MANUFACTURING

Katzscan turns a $100,000 problem into a $10,000 solution using BACKTRACK

Solution Overview

Industry
Manufacturing & distribution

Application
Inventory control

Teklynx Software Products
BACKTRACK®

Hardware
Personal computers

Software
Microsoft Excel and Access

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A leading manufacturer and distributor with operations in multiple states was experiencing a fundamental breakdown of its custom accounting software. The system was no longer able to keep an accurate count of inventory as it was received, moved and shipped.

The situation was complicated by the fact that the custom system was slated to be replaced by a new ERP (Enterprise Resource Planning) system from one of the top ERP providers. However, the new system would not be up and running for another year. Fixing the current system was estimated to cost $100,000. The company needed an interim fix that was inexpensive, quick and easy to implement, and effective.

Norman Katz, President of Katzscan, Inc., recommended BACKTRACK® from TEKLYNX®. Using BACKTRACK, the company was able to implement an inventory tracking system that was installed within days, was easy to use, and cost only $10,000. In addition, since BACKTRACK reconciled the company's inventory, the transition to the new ERP system went smoothly.

A manufacturer and distributor with multiple warehouses relied on an aging custom-designed accounting system that handled order processing, purchase order processing and accounting. The system, which was due to be replaced in about a year, had begun to fail. The inventory control function no longer accurately counted inventory as it was received, moved between warehouses, and shipped to customers. This had tremendous implications, not only on inventory control, but also for financial accounting. The problem was so great that distribution center management conducted manual inventory counts at each warehouse every week to keep things from getting too far out of hand.

Fortunately, Norman Katz, President of Katzscan, Inc., a business and technology advisor to the company, happened to be with the VP of Operations just before he was due at a meeting to discuss the problem. On the spur of the moment, the VP invited Katz to join him in the meeting. Attended by the Controller, IT management, engineering and distribution, the group sought a way to restore inventory management capabilities using the old system in order to bridge the gap to the new ERP installation.

The group had already taken the first logical step -- go back to the original application developer to get a quote on repairing the application. The developer had moved out of state and came back with an estimate of $100,000 with no guarantee that it would work. Clearly, this was not the way to go.

Off the shelf – On the mark

Katz, as an outside third party with an orientation towards simple solutions with quick ROI for his clients, knew that the vast majority of business software problems can be solved using off-the-shelf solutions which can often be implemented with little or no customization. He immediately saw a potential answer.

First, he verified that the old system still adequately handled the sales, purchase order and accounting functions. Once confirmed, he said, "Well, if the old system can't count inventory, then let's not make it do so."

Katz approached the problem from a different direction. He had broad expertise in several related core specialties, including barcode applications, EDI/eB2B (Electronic Data Interchange/electronic Business-to-Business), and supply chain vendor compliance, so he knew the available resources.

He proposed a strategy that used a standalone asset and inventory management system called BACKTRACK, from TEKLYNX, that would collect inventory count data that could then be used to update the existing accounting system.

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>
> Norman Katz
> President
> Katzscan, Inc.

The other attendees were skeptical, but Katz was confident. "I knew I could control the receipts, transfers and issues, including recording key data fields for each transaction, using BACKTRACK's built-in variable data fields and its transaction log file," he explained.

Three days to a solution

He explained how BACKTRACK could work and he had a demo ready the next day. Katz takes up the story: "My client decided to order a ten-user copy of BACKTRACK and I spent two days converting item data and setting up the system. I installed the system and trained the users on the third day." It took only three days to implement a solution that had dogged the company for months.

Within a week, the customer had a fully functioning inventory control system that solved what appeared to be an intractable problem. Katz simply created a BACKTRACK application that included variable data fields including key information such as purchase order number, sales order number, operator identification, and other pertinent information. He created an intelligent location identifier that contained the warehouse code, enabling BACKTRACK to handle multiple distribution centers.

TEKLYNX

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>
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> *President*
> *Katzscan, Inc.*

He extracted item information from the accounting system and the company completed an inventory by location in order to start the BACKTRACK application with good numbers.

The feedback was immediate. Said Katz, "The receiving manager at the corporate facility told me that the staff loved BACKTRACK's ease and functionality, and that within 30 days of implementation, they knew that any inventory discrepancies were human error and not related to software."

Katz spent one day a month for the next few months creating inventory count and valuation reports in Microsoft Access and Microsoft Excel from the BACKTRACK transaction log file. He also trained the managers on how to do the data extracts and imports so they could take control of the reporting themselves. The BACKTRACK system flawlessly handled the company's inventory tracking needs for the next nine months.

$90,000 savings

Total project cost? $10,000 including software and consulting. Katz, using BACKTRACK, delivered a $90,000 savings over the very uncertain alternative of trying to patch together the old accounting system.

It solved the immediate problem and positioned the company well for its transition to the new ERP system.

"The data conversion to the new ERP system was significantly easier because we were able to pull a final export to get clean inventory information from a single source," said Katz. "With frequent cycle counting, we had great confidence in the accuracy of the BACKTRACK inventory numbers and transferred them directly to the new ERP system along with finished goods, raw materials, purchased parts, and components descriptions, characteristics, and inventory locations."

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