

CUSTOMER SUCCESS



Ermak: Foundry Frees Up Warehouse Space With Sage MAS 200

“Where did all of our inventory go?” Jeff Erickson, owner of Ermak, Inc., called his wife into the warehouse. As controller of the aluminum foundry, Sue had been responsible for implementing Sage MAS 200 ERP software as the company’s business system. “Jeff knew that I’d been able to streamline operations with Sage MAS 200,” she says. “But it wasn’t until he saw all the empty space where inventory used to be—one third of the warehouse, in fact—that the enormity of the improvement hit him. We stared at it together, realizing with excitement what we could do with all that extra real estate.”

The Ericksons had been considering a \$500,000 quote to add space for Machine Products, a sister-company machine shop that relies on Ermak for much of its business. Moving Machine Products to the cleared-out area in the warehouse would save not only the capital improvement costs, but also \$84,000 a year in rent. “Guess what we decided to do?” she says.

Ermak is a family-run foundry in its second generation. Its products include railroad crossing arms, brackets for supporting traffic lights, hardware for municipal water mains, and big metal animals for playgrounds. Ermak’s craftsmen make molds out of sand, cast aluminum products to manufacturer’s specifications, and then machine the finished goods. Some projects are single prototypes, and others involve hundred-item runs.

Sage MAS 200 Transforms Office

Sage MAS 200 had already done wonders for Ermak in the two years since implementation. “We looked at programs that cost less than Sage MAS 200,” Sue says. “But none addressed all of our needs. We went with Sage MAS 200 for its total system integration, full-featured manufacturing capabilities, frequent upgrades, and the excellent support of our reseller. But at the time, we had no idea what a terrific decision Sage MAS 200 would prove to be.”

Sue took a personal interest in the new system and went through in-depth training. Then she converted thousands of part numbers and established routing procedures to avoid re-entering data. “Once I understood Sage MAS 200, I was immediately able to cut office staff by a third. Accounts payable tasks that used to take three hours could be done in five minutes. The money we’d been spending on accountant’s fees dropped by more than half.”

Customer:

Ermak, Inc.

Industry:

Aluminum foundry and machine shop

Location:

Chaska, Minnesota

Number of Locations: One

Number of Employees: 46

System:

Sage MAS 200

- Accounts Payable
- Accounts Receivable
- Bank Reconciliation
- Bill of Materials
- Custom Office
- General Ledger
- Inventory Management
- Material Requirements Planning (MRP)
- Payroll
- Purchase Order
- Sales Order
- Work Order

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CHALLENGE

Streamline inventory management and reduce warehouse space requirements. Reduce excessive management and staffing costs that eat into profits.

SOLUTION

Sage MAS 200 with full suite of manufacturing modules, including Material Requirements Planning and Work Order.

RESULTS

Inventory cut by one third; \$500,000 savings in capital investment and \$84,000 in rent; management costs down \$60,000; office staff trimmed by a third; accounting costs cut 50 percent.

Smarter Manufacturing

Improvements were even more dramatic once Sue figured out the Work Order, and Material Requirements Planning (MRP) modules. "Before, we'd been storing part overruns in the warehouse," Sue says. "Our manual tracking system was phenomenally cumbersome, making it almost impossible to find and use overruns when new orders came in. Now all of our operations are integrated, and we know exactly what we have in stock. When a sales order arrives, one module of Sage MAS 200 talks to another, and we actually use the parts in storage rather than making all new ones."

Sue also used Sage MAS 200 to calculate minimum inventory levels for frequently ordered parts. "I went to our regular customers and asked them to support our new inventory levels. They agreed to let us know when they expected new designs, or other changes that would impact our production, so we could move to Just-in-Time operations. This let us even out our manufacturing runs, provide more consistent service, and be better prepared when custom orders come in. At the same time, about \$100,000 in holding costs vanished—which went straight to the bottom line."

Bringing the sister company under the same roof, and running it with Sage MAS 200, made it possible to centralize management and administration, for savings of about \$80,000.

"Thanks to Sage MAS 200, we're mastering our game," Sue says. "Managing our overhead has allowed us to stay competitive and maintain our margins. Best of all, we don't have to work so hard. I tell people to get Sage MAS 200 and then open their eyes to what it can do for them."

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