



A Textile Manufacturer

Adopts IT...

But With A difference!

From a family-run garlic business at Jamnagar, Gujarat, to becoming a state-of-the-art group of three textile manufacturing companies—the story of the Shahlon Group is an interesting account of the judicious adoption of cost-effective technologies.

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“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.”

—Charles Darwin

Change with your business or be left behind—this thought has kept propelling the Shah brothers—founders of the Shahlon Group—to continually look around for opportunities and to adopt new practices to diversify and evolve.

Besides, attributing its success

to the carefully planned, far-sighted strategies, the Shah brothers give a good amount of credit to the timely adoption of cost-effective technology solutions. This helped them tide over most of the challenges while scaling up.

The journey, from then to now...

The story of the Shahlon Group began in 1984 when the foundation of its 12 power loom-equipped manufacturing unit was laid, with a modest capital of Rs 18 lakhs. Currently, the group has three companies under its umbrella. These comprise five texturising and 10 sizing machines, along with 500 waterjet looms, 75 twisting machines and other weaving preparatory equipment. The group also has three wind mills and one 1.4 MW captive gas-based power plant

alone amounts to a business worth Rs 550 crores. Over 1200 employees are currently working in the group.

Thriving on technologies

The group has been continuously been deploying new technologies to achieve economies of scale and high productivity. "Technology has not only systematised our existing processes, it has also enabled us to have access to quick, analytical information pertaining to various levels in the organisation. It also helps us to



Dhiraj R Shah, MD,
Shahlon Group

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provide better services to customers and vendors," affirms Shah.

The group has a state-of-the-art manufacturing facility at Surat, which is automated and monitored by Datalog software. The software enables the management to view online (and in realtime) the progress of the production unit and any issues related to any of the machines. Shah adds: "We have deployed automated software on 48 waterjet looms. This

A peek into the IT infrastructure

The IT infrastructure of the group includes:

- Ramco on-premise ERP System, which includes modules to automate functions like sales, purchase, inventory, production, plant maintenance, HR and administration, finance, export-import and excise
- HP-ML370 G5 Quad Core Dual processor server (to host the ERP system) with 6 GB RAM and 75x2 OS and 75x6 hard disk drive for data storage
- Datalog software for online monitoring of the production unit
- Zyxxel firewall system for network security
- Linux-based mail server/file server (developed in-house) for internal communication
- VoIP (voice over Internet telephony) phones to communicate with global clients
- Use of IM (instant messaging) tools to communicate with employees across branches; also with local and global customers and vendors
- VPN (virtual private network) to connect with branch offices, through leased lines; and a back-up RFID (radio frequency identification) link to ensure wireless connectivity in the event of leased line failure
- Registered with e-commerce site such as Alibaba.com, Fiber2fashion and Indiamart.com for trading online
- Search engine optimised website (www.shahlon.com)

gives us information related to the machines' efficiency and speed, besides indicating the count of production units, etc."

Shah reports that establishing the wind mill and power plant was also carried out on account of the fact that in textiles, power costs account for nearly 40 per cent of the total manufacturing costs.

A prudent way to adopt IT

Although textile manufacturing is a labour intensive industry, the Shahlon Group believes that without technology it can not

that satisfies nearly 80 per cent of the group's power requirements.

Dhiraj R Shah, MD, Shahlon Group, narrates more details about the group's journey: "Around 2000, the general business sentiments regarding textiles was not positive. But we proved that belief wrong and got immense response from big exporters and traders of fabrics. Today we have more than 500 waterjet looms; we have also doubled our investments and turnover, along with creating significant brand value." The group recorded a turnover of Rs 180 crores during the last financial year. It also ventured into new domains by becoming a marketing agent for Reliance Industries, whereby it markets around 70,000 tonnes of Reliance's products, annually. This



▲ A look into the Shahlon Group's manufacturing unit

effectively control the operations of the company. But the company is prudent and spends every penny only after careful analysis. "We prefer to do a cost-benefit analysis before opting for any new technology. We evaluate different options and adopt technologies that are both relevant to our business and cost effective too," Shah adds. The group spends about 5 per cent of its profits every year towards IT deployments (approx 15-20 lakhs).

The group uses a range of IT gadgets and tools, such as biometric devices to record employees' attendance; CCTV (closed circuit television) cameras to ensure security and to control/monitor operations; IP-based phones to cost-effectively connect with international clients; and Internet-based communication tools like Skype, Yahoo and Media ring for global communication. The group is also registered with online marketplaces as Alibaba.com, Fiber2fashion and Indiamart.com, to tap customers across the globe. SMS services are also being used effectively to send information like consignment dispatch details,

product rates, etc, to customers and agents.

