# IT initiatives at Bhartia Cutler-Hammer – A Case Study

Bhartia Cutler-Hammer, a business unit of Bhartia Industries Ltd., is a leading manufacturer of Low Voltage Switchgear & Control gear, with a market share of over 12%. BCH has consistently strived for better products and customer servicing, and was the first in this industry to offer 3-year warranty on its products - a reflection of its product quality and confidence. The company has taken several initiatives on value engineering and cost rationalization, aimed at providing better value to its customers.

IT Strategy 2000

BCH laid out an IT Strategy towards the end of 2000, with the objective of utilizing the company's knowledge base and infrastructure in offering the best possible solutions to its customer.
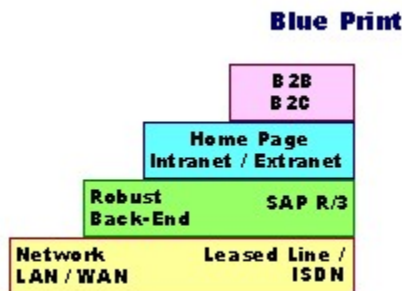
New targets were set for customer servicing and for reaching out to customers - both existing and new. A Blue Print was prepared, envisaging an internally focused ERP (Enterprise Resource Planning) system, integrated with externally focused Web-based application.

THE FOURTH `M' – METHOD

Information was identified as the key differentiator in their 'commoditized' business. In addition to the commonly recognized inputs - Man, Machine and Money, a fourth M was added - Method. It was realized that old ways of working had to be replaced by newer, more efficient processes, and due emphasis was laid on empowering line managers at all levels with timely and relevant information. Way back, in early 1990s, BCH was one of the first few in manufacturing sector in India to embrace MRP (Manufacturing Resources Planning) by implementing Proman system. With technology advancements and growing business requirements, BCH realized the need for an integrated package supporting company's entire operations. After comprehensive evaluation of all leading ERP systems, the search culminated in selection of SAP's R/3 system. The major selection criteria were:

- Vendor standing
- Product evaluation
- Strength of Implementation Partner
- Appropriateness of Package
- Cost considerations, and
- Overall comfort

Each of these criteria comprised of several attributes - for checking Vendor standing, due weightage was given to their dominance in ERP industry, installed base, financial stability and commitment to India. Similarly, functional fitment, industry relevance, existing client list, implementation time frames (and methodology), hardware platform and connectivity issues, etc. comprised Appropriateness of Package.

THE DECISION - SAP R/3

The decision to invest in a top-end package such as SAP R/3 wasn't easy, given BCH's SME (small-medium enterprise) status and total workforce of 700. Nevertheless, the management was confident that the investment would pay back rich dividends in medium-long term

Being the global leader in ERP services and with a strong presence in India, SAP offered several benefits. SAP's ERP offered rich and powerful functionality to support BCH's existing operations as well as expansion plans. In addition, it offered the 'Best Business Practices' - a culmination of SAP's experiences across 20,000 installations worldwide, and opportunity to perform 'Business Process Re-engineering' en-route.

BCH opted for a 'big-bang' approach and went for all core modules of SAP - Finance (FI), Controlling (CO), Sales & Distribution (SD), Production Planning (PP), Materials Management (MM) and Quality Management (QM). Although more taxing on the company's managerial resources, this approach was more clinical, and also conducive to change management - which turned out to be the biggest challenge.

HCL Infosystems Ltd. (a part of HCL group) was selected from amongst three implementers short-listed on account of their reputation and track record of SAP implementations. Their being a Delhi (NCR) based company gave some comfort initially, but turned out to be a major advantage later on in terms of access to their top management in times of urgency and fast deployment of additional resources, when required.

HARDWARE - HP SERVERS AND DESKTOPS

For its hardware requirements, BCH selected HP servers and desktops, operating on Windows 2000 environment. HP was able to show the upgrade route and offer a more competitive package, but more importantly, committed themselves to meet the stiff deadlines.

