

An Effective ERP solution for Jewellery Industry



Case Studies

SAP BUSINESS ONE
“Mahindra Jewel Box”

Mahindra IT Consulting Pvt Ltd

SAP Business One for Jewellers

The challenge

Generally the jewellery industry dominated by a family run, traditionally accustomed managerial approach had a aversion of going computerized or even partially. But with the growing competition ,with lots of Corporates moving into Jewellery business they are left fewer option-Either use IT(Information Tech) Not. With the growing number of retails around the country ,the need for a ERP solution is a must for a effective business run. The existing jewellery software's does not comply to the humongous needs of the industry as the integration of multiple outlets with the Head Office is not possible. Thus SAP as a global ERP solution provider is the right choice for the Jewellers and thus Mahindra IT Consulting Pvt Ltd had taken the lead.

Approach:

Mahindra IT Consulting Pvt Ltd consultants made a study at Madurai Thangamayil Ltd to get a clear picture on the appropriate solution that is needed. The main aim of this initiative has been to enhance the functionality in terms of Purchase(purchase of old gold, bullion gold and ornaments), Manufacturing(22k, 18k gold ornaments and transactions with the Gold smiths), Sales, Inventory management etc.

In the present scenario they are not using any purchase order. The management is placing telephonic or oral orders for procurement. Firstly they order bullion (Pure) gold/silver through telephonic order. After the receipt of goods, they send the goods to the goldsmith for making finished products.

Major purchasing goods:

- ❖ BULLION GOLD/SILVER
- ❖ ALLOY
- ❖ DIAMONDS
- ❖ FINISHED GOODS(ORNAMENTS/DIVINITY)
- ❖ PRECIOUS/SEMI-PRECIOUS STONES
- ❖ BEATEN GOLD/SILVER(OLD FROM THE CUSTOMER)
- ❖ GIFT ARTICLES & PACKING MATERIAL

Accounts department makes accounts payable invoice while purchasing the bullion gold from the vendor. On receiving the goods they make GRN and stock values are increased. Goldsmith is the person who processes the raw materials into the finished gold ornaments. They are maintaining a separate goldsmith masters with the following fields.

Goldsmith ledger has to be maintained in such a manner it should have the following details.

- I. Bullion gold/silver & beaten gold/silver issued to Goldsmith should have separate breakup.
- II. Beaten gold/silver issued for the Repairs should have breakup.
- III. They should have the wastage breakup.
- IV. Making charges to be calculated on the basis of lot.
- V. Making charges should be only in terms of rupees.
- VI. Wastage should be only in terms of the percentage.
- VII. Purity calculation in the issue voucher is going to be calculated by the manual process.

While issuing bullion gold/silver the purchase department makes an issue voucher to the gold smith. Issue and Receipt Vouchers are generated.

SAP BI Add-On Mahindra Jewel Box

Mahindra IT Consulting Pvt Ltd,
Chennai

Background

Mahindra IT Consulting Pvt Ltd in Partnership with SAP had developed "Mahindra Jewel Box" an Add-on for SAP Business One for Jewellery Vertical.

Mahindra Jewel Box is an Ideal Solution for the Jewellers, to have control over all aspects of business including Customer Relationship Management, Inventory Management, Financial Accounting and Savings Scheme (Chit System). It provides exhaustive MIS reports to aid in decision making.

Industry:

Jewellery Retail

Business Drivers:

- Integrate the individual Branch with the head Office
- Customized Funtional Modules
- Customized report

After receiving the finished goods, the purchase department will create the Lot (Batch) for the finished goods. Lot number are basically to update the total quantity received from a specific vendor or goldsmith in terms of total weight & number of pieces.

After entering the required data in the lot generation the system should automatically create a lot number which will be linked at the time of Tag generation. Tag generation is a process of bar coding each and every end product before selling it. At this stage all the details pertaining to the product such as Product Code, Description, weight, making charges, wastage, picture etc. are updated. This will help in billing at the point of sale. In some cases if any of the tag is missing, and they do not know the exact tag number, Tag scan is used to scan all the tags which are available in the counter and take a report.