[Please refer to Box 1 for a quick look at the IT infrastructure of the group.]

Dealing with growth challenges

Continuing its pursuit of running the business efficiently, and to achieve coherence in its operational

The group uses IT gadgets and tools, such as biometric devices to record employees' attendance, and IP-based phones to cost-effectively connect with international clients.

processes, the company decided to switch over from its in-house developed (FoxPro-based) legacy system to Ramco's ERP system. The aim was to keep track of its extensive operations and deal with expansion challenges. The group felt the need to have an international standard ERP system, like SAP, Oracle or Ramco, which could also control its routine operations and business processes.

The philanthropic side

To discharge its social responsibility, the Shahlon Group is involved in imparting education to the villagers who live close to factory. "Education raises the confidence among the villagers," says Shah. "We have appointed Oasis—a reputed Baroda-based NGO to look after this project," he adds.

"We wanted to achieve integration of the various processes of the different group companies. This would give a unified view of the organisational data so that the management could take decisions based on system-generated analytical reports, instantly," says Shah.

And hence the search for a suitable ERP solution began. "Initially we considered opting for an ERP solution from SAP. But looking at the cost involved, we decided to continue our search for a more cost-effective solution that could also render good value," says Shah. The group then came to know about the Ramco ERP solution. "We received positive reports from most of the organisations we got in touch with, where Ramco ERP system was implemented. This gave us a lot of confidence and we decided to implement Ramco's on-premise ERP solution," states Shah.

Gearing up for the ERP shift

The entire ERP implementation project, spanning three companies of the group (Shahlon Industries, Fairdeal Filaments, Shahlon Silk Mills) got completed within a span of 15 months. But the process of implementation had its own challenges. More so since it was a multi company set up with varied business models, recalls Suresh Shakkwar, regional manager—Implementation & Support (Western Region), Ramco Systems, who was closely associated with the implementation. He further

narrates that almost every issue was addressed immediately to ensure the timely and successful completion of the project: “Considering it was a complex project, initially there were certain hiccups. But since the top management of the group was actively involved in the project, and the teams from Ramco as well as Shahlon Group were working together, the issues got resolved at appropriate levels and at the appropriate time, without affecting the project adversely.”

A few best practices like ensuring clear communication between the group and Ramco Systems about the roles and responsibilities of both the teams during the course of implementation; defining clear expectations by the group from the Ramco team as well as the ERP system, also helped, says Shakkarwar.

Dealing with the human aspect

Whenever an ERP implementation is deployed in an organisation, challenges with reference to change management, crop up. To deal with this challenge proactively, the group management thought it appropriate to first build a favourable environment to ensure the success of the ERP implementation.

Ramco also extended support in this regard. Shakkarwar shares more details: “We adopted a ‘train-the-trainers’ strategy so that trainers could, in turn, train end users. These trainers were initially trained by Ramco.”

As part of this exercise, employees were counselled about the benefits of having an ERP system in place and its impact on their daily working. This was done well in advance to ensure that no complications arose post-implementation. “Even before the implementation started, the employees were given a peek into the impact that the new system was

expected to have on the operations. It was also demonstrated to employees how it could lead to an increase in their efficiency and reduce a lot of their work load,” reports Shah.

The ERP effect

Enumerating the benefits post ERP implementation, Shah says: “Previously, we were booking sales orders, location wise. As a result, the dispatch of products was happening from those specific locations only — from where the orders were being booked. But now, we are booking sales orders centrally.



Suresh Shakkarwar,
manager – Projects,
Ramco Systems

“A few best practices like ensuring clear communication between the group and Ramco Systems helped in successful implementation of the ERP.”

This has enabled us to supply goods to parties from the location that is closest to the client site. The integration of various processes into the single system has given us enormous efficiencies in our day-to-day operations.”

Through better control of stock and regular monitoring of debtors and creditors, the group is now able to meet its targets at each of the group companies. It has become possible to assess monthly demand patterns of customers, vendors, etc, says Shah. “Earlier, preparing statutory reports and documents used

to be a time consuming task, but now tremendous amounts of time is saved on this front as well, as these reports can now be generated at the click of a button. There is also a reduction in manual work. And now there is complete confidence in the data reported,” he adds.

More than 70 users are currently working on the ERP platform. As regards ROI, Shah feels that the Ramco ERP system is rendering immense intrinsic value as it has helped the group upgrade to a standard working pattern.

Going forward

In the future too, the group wishes to continue its endeavour to further enhance its operational proficiency by adopting new technology solutions. Plans are in the offing to integrