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Paul Deuman, Business Analyst, Maestro Engineering

AT A GLANCE

Company

- Name : Maestro Engineering
- Location : Gurgaon, India
- Industry : Manufacturing
- Products & Services : Manufacturers and exporters of high-end fashion garments
- Revenue : Rs 20 Crores
- Employees : 500+
- Implementation Partner : Caritor

Challenges & Opportunities

- Production planning was based on guesstimates rather than accurate and timely data
- Difficulties in keeping track of CMT (Cuts, Make, Trims) that was being supplied by customers
- Reducing human intervention and errors in MRP (Material Resource Planning)

Objectives

- Single integrated and comprehensive solution across organization enabling faster and accurate decision making
- Optimize inventory and reduce dead stock

SAP® Solutions & Services

- SAP® ERP Modules included Sales & Distribution, Variant Configuration (VC), Materials Management, Production Planning, Finance and Costing

Implementation Highlights

- 11 users leverage SAP
- VC (Variant configuration) increased production efficiency and thus enabled faster time to market

Why SAP

- Comprehensive solution having all the necessary business modules
- Platform independence enabling building the solution on existing systems
- SME expertise and strong focus on R&D

Benefits

- Increase in production window from 60 days to 75-80 days
- Streamlined sales and marketing operations
- Reduction in dead stock from 7-10% to almost zero
- Process automation

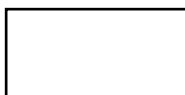
MAESTRO ENGINEERING

With 70-80% ROI in the first year itself, this is one of the best decisions Maestro has taken. And, winning an award from SAP in the Business ROI was like icing on the cake.

To operate successfully in an industry characterized by rapidly changing market trends, agility and tight operations control are a must for success. Nowhere is this more relevant than in the global fashion industry- characterized by fads and changing customer preferences, manufacturers need to literally be on their toes in fulfilling changing demands, while keeping a tight control on inventory. And to help do this, Maestro Engineering, an emerging exporter of fashion garments, decided to implement an ERP system. They had no hesitation in opting for SAP® ERP, as it was a proven product and catered to all their needs totally.

Maestro Engineering Pvt Ltd has operated in the small and medium business category for over a decade. With revenue of Rs 45 crores, the company manufactures and exports high-fashion garments to Europe, United States of America and Japan.

It has just one customer- the UK-based Maharishi Hardy Blechman Ltd that sells garments by the brand name of Maharishi to high-end boutiques, stores such as Selfridges and other retail outlets. They have celebrity customers such as Elton John, Madonna and David Beckham to name a few.



Challenges: Single integrated solution

Maestro had rudimentary applications for production planning, forecasting and merchandising to start with. In fact, they used spreadsheets for inventory management. Given the number of styles they catered to, and the many changes in end user preferences, the company had a hard time getting real time, accurate information for planning and decision making. It took almost five days to prepare a shopping list, and as it had to be done manually, it was often error prone.

“More time was spent on collating information and planning rather than the actual production” says Paul Deuman, Business Analyst.

Streamlined Materials Management and Production Planning

To understand the criticality of systems, one needs to understand Maestro’s business. The garment business is characterized by Cuts, Make and Trims (CMT) - it’s a process wherein the customer supplies certain components of materials such as cuts (cuts of fabric to be stitched along with the garment) and trims such as buttons, hooks, zips etc. With lack of appropriate systems, Maestro was finding it difficult to keep track of CMTs that were being supplied to them.

In the fashion garments business, details such as style, color and size have to be tracked continuously. With the existing system, the Bill of Materials (BOM) could not be drilled down to the level of the material required for manufacturing a certain quantity. This led to higher inventory levels.

Also, with lack of the right systems and hence information, production planning was mostly based on guesstimates. This often led to dead stock.

Deciding on SAP

Maestro followed a bottom’s up-approach while evaluating and selecting the right ERP vendor. They conducted a thorough in-house study of various processes and carefully identified and documented the pain points. Once this was done, they started evaluating solutions that best fitted their needs.

During six months of evaluation, Maestro evaluated vendors including Ramco, SSA Global, Paridhan, WFX (World Fashion Exchange), GEAC, Stylman and ProLogic. Eventually they decided on SAP for multiple reasons- SAP’s solution SAP ERP was ideal for an SME like Maestro. It was comprehensive, with modules for sales and distribution, order processing, manufacturing, material management and production planning etc, which suited their needs. “Another important criterion for selecting SAP is that it allowed them to leverage exiting systems, where required” adds Paul.

Paving the way for a smooth implementation

Maestro selected its internal team with care- members were drawn from the steering committee, power users and end users. This played a crucial role in making the implementation a quick one as decisions were taken quickly. Training was given to the team in parallel with implementation process.

Caritor was selected as the implementation partner. Their job was made easy with the level of preparation of Maestro. Maestro had conducted extensive study of internal processes and documented the pain points. With a knowledgeable and motivated internal team and dedicated consultants from Caritor, the implementation was completed successfully within five months. Maestro took the big-bang route and decided on four months of implementation, and one month of handholding and used Accelerated SAP (ASAP) to speed up the process. They chose six key modules- Sales & Distribution, Variant Configuration (VC), Materials Management, Production Planning, Finance & Costing and went live with SAP ERP on May 21, 2005.

Benefits:

Increase in production window

Maestro has experienced significant benefits after the implementation and has improved their bottom line. The most important benefit is an increase in production window and reduction in production wastage.

Prior to the implementation, the production window was two months long. With SAP in place, the production window increased by 15 to 20 days. That was a huge improvement.

Reduction in dead stock

Production planning was initially based on guesstimates and not on actual details. Maestro built buffers into its procurement since it was not confident of its estimates. This resulted in 7-10% of the production being dead stock, which was worth Rs. 60-80 lakh per fashion cycle. Post implementation, these savings have gone straight to the bottom line justifying the investment.

Improvement in Apparel Variant Management

Third, Maestro deals with 1500 individual styles, and managing BOM for individual styles and shades was very challenging. However with the Variant Configuration (VC) module, Maestro now does not need to create a separate BOM for each variant of a product. Maestro can now use one configurable material to cover all variants. They now create a super BOM and super routing for this material. This comprises all components and operations for producing all variants of the product. In sum, Maestro has successfully improved its bottom line, streamlined sales and manufacturing processes and reduced labor costs considerably.

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