



Susira Industries: Birth Of An IT-Savvy Manufacturer



>> BUSINESS Benefits

- Login from anywhere, anytime and access near real-time operational data
- Respond to customer and supplier queries before close of the business day
- Ensure integrity in all data and information transfers
- Avoid duplication of work and operational delays
- Easily monitor inventory, production flow, quality, accounts, etc
- Experience the advantages of better design and new product development.

You've managed your business all long with predominantly manual operations. The few standalone personal computers distributed across your organisation seem to meet your accounting and communication needs quite well. Why then should you go in for an enterprise-wide integrated IT implementation? On the other hand, why shouldn't you? Have you been misled to believe that such business applications are only for large companies? Are you unsure of the benefits? Or are you scared of the investment? You are not alone. Most small and medium businesses go through these phases of need recognition, familiarisation and deliberation before they ultimately make the big IT decision. Read on to trace the phases of IT adoption in an SMB...

SMBs today are beginning to realise the magic that IT can work. They have started investing in and reaping the benefits of an enterprise-wide IT implementation. None of them were born with a complete IT infrastructure nor did they become IT-savvy overnight.

Organisations evolve, they're not born IT-savvy. What about those businesses that started even before terms like 'Enterprise Resource Planning' and 'Business Automation' were conceived? Or those which started off with a small loan from a bank; without enough for even air-

conditioning, do you think IT would have been a priority investment at that stage? Most SMBs start off without computers, but they don't necessarily remain that way. Over stages, these organisations gradually move on to adopt a completely integrated IT framework, weaving together the whole

business into one seamless unit.

The misconception that information systems are only for large companies is slowly beginning to fade. If only at a slow pace, SMBs are definitely moving towards computerisation.

Let us trace the phases in the adoption of IT by SMBs, by studying the case of Susira Industries, Chennai—an example that can inspire.

Not three decades: thirty fruitful years

Susira Industries, Ambattur, Chennai, was established in the year 1976 and since then it has transformed itself from a job shop to a complete component manufacturer and further to its current position as a world-class manufacturer of engine valve push rods and valve seat inserts. If the engine is the heart of an automobile, push rods and valve seats can be likened to the veins and arteries; they are that vital. A SMB with a Rs 100-million turnover, Susira caters to the requirements of notable national and international manufacturers in the commercial vehicles and other diesel powered engines industry. Over 10 million zero-defect supplies over 19 consecutive years makes them the most preferred supplier of OEMs all over the world.

Susira was the first SSI unit in India to be awarded ISO 9002, QS 9000, ISO 14001 and TS16949 certifications. They were also the first SSI unit in India to win ACMA SSI Quality Award three times (in years 93-94, 97-98 and 99-2000). They've also been awarded the Best Cost Reduction Initiative Award from TATA CUMMINS in year 2000 and Best Vendor Award from Elgi Equipments for the year 2003-04. This year, they received the MMA Management Excellence Award 2005 in the SMB category and the ACMA Award for Excellence in Export Performance 2005. This is just a small selection from their vast repertoire of achievements.

Let's see how the IT infrastructure grew with this organisation and contributed towards its success.

Stage one—trust the human hand
Susira Industries started off as a machine shop, with completely manual operations. Even after they moved on from job shop to manufacturing of specific products, they continued without computerisation for close to a decade. That was the age when computers hardly featured in manufacturing operations, especially in small and medium enterprises.

Stage two—computers here and there

After a decade of complete manual operations, Susira moved on to distributed computer usage here and there in the organisation. First, they started off by computerising accounts, using Tally.

Picking up confidence, they put computers to use on the work floor, for monitoring production, rejections, etc. From completely human operated machinery, they moved on to Computerised Numerically Controlled (CNC) machinery which facilitated a high degree of automation and increased productivity.

Stage three—more computers and increased Web presence

With increase in demand for quality and the need to meticulously maintain records for quality assurance and meeting certification requirements, more standalone computers came into the picture and the staff became

accustomed to the use of the Microsoft Office Suite for data entry and maintenance. Computerisation spread to the despatch department too and billing, despatch notes, etc were maintained on standalone PCs.

The benefits of the Internet were quickly absorbed and soon Susira was able to connect to the networks of buyers/customers to study their production schedules and meet their Just-In-Time requirements. Gradually, they started using email for all communications and the company also made its debut on the Web (<http://www.susira.com>).

Computers and the Internet were increasingly used for research, thereby facilitating innovation, new product design and development, improvement of existing product design and validation of new processes.

Pluses and minuses

Computerisation resulted in better maintenance of records, quicker retrieval of information/data, increased speed of operation and improvements in quality and design.

