Elite™ Distribution ERP Enables Abilene Machine to Grow Sales While Lowering Inventory Levels

SUCCESS STORY

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Snapshot:
Abilene Machine

Industry

Industrial Parts & Services
Farm Equipment

The Challenge

To keep up with year-over-year annual growth of five percent and continue to meet its customer promise of open, honest service, Abilene Machine needed an effective method of demand planning and forecasting that could also handle foreign-sourced parts with long lead times.

The Solution

Abilene Machine implemented Tecsys' Elite™ Distribution ERP system to gain full visibility into inventory procurement, production planning and order fulfillment processes, strengthening customer relationships and improving internal efficiency.

The Benefits

With its upgraded Tecsys software now in place and running on Tecsys' cloud infrastructure, Abilene Machine can continue to meet customer expectations while supporting aggressive growth strategies. The company's adoption of just-in-time replenishment for independent and dependent demand and right-sizing of safety thresholds has allowed them to grow sales without over investing in inventories.

> "We have always believed that our success begins with our customers and their trust in us to consistently deliver agricultural replacement parts that are reliable and cost-effective — and provide solutions that fulfill real needs."

Mike Aufdemberge
CEO, Abilene Machine

The year following go-live:

Revenue growth up	Reducing inventory by	Revenue by employee up by
10% ↑	**3%** ↓	**16%** ↑

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About **Abilene Machine**

Abilene Machine is one of the largest retailers of recycled, remanufactured and new replacement parts for tractors and combines. Founded in 1974, the privately held company plays an important role in supporting farmers in the U.S. and abroad. In fact, Abilene Machine's FarmTuff® philosophy is derived from the company's years of experience working directly with farmers to truly understand how to address the challenges they face.

Abilene Machine's promise of honest, personal service has generated a highly loyal customer base and steady annual growth of 5%. The company operates out of five locations within the U.S. including a central distribution center in Abilene, Kansas, down the road from its headquarters in Solomon.

A multi-channel distributor, Abilene Machine is also exporting its high-quality products to several countries including South Africa, Mexico, Australia, Argentina and Canada. The Sales team processes orders coming in from dealer and retail websites, as well as those generated via email and phone.

AbileneMachine®
Ag Replacement Parts

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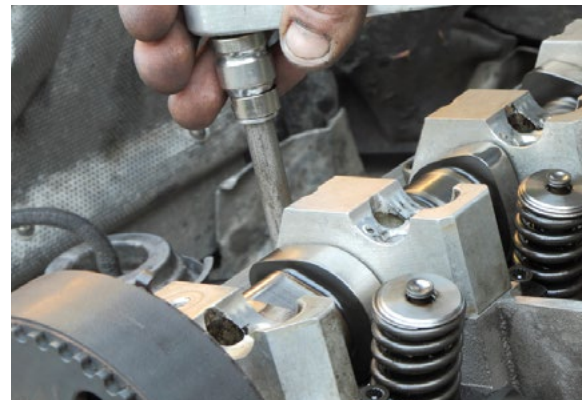
Challenges

The U.S. has long historical roots in agriculture and today is a net exporter of food. According to the United States Department of Agriculture, there are around two million farms operating in the U.S. and total farm output more than doubled between 1948 and 2015.[1]

Over time, mechanized agriculture played a major role in improving production efficiency and even the quality of farm produce. The need for farmers to control costs while keeping output and quality high meant Abilene Machine must deliver on its customer promises and maintain tight control of its supply chain so it can support these businesses effectively.

Achieving this became a challenge due in part to the company's rapidly expanding product line. Over the years, Abilene Machine expanded its product line to include parts for headers, planters, drills, skid steers, cotton harvesting equipment, tillage products, and more — with some parts coming from foreign vendors with lead times between 120–240 days. Abilene Machine was struggling to mature its demand planning practice to reduce inventories without negatively impacting customer service or production scheduling.

In addition to these procurement and inventory challenges, Abilene Machine needed to modernize its supply chain software. With a shortage of IT support and a growing business, there was too much reliance on manual processes including the weekly creation of numerous spreadsheets containing data with increasing obsolescence as the week progressed.

Rapidly expanded product line

Outgrowing the existing technology

Relying on manual processes

It was time for Abilene Machine to update its supply chain software to meet the demands of increasing domestic and international sales while lowering overall operational risk.

1. https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/farming-and-farm-income/

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Solution

A long-time Tecsys customer, Abilene Machine worked with the Tecsys Professional Services team to develop an upgrade assessment for its distribution ERP software. This identified the potential business process improvements and, ultimately, established the successful business case to Abilene Machine's Management team.

During the implementation, Abilene Machine assembled a core team of motivated staff members to learn the new functionality. They worked with Tecsys to provide on-site classroom training using Abilene's business data. This facilitated cross-functional training as resources could be called in whenever needed to participate in a deep dive involving more than one department.

Maturing Demand Planning Practices

Abilene Machine can now fine-tune its forecasting and safety stock thresholds through stratification of inventories that use demand patterns. The distributor has reduced the complexity and time involved in selecting the right forecast algorithm by adopting an automated, best-fit approach for many of its items. The Purchasing team can also identify seasonal items and automatically adjust replenishment parameters at the beginning and end of a season as required.

The company implemented material requirements planning (MRP) to view and plan upcoming work orders whether building to order or to replenish inventories. The team can create work orders with a single click that pulls in material requirements. Throughout the process, Abilene Machine has full visibility and tracking that minimizes disruption to the production schedule.

Extending the Application

Abilene Machine assigned a dedicated administrator to help them extend the Elite™ Distribution ERP to meet changing needs as the team learned how to maximize the system. This centralized approach to controlling how the application appears promotes consistent business processes and adherence to established business rules.

> With the upgrade project, Abilene Machine took advantage of the latest Elite™ Distribution ERP functionality with a focus on demand planning for both independent and dependent requirements. The overall project led to a new company culture of continuous process improvement with an emphasis on paperless resources. In addition, the team made the move to Cloud-deployed servers to provide secure, effective backups and help ensure high availability.

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Benefits

Lowered overall inventories

- Implemented just-in-time (JIT) replenishment for dependent demand. Now, buyers no longer procure all components for a bill of material based on the longest lead of any given component. The system automatically generates required purchase orders in time to meet production material requirements.

- Introduced the ability to separate demand statistics for independent versus dependent demand. This has improved understanding of overall requirements, thereby preventing over/under buying.

- Improved management of transfers from the distribution center to supply/production locations by capturing "hub and spoke" requirements.

- Year following go-live, revenues up by 10% with a 3% decrease in inventory holdings.

Enhanced efficiency in production planning

- Eliminated multiple spreadsheets used to manage the production schedule as well as the reliance on a single individual to plan all production activities.

- Achieved a real-time view of inventories to ensure simultaneous availability of all components in time for a production run.

- Automated work order generation.

- Established the ability to buy versus build when exceeding production capacity or as a result of supplier backorders on certain components.

Increased sales efficiency and reduced lost sales

- Allowed 20-person internal sales staff to provide customers with accurate, up-to-date information on inventories and open orders with better visibility to inventory data and order status.

- Reduced call-backs and lost sales by communicating expected delivery dates for build-to-order equipment during the first call.

- Eliminated wasted time for sales representatives who now navigate fewer screens to find the right information for an ever-expanding product line.

Improved uptime with the cloud

- Improved operational agility and the ability to scale IT infrastructure quickly to support future growth initiatives.

- Prepared for unexpected events by implementing a robust disaster recovery plan.

- Expanded business hours and integration to support e-commerce activities requiring 24/7 uptime.

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About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies and decades — by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.

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