Looks to cloud ERP to support its worldwide operations

Company Facts

▶ Location: McHenry, Illinois
▶ Industry: Metal fabrication and stamping
▶ Number of Locations: One manufacturing facility in the U.S. supported by China resources
▶ Web site: www.chirchmfg.com

Success Highlights

Challenges and Opportunities

▶ Leverage an on-demand SaaS model to deliver the benefits of a common ERP backbone to coordinate operations and facilitate information sharing, ensure compliance with quality standards and support cost savings, operational efficiencies and future growth, with minimal IT overhead

Solution

▶ Epicor Express

Benefits

▶ Better competitive advantage via strategic use of offshore manufacturing managed under a coordinated, quality umbrella
▶ Improved operational visibility, agility, and responsiveness to more effectively navigate the changing landscape of manufacturing operations

Since the mid-90s, manufacturing has become exceedingly globally competitive. Many US-based manufacturers have looked to outsource work to China, often achieving a lower cost basis but often with a loss in overall quality. The residual effect of this trend has been a loss of jobs and an erosion of America's manufacturing base.

But Chirch Global Manufacturing is an example of a manufacturer applying ingenuity and technology to support a new hybrid onshore/offshore manufacturing model that is fundamentally changing the game for the advantage of its customers/business partners, while keeping its U.S. manufacturing base intact.

A family owned business, Chirch Global was started by Anthony L. Chirchirillo in 2002. The company offers cost-effective precision metal fabrication, stamping, progressive die tooling, and sub-assemblies manufactured in Northern Illinois and China. The company is ISO/TS 16949 certified. Chirch stamps precision parts for all industries using materials from .004-inch to .375-inch thick. Services include: rapid prototyping, fabrications, stampings, assemblies, machining, tool design and build, specialty packaging, and global sourcing. Industries served include: appliance, automotive, cellular, communications, consumer, computer, electrical, electronic, environmental, medical, shelving, and military.

EPICOR.

Staring down global competition

A few years ago, Chirch was looking at a very dire scenario—how to compete with offshore job shops whose landed price was often less than the company's cost. The company knew it needed to adopt a global perspective to be able to compete globally, but wasn't prepared to give up on its U.S. manufacturing operations. By embracing the lower labor costs of a Chinese workforce for progressive die tooling, Chirch knew it could establish a more competitive cost structure that would help keep work—and production jobs—in its U.S. manufacturing facility.

In 2008, Chirch acquired a precision metal stamping company based in McHenry, Ill. However, it also acquired antiquated information systems lacking both documentation and user manuals. Chirch knew technology was key to making its hybrid onshore/offshore business model fly and provide the agility and responsiveness needed, but it couldn't afford expensive technology deployments or costly in-house IT resources.

At a time when many manufacturers were timid regarding adoption of cloud-based, virtualized solutions, Chirch adopted a first-mover visionary position, leveraging an on-demand cloud-based enterprise resource planning (ERP) solution to support the ability to access information anywhere to support seamless global 24/7 operations. Seeking to standardize on the most current and future-looking technology platform, it moved to the Epicor Manufacturing Express Edition (Epicor Express) platform in late 2009.

A complete end-to-end ERP solution provided in the software as a service (SaaS) model, Epicor Express delivers broad functionality, particularly for the specific needs of contract manufacturers, job shops, and small to midsize businesses. It is priced affordably with a deployment model that minimizes complexity. In order to maximize the benefits of the cloud, Epicor Express runs on a multi-tenant, shared database environment via a single application instance.

"We wanted the most current and future looking technology," said Anthony L. Chirchirillo, CEO of Chirch Global, "and Epicor, with its roots in contract manufacturing applications, as well as its strong software as a service ERP solution, was a great fit."

Orchestrating global operations with Epicor Express

The Epicor Express solution has enabled Chirch to coordinate and orchestrate its global supply chain and operations, and ensure quality and compliance in accordance with ISO/TS 16949 quality standards. It also supports operational visibility and transparency so that Chirch can effectively navigate the "changing landscape" of manufacturing operations to prevent line shut downs.

The company has also been able to implement more strategic preventative maintenance and scheduling, which has contributed to greater uptime. In the past, scheduling at Chirch was extremely labor intensive and required a lot of upkeep. Upon the beginning of a job, a job router would often place a die in a press, only to realize that the tool needed sharpening. They would then have to break down the set up for the requisite maintenance before starting the job. With the new system, the job router now queries the system, which automatically splits the job into two separate (but vital) schedules: a production and die maintenance schedule. For example, a tool that is to be used in production will not be set up in the press until its production status has been reviewed and verified by Chirch's team of tool and die professionals to prevent foreseeable quality issues or manufacturing inefficiencies. The result of this improves productivity through more strategic maintenance scheduling. All maintenance activities are now logged and managed in the system. Chirch can see exactly what maintenance has been done on a tool and even be proactive in telling customers when it's time for maintenance or how many hits are left on a machine before service.

The Epicor Express deployment has given Chirch the ability to better manage and monitor its supplier and subcontractor efforts and support its lean manufacturing and just-in-time inventory management initiatives. Once the system was in place, Chirch realized that many of its suppliers were over-shipping product, and as a result, Chirch was sitting on too much inventory—in stark contrast to its lean just-in-time manufacturing system goals. A policy of only being able to accept less than 10 percent overage helped curb bloated shipments, and electronic purchase orders helped ensure no paperwork fell through the cracks.

What's more, improved information access has empowered Chirch's employees, giving them more confidence in their decision making. From monitors across the shop floor, they can view all of the following: open sales orders, due dates, quantities, finished and on-hand inventory, and ship location. They can also view material purchase orders, so if the required material is not on hand, they can see when it is due to arrive. If the material for a specific job is not arriving for another day or two, the shop can move to the next job in line so a machine doesn't stand idle for days.

Realizing rapid ROI

As a result of the company's new global business model and its investment in Epicor Express, Chirchirillo says the company has made a quantum leap—and cites several metrics that underscore this statement.

Return on Equity (EBITDA/Equity) exceeded 50% in 2010. With regard to top line growth, sales revenues increased by 17% from 2009 to 2010, and Chirch saw the addition of new customers in new industries, diversifying the company's customer base. The company also saw gains in employee productivity; the number of Full Time Employees (FTEs) was reduced by 31% from 2009 to 2010, while concurrently driving top line revenue growth and throughput.

These outstanding results demonstrate how Chirch is succeeding in its goal of helping its customers "compete with anyone... anywhere in the world," in bringing customers a winning combination of globally competitive prices; access to Chinese resources to support U.S. manufacturing expansion; local customer service, distribution and Just-in-Time delivery, with adherence to the highest quality standards.

About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software that is designed around the needs of our manufacturing, distribution, retail, and service industry customers. More than 40 years of experience with our customers' unique business processes and operational requirements is built into every solution—in the cloud, hosted, or on premises. With a deep understanding of your industry, Epicor solutions spur growth while managing complexity. The result is powerful solutions that free your resources so you can grow your business. For more information, connect with Epicor or visit www.epicor.com.

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