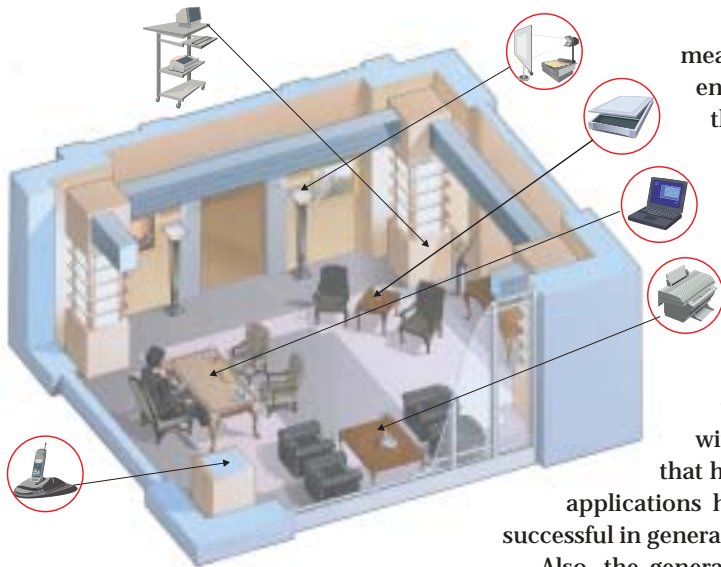
With increased IT presence, all office staff and shop floor supervisors became computer literate and familiar with the usage of wordprocessors, spreadsheet applications, DBMS, email, Internet and other software. Such familiarisation with computers made later implementation of extensive business applications easier as staff

People first

All SMBs going in for an enterprise-wide business application deployment should remember that IT is only an enabler and would be ineffective when devoid of human relationship building aspects. All of Susira's processes are therefore conditioned by the 3Ps—People, Processes and Products, of which the greatest focus is on people.

Susira's people-first approach, from its inception in 1976, has made it exemplary of Total Employee Involvement (TEI). It has made extraordinary people out of ordinary people through a systematic process of education, training and development. Today they are a group of achievers. Through the continuous communication model, the company has earned the total trust and confidence of its people. The result—not a single man-hour of production loss!

Without employees' support, no IT implementation can be a complete success. Unless the employees are open to training and ready to put their heart and soul into the venture, change management would be a prolonged and painful process. With their support, it would be a breeze!



meant only for larger enterprises and also that it is complex, time-consuming and not generally successful. There is also a lack of trust and faith in implementation partners because the experience with software houses that have built localised applications has not been very successful in general.

were open to computerisation.

But the management noticed that while computers were used extensively in areas like production, accounting, despatch, R&D and communications, several critical processes like payroll, inventory and management of subcontract work were yet to be computerised. There were also several problems, such as data redundancy, duplication of work and unnecessary delays arising from lack of integration of computer systems.

Customer demands were also increasing in terms of Just-In-Time delivery requirements, immediate responses to queries and the need to maintain an integrated supply chain from end-to-end.

Though the need for implementing an integrated enterprise-wide business application was felt and the management was sure it would prove highly beneficial in terms of improved productivity, data integrity, process efficiency and customer relations, high entry cost proved to be a major barrier.

What worries SMBs?

Srikant Rao, President and CEO, Affordable Business Solutions, Bangalore, puts the problem in perspective by explaining why SMBs are hesitant to move towards an enterprise-wide integrated IT infrastructure. First, there is a general feeling that enterprise-wide, integrated IT is expensive and

Also, the general lack of business process experience among the IT implementation team members sometimes creates lack of faith and lots of communication issues between the SMB and the IT team.

Stage four—one seamless integrated IT infrastructure

Being of a proactive temperament, Susira Industries recently decided to take the big IT step. They were well aware that the benefits would cover the costs. Their main requirement was a centralised business application covering the areas of sales and marketing, purchase, production, quality assurance, maintenance, finance and accounting, inventory management, HRD and product engineering, a system which can be

accessed over the Web by their users across the country, providing access to near real-time information on all operations, anytime, anywhere.

They invited proposals from various vendors, looking for a packaged ERP system that could be customised to their specific needs. After analysing the many proposals, Susira chose Bangalore-based Affordable Business Solutions (ABS), which offered a subscription-based pricing model to overcome the problem of high initial outlay, which is the greatest barrier discouraging extensive IT adoption by SMBs.

Once Susira signed up their services, ABS went on with business processes discovery, development of IT blueprint, application mapping, change management, training, testing, data migration and final implementation. The time frame was fixed at four months and the schedule was adhered to, especially because of the good rapport between the management and IT team.