Finally, the networking aspects. The Local Area Network at Faridabad Works was based on fiber optic backbone (because of large distances between buildings) and Cisco
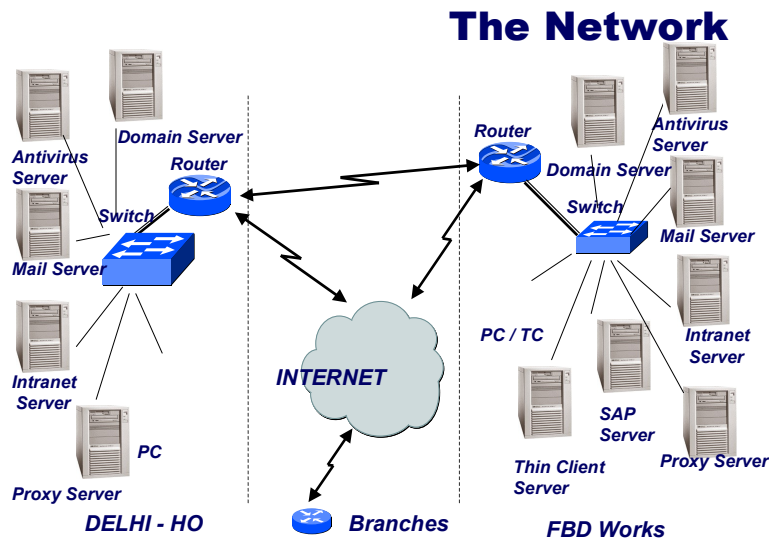
The Network

switches and routers, whereas all floors at the Corporate Office in New Delhi were networked on E-CAT 5 cabling. The two LANs were, in turn, connected through leased line with ISDN back up. This is being extended to 13 branches nation-wide, through Internet dial-up, and plans are already under progress to use VPNs and/or VSATs.

A BUSINESS PROJECT, NOT AN IT PROJECT

Right at the commencement, Mr. Pradeep Mehra, COO announced "ERP implementation is the most ambitious initiative taken, which would propel the company into higher levels of excellence. This is a business project and not an IT project". A Steering Committee comprising all functional heads and chaired by the COO was constituted, which lent full organizational support behind the project. Before the implementation was formally kicked-off in February 2001, the Steering Committee had discussed and formally approved most strategic decisions. One such decision was to change the work processes in line with SAP's recommendations, wherever felt necessary, in order to bring in efficiency and efficacy. The other was making available the best resource persons from all user domains - not an easy decision given BCH's small-medium size of executive manpower. Tampering with source code was a taboo.

The 'time-line' was observed closely at all stages, and BCH was able to 'Go-Live' on 1st October, 2001. The project was implemented in a record 7-month period. Both BCH and HCL feel quite proud of this achievement. The initial scope of the project was somewhat exceeded due to add-on benefits, which became visible en-route. A positive fallout of networking the entire workplace was that peer-to-peer communication was instantly upgraded. Using Microsoft Exchange, all executives quickly multiplied their efficiencies by adopting internal messaging, assigning tasks, managing their schedules and collaborative working.

VISION PHASE II

Meanwhile, BCH's IT vision extends into the future. In Phase-II of the ERP project, the company is adding more functionality to the base modules for better management

information by implementing Plant Maintenance (PM), Profit Centre Accounting (PCA), Profitability Analysis (PA), Treasury (TR), and Executive Information System (EIS). The company is also implementing SAP's HR & Payroll package.
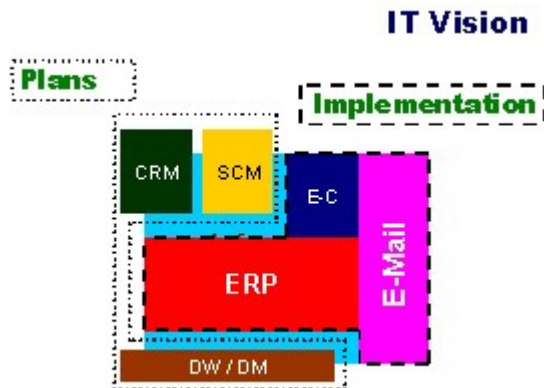
BCH is embarking on E-Commerce, starting with launch of their interactive web site shortly, followed by CRM (Customer Relationship Management), Supply Chain Management (SCM) and Data Warehousing - Data Mining (DW-DM) later on.

BCH strives to be an innovative, efficient and customer-oriented organization - someone the market and competitors would be watching out for in the coming years.

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