Now they have the both tag scan and system tag report (sales report) and using this reports they will be able to find the missing tag. After the tag generation, jewels will be issued to the counter for sale. In the purchase department the goods are ready to sell and the purchase department transfers the same to various Stores keeper. At the point of sale, the salesman issue the sales quotation to the end customer. In the sales quotation the fields will be updated and some times the customer will exchange their old gold. In such cases the salesman will make a purchase quotation to the customer by calculating the weight and purity of the old gold. After that the purchase invoice is made and the value of purchases is adjusted against the sales invoice of that particular customer. Supervisor name should be reflected in the beaten gold purchase.

Outcome of Our Study:

The Indian gems and jewellery industry with a global reach has so far been a laggard in IT adoption. One of the reasons is that it is disintegrated. But with faster expansion, growing retail brands and competition revert back their traditional method of running the business and their age-old inertia for IT. The new generation (gen-x) which seeking a change are foreign educated and have a clear conception about the enormous benefits of IT for business growth and expansion.

Surat alone has 487 companies making 80 percent of their revenues from exports. There is a great pressure on them from their global outsourcing partners to deploy IT and bring innovations. A typical large diamond company spends only 0.8 percent of its turnover on IT, which is significantly lower than the spends of other export-oriented industries. The vertical has been a slow adopter, but the potential is immense and we are seeing a gradual transformation. Over the last year, SAP has invested significant R&D resources to study the operational and business requirements of diamond firms and have incorporated those changes in its ERP offering to provide customised solution. One of the largest SAP ERP deployments in the diamond industry so far has to be the Rs 8-crore project, for a leading Jewellery Company.

Mahindra Jewel Box combines features of planning, production, finance, sales and marketing into a single package. The new system is built with the latest trends of distributed application networks. The application is also aimed at integrating the current disparate systems being used at Jewelry Industries and will ensure efficient resource planning and utilization.

The Mahindra Jewel Box ERP Solution has the following functionalities:

1. Keep Jewelry manufacturing process under control at all times.
2. Make the processes more streamlined and deterministic.
3. Provide extensive reporting features to the management.
4. Monitoring Stock/Sales in terms of no. of pieces and weight
5. Gold Stock (GS), easy updation of Board rate and Product
6. hierarchy for better analysis of customer preference.
7. Re-order level based on weight range of ornaments
8. Partial Sales
9. Exchange with the old ornaments (beaten gold)
10. Repair or polishing of ornaments
11. Saving (Chit) System
12. Integration with Bar code and electronic weighing scale.

The Jewellery companies that we studied are primarily from Chennai, Madurai, Coimbatore and Tuticorin. Madurai Thangamayil Jewellers Ltd can be taken as a reference in this case. The industrial need is, streamlining their manufacturing as it involves critical processes like sourcing, inventory tracking, Reconciliation and the demand for all-round IT including datacentres, access nodes, peripherals, networking and connectivity and security solutions. These jewelers face problem during festival times when faster billing and transaction takes places. Also they require additional sales counter to handle the buzzing crowd. The Sub-Contracting given to individual Gold-smith, their inventory, maintenance of individual wastage and making charges and its accounts management is another requirement that has to be considered. With fluctuating price in Gold differing by various means [In terms of its Location(State, City) and the jewelers association that it is associated], keeping track of the current board rate is the most important. This becomes complex when a Jewellery company is having several showroom across the country. This needs a flexible ERP solution.

Our product "Mahindra Jewel Box" had addressed all the major needs of the jewelers. It also caters to the needs Jeweller who plan to go for an expansion at multiple location. With a quick ability for Data conversion into the Mahindra Jewel Box system, the project implementation time is less. Thus the jewelers can expect a smooth change over in the system with out any problem. Also sufficient training in stipulated mode are given to the work force of the Jewellery company after the implementation of the system by Mahindra IT Consulting Pvt Ltd. This make the change over to the new system more comfortable and quicker.

Final word

Knowing the market thoroughly and targeting it strategically is the key to be successful in most of the business. The newly developed ERP system takes aims at maximizing the benefits of an ERP application in jewelry industry that requires an industry-specific tool to speed up the flow and streamline operations. With such package offered through SAP, Mahindra IT Consulting Pvt Ltd becomes sole and the leading solutions provider that specializes in system solutions for jewelry industry. The new system has come at the right time to fit the important gap between the needs of the jewellers and what is available in the market. For this reason, Mahindra IT Consulting Pvt Ltd has performed a detailed and in-depth market analysis in order to make an exhaustive list of the commercially offered solutions. As a result, our product SAP AddOn "Mahindra Jewel Box", has earned reputation among the jewellery industry.