

# Implementing ERP the right way

Lynch Fluid Controls needed certainty over budgets and timelines, and found it with strategic partner CONTAX

## EXECUTIVE SUMMARY

**Customer Name:** Lynch Fluid Controls Inc.

**Industry:** Manufacturing

**Description:** A Canadian manufacturer and distributor of manifolds, valve systems and electronics for the automotive, mining, plastics, logging, military, medical and entertainment industries.

**Offices:** Mississauga, Ontario, with a US point of presence in Michigan.

**Employees:** 95

**The Challenge:** Implement a more powerful, integrated and scalable ERP system to meet the expansion needs of the company; provide company-wide integration and visibility; increase reporting capabilities; streamline invoicing process; and enhance customer service.

**The Solution:** SAP Business All-in-One and SAP Business Objects.

**The Results:** Integration between sales and distribution, accounting, production, and shipping/warehouse; more accurate material and inventory management; cost savings and reduced accounts receivable cycles due to introduction of e-invoicing; enhanced customer interactions and service.

**With a clearly defined strategy and dedicated focus on customers, Lynch Fluid Controls decided to implement a global ERP system. Their research convinced them of two factors: the need for a robust, scalable system that could deliver innovative features and functions — and the need for an experienced solution provider that could implement flawlessly.**

For close to 20 years, Lynch Fluid Controls had been using several legacy systems that controlled sales orders, work orders, inventory and accounting functions as well as some in-house solutions and third-party software.

Lynch determined that they needed the functionality and scalability of a Tier 1 system, but needed to find a partner who could give them certainty over costs, timelines and results. Lynch selected SAP Business All-in-One and CONTAX as the implementation partner. Key to this decision was the support model offered, both at the outset of implementation and in looking ahead five and ten years.

Lynch recognized the complexity of the project and had heard tales of implementations gone wrong, of budget overruns and lengthy delays. It seemed that for many companies a successful ERP implementation was elusive. From their research it didn't seem to depend so much on the software itself as the implementation partner, the methodology and the commitment from the organization itself. So was it really possible to implement a Tier 1 software solution successfully, on time and within budget?

Lynch's Chief Information Officer, Gavin Lynch, contacted SAP Canada to find a vendor they could speak with. "CONTAX was among the top of their list for recommendations," he says, "and now we know why."

“Lynch was a good candidate for SAP because they could adopt the solution’s manufacturing best practices to improve their business, which they saw as key a key objective and an integral part of their growth strategy as a company.”

— *Alex Thomas*  
*Director, Professional Services,*  
*CONTAX.*

## THE CHALLENGE

Lynch’s vision for the new ERP encompassed several elements – from establishing new enhanced processes and enabling real-time reporting to facilitation of best practices. Tying all this together was one fundamental premise: improve customer service, that is, use IT as a tool to enhance customer interactions.

With the existing legacy systems, many departments worked in silos, with little or no visibility into other areas of the business. Company-wide integration, enabling a clear line of sight to needed information was essential to achieving customer focus. For example, allowing sales to see available inventory in real-time would result in more accurate fulfillment of customer orders.

Similarly, Lynch was encumbered with manual operational processes and heavily paper-based. Part of their vision for the new ERP included eliminating paper as much as possible, thus saving on costs and increasing the accuracy and efficiency of operations.

Another challenge which Lynch was looking to resolve involved real-time reporting. Finance needed access to enhanced accounting and forecasting capabilities to better manage and plan for the growth of the company.

Overall, Lynch required a solution that could grow with them, one which provided clear lines of sight between departments, people, and information and would drive customer focus. They also wanted a system that did not necessitate any bolt-on functionality and eliminated reliance on third parties to update software. SAP provided the solution with all the appropriate modules already built in to meet their needs including industry best practices. It was an obvious choice.

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“ We were very cognizant of the fact that a lot of failed ERP implementations happened because companies tried to do more than they should in one shot. We wanted to work with a company that was as committed to our success as we were. We didn't want to have a situation where we were dealing with contractors who became less and less available the further out the project got.”

— *Gavin Lynch*  
*Chief Information Officer, Lynch*  
*Fluid Controls Inc.*

## THE SOLUTION

Before moving ahead with an ERP project, Lynch wanted to ensure they would have the right partner to assist with the implementation. Through their own research, including anecdotal information acquired from other companies, Lynch understood that selecting the right partner was key to the success of the project. Detailed and comprehensive plans, a staged approach, and depth of experience were all important factors.

With CONTAX, Lynch knew they had the right people supporting them. CONTAX's resources on the project were dedicated full-time employees. Additionally, CONTAX had resources in several offices across North America to draw from, providing added assurance that the right people would be involved at every stage of the implementation.

Lynch and CONTAX decided to roll out the SAP solution in stages, starting with four key modules: sales and distribution, accounting, production, and shipping/warehouse, with plans to move on to other areas of the business, such as HR and CRM, in later phases.

The implementation was completed in approximately seven months, which was in line with expectations. The change management component of the implementation also included training key individuals to become in-house experts and who could then, in turn, train other users in going forward.

## THE RESULTS

### **IT integration and visibility across the business:**

Every department from sales to warehouse to finance have access to integrated data. This means customer service can provide realistic production and delivery dates.

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“ We weren't afraid of implementing something as powerful as SAP once we found the right partner. CONTAX was an instrumental part of our successful implementation. Their portfolio of full-time consultants and specialists was a unique and welcoming benefit, in addition to their transparent and flexible support models. We are very happy to have CONTAX as a vendor and are looking forward to working with them in future implementations of SAP modules and features.”

— *Gavin Lynch*  
*Chief Information Officer, Lynch*  
*Fluid Controls Inc.*

**More accurate material and inventory management:**  
With greater access to more data, Lynch has fewer warehouse or picking inaccuracies, which translates into happier customers.

**E-invoicing creates cost savings:**  
By converting customers to electronic invoicing, Lynch was able to save thousands of dollars a year. Eliminating paper and stamps also helps with the company's accounts receivable aging because customers are getting their invoices three to five days sooner than if they had been dropped in the mail.

Lynch proved that implementing an ERP system can be done with control and certainty over costs, timelines and outcomes, by: maintaining tight control over scope, adopting best practices instead of customizing the software, and working with the right partner.

“The amount of knowledge and training we received from CONTAX during the implementation has made us very self-sufficient. We’re not in the position where we have to keep going back to them for every question or support issue. Now we use CONTAX for the strategic, big-picture items, looking out months and years ahead.”

— **Gavin Lynch**  
*Chief Information Officer, Lynch Fluid Controls Inc.*

### ABOUT LYNCH FLUID CONTROLS INC.



Established in 1987, Lynch Fluid Controls Inc. is a manufacturer and distributor of high quality fluid power, hydraulic and pneumatic components, such as manifolds, valve systems and electronics. With 95 employees and one manufacturing facility in Mississauga, Ontario, Lynch products are used in the automotive, mining, plastics, logging, military, medical and entertainment industries.

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### ABOUT CONTAX INC.



CONTAX is a Gold Level SAP Channel Partner, and one of the fastest growing SAP partners in the world. CONTAX specializes in providing high quality, cost-effective SAP solutions using services delivered by staff from offices around the world.

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