The subscription-based pricing model

Considering that the issue with slow adoption of IT by SMBs is not really cost, but rather the risk factor in making an up-front payment, for hardware/software/implementation, etc, to a disparate group of organisations that have no real stake in the successful implementation of the solution, ABS (www.abs.in) has adopted an approach



SEETHARAMAIAH
Promoter and CEO,
Susira Industries,
Chennai

“ Whether it is a supplier asking about requirements and delivery plans or buyers enquiring about a product or delivery schedules, they all want instantaneous responses. If there is a small delay in replying, customers are liable to get irritated, worse still, they may assume that there is some problem. So, we cannot afford to delay information sharing. Susira makes sure that all queries, from customers and suppliers alike, are answered within a few hours, 24 hrs being an upper limit. And such speedy analysis and responses would never have been possible without information systems, EDI and the Internet. Moreover, IT not only reduces the gap in information time, it also helps in understanding the system, imbuing discipline and integrity in all information transfers. ”

that can overcome this.

According to Srikant Rao of ABS, “Our approach is to combine business process analysis with business analytics design and the complete IT stack—hardware, software, networking, business applications, implementation and, most importantly, change management (including education, operational support, etc). We take on a commitment that extends way beyond just delivering the application—we are committed to the success of the adoption of the new way of working. We essentially take the Total Cost of Operations (TCO) over a three-year period and divide it by 36. This becomes the monthly subscription fee that our customer pays us. In effect, we become profitable only if the subscription continues for over 24 months and beyond. If the customer does not see tangible returns and stops the subscription, we lose money—in this manner, to use an Americanism—“our skin-in-the-game” ensures our continued commitment to the success of the project and also an upkeep of the service levels needed for operations.”

Based on this subscription-based pricing model, Susira’s initial investment included a LAN, an Internet Gateway Server with appropriate firewalls and anti-virus protection software, and a broadband connection. The main server along with appropriate layered software, business application tools, etc is all included in the subscription.

To explain it in simple terms this means that ABS will maintain all data and business applications in their centralised server. They will hire, run, customise and maintain the required business application tools on behalf of Susira. Susira will pay ABS a fixed quarterly subscription depending on the number of business users accessing the system.

Time to benefit

The benefits of implementing such an enterprise-wide information system include increased efficiency and

Figures to reckon

- About 20 per cent of Indian SMBs are still working on completely manual systems
- About 60 per cent of Indian SMBs work with some accounting package (like Tally) for their accounting and Microsoft EXCEL for their costing, etc. They also use email for corresponding internally and externally
- About 30 per cent of Indian SMBs have experimented with in-house, homegrown business applications
- About 10 per cent of Indian SMBs have embarked on implementation of packaged applications

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SRIKANT RAO
President and CEO,
Affordable Business Solution,
Bangalore

We maintain all data and business applications in Susira’s centralised server. We hire, run, customise and maintain the required business application tools on behalf of Susira. Susira users can then login and access the system securely over an Enterprise Portal leveraging the Internet. They pay us a fixed quarterly subscription depending on the number of business users accessing the system.”

accuracy, faster response to customers, better information flow, lack of redundancy, better monitoring of inventory, production flow, quality, accounts etc, better design and new product development, integration with the customer/buyer’s inventory, faster bidding and proposal generation and obviously less paper work.

The trend’s picking up

At some stage in life, most SMBs have to think about the deployment of integrated information systems because today it is becoming more a necessity than a choice. As institutional buyers and OEMs look at executing end-to-end processes and inventories in a seamless supply chain, suppliers in the SMB category also have to oblige with suitable information systems. Whatever the motive for implementation, it’s obvious that your business is going to benefit tremendously from it.

More and more SMBs are recognising the advantages and investing in enterprise-wide, integrated information systems and business applications. But the adoption of such a system does not happen overnight. Every small or medium enterprise goes through several phases of

need recognition, decision-making, familiarisation and haphazard IT usage before it goes in for a comprehensive, all-pervasive IT framework.

Even after such a system is in place, organisations have to keep sprucing it up to meet the changing environments. Every organisation is a dynamic entity, operating in an even more dynamic marketplace. As organisational processes change, the IT implementation will also need sprucing up.

The Susira Industries case study clearly shows that enterprise-wide IT infrastructures are not out of the reach of SMBs. With a proactive management and enthusiastic workforce, it is easy to overcome the cost barrier and implement enterprise-wide business applications. IT service providers have now started recognising the business needs of SMBs and are coming up with innovative cost-effective options, such as the subscription-based pricing model to facilitate the use of IT to leverage organisational potential.

Gear up to try out the magic that IT can work. ■

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