates to review and script the demonstrations for the client to ensure that each vendor addressed the requirements that were the most important to the client. The LJRCS team researched all issues that resulted from the ERP demonstrations and worked with the client's evaluation team to evaluate



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and rate each system. After a selection was made the LJRC team helped negotiate the contract and created the training and implementation plans.

#### **BENEFITS**

By implementing a new ERP system the company has the platform to standardize the parent company and subsidiary companies on a single platform. It also provides the platform for the company to revise the old processes, improve the inventory and procurement process and reduce the production backlog.

By making the changes, the company can reduce inventory, deliver product more rapidly thus increasing revenue and take on additional product lines.