Case Study: SAP Business One Revved Up Manufacturing Efficiency For Captain Tractors

Although India is the biggest tractor market, tractor manufacturers face some unique challenges. From supply chain issues to volatility in sales, many issues spook the tractor industry. Fortunately, most of these issues can be addressed quite efficiently by adopting digital solutions like ERP. Why? Because all these issues are somehow related to the processes of the companies.

In this case, study, let's learn about the story of a renowned tractor manufacturer in India - Captain Tractors. This tractor manufacturer overcame all of its process-related issues after implementing SAP Business One - the flagship manufacturing ERP product for heavy equipment manufacturers. Let's explore…

An Overview of the Company

Captain Tractors has an illustrious history behind it. It is the first tractor company in India to build 100% indigenous mini tractors. The first batch of Captain Tractors served the farmers of India in 1998. That was the start. The tractor company did not need to turn back from then on. The farmers of India have showered immense love on the tractor company. Today, it's the 7th generation of Captain Tractors that are proudly serving the customers. Not just the Indian market, the company makes tractors that are exported to many countries across five continents. Overall, tractors from this company are extremely popular across the globe thanks to their innovative design, sturdiness and longevity.

The Pain Areas

Over the years, Captain Tractors has grown exponentially. Although this growth is a testament to the awesome product and services provided by the company, it also made the company outgrow its legacy production planning and business management software.

The primary problem with Captain Tractors was that the company did not have an integrated process management system that could handle every aspect of the company. As a result, the company experienced the pains of the siloed work process. This led to a lot of issues -

- **The Lack of Standardisation In Production**

A tractor is not just for one particular agricultural need. Tractors are used for ploughing, fertilising, land preparation, crop care and even harvest transportation. This means there has to be a standardised design for the tractors so that all kinds of implements can be added to them depending on the requirement. The existing production management system failed to automate this standardisation process. As a result, Captain Tractor had to rely on manual work to make sure that the tractors adhered to various standards. This was extremely time-consuming and labour-intensive.

- **Supply Chain Issues**

At the end of the day, a tractor is a specialised vehicle. As a result, tractor companies suffer from the same supply chain issues. The story of Captain Tractors is no different. First, the pandemic, and then, the geopolitical tussle resulted in a terrible supply chain crisis. On the one hand, there was a chip shortage that was spooking the entire automotive industry, and on the other hand, the rising cost of steel was making things difficult for Captain Tractors.

- **Lack of Demand Prediction Capability**

The demand for tractors depends heavily on various external factors. As a result, the tractor market is extremely volatile. Captain Tractor has, time and again faced this issue of volatility. During the 2015-16 period, India witnessed a significantly weaker monsoon. As a result, the agriculture sector saw stunted growth during this period. This, in turn, negatively affected the revenue growth of Captain Tractors. If the company had the ability to identify this negative trend beforehand, it could have tweaked its sales strategy and production planning to be prepared for the impending slump.

- **The Issue of Organising Information**

As Captain Tractors grew, it started dealing with an increasing amount of customer and enterprise data. The existing system could not keep up with such huge data. This resulted in two problems. First, the increasing amount of data created a bottleneck. Information from one department to another flowed inefficiently. Many times, one department had the updated data while the other worked with old data. Secondly, because the company had a hard time monitoring and collecting enterprise data, the leaders found it extremely cumbersome to manually keep track of financial data in order to remain compliant with various tax and other regulatory norms.

The Solution

Captain Tractors was very much aware of these issues. The company realised that all of these issues could be solved if they had a robust process management system that could automate repetitive tasks and provide a single window to showcase all the data. Along with that, Captain Tractors also needed data analytics in order to gain actionable insights from their data.

The company partnered with Silver Touch Technologies, a reputed ERP and HR software vendor. Based on the requirement, Silver Touch Technologies recommended SAP Business One to the company.

The reasoning behind choosing SAP Business One was the fact that it isn’t just ERP software. SAP Business One can -

- Act as a single source of truth for the entire enterprise data.
- Support MRP and BoM features
- Smoothly connect all the aspects of a company with one another

- Provide predictive analytics, performance analytics and more
- Provide support for GST integration

Above all, SAP Business One is a cloud-based ERP software that is extremely scalable.

The Outcome

Once SAP Business One was up and running, the issues affecting Captain Tractors started disappearing slowly. A company that has a robust business process is bound to be successful. SAP Business One freed up the business process of Captain Tractors from the clutches of legacy technology and information bottleneck. Along with that, the smart analytics feature provided the company with much-needed insights.

- **Captain Tractors Was Able To Standardise Its Manufacturing Process**

SAP Business One successfully created a construct around the production process at Captain Tractors. The company used the Bill of Materials module in SAP Business One to create a formal list of raw materials (and their quantity) needed to produce the tractors. The module also standardised the usage of other resources like human resources, fixed overheads like electricity etc. As a result, Captain Tractors now does not have to worry about deviating from a specific standard. How much steel is needed, the measurement of each part, and how many workers are needed - all are there in the Bill of Materials.

- **No More Supply Chain Issues**

SAP Business One provided many features that successfully helped Captain Tractors to fight supply chain issues. Yes, the ERP can’t magically solve the supply chain issues, but it helped the company to navigate the issue by leveraging analytics.

First, the Material Resource Planning module enabled Captain Tractors to know beforehand how much raw material is available in the inventory, how much raw material is needed for future production, and when should the raw material arrive in order to prevent any disruption. The system formulates this plan by leveraging historical sales data analytics and coming up with a prediction of future demand.

Secondly, SAP Business One has a robust vendor management system through which Captain Tractors can see the performance of its vendors. Based on the performance, the company can now choose vendors that have a high probability of delivering raw materials on time.

- **The Company Can Now Identify Trends Before They Appear In Full Swing**

Since all the business data in terms of sales and purchases are there in the system itself, SAP Business One has the ability to crunch the big data and identify hidden insights. The company can now understand which of its products are slowly becoming more popular and which products are losing their popularity. The granular sales and purchasing data enable Captain Tractors to know beforehand if any slowdown is impending.

- **Data Flows In an Unfettered Way**

Before the implementation of SAP Business One, departments in Captain Tractors had to manually share various data. There was no single source of truth. SAP Business One provided this single source of data. The system acts as the single source for all the departments. No department works with old, outdated data anymore.

Captain Tractors Finds It Easy to Stay Compliant With Regulatory Norms

As a mid-sized company, Captain Tractors did not have the bandwidth to keep track of all the regulatory guidelines and tax compliance. The situation became worse when it started exporting tractors.

SAP Business One allowed the company to stay compliant with regulatory guidelines. Since every transaction is logged and every transaction triggers automated filing of the general ledger, the finance department is now empowered with automation. The company does not feel overwhelmed with staying compliant anymore.

Bottom line

SAP Business One is an extremely flexible ERP software that can shape itself based on which industry it is used in. Captain Tractors found SAP Business One a perfect fit for its processes. More importantly, the company has now future-proofed its processes thanks to the fact that SAP Business One is very scalable and cloud-powered. The tractor can stay focused on its main work - serving the farmers of the world - for years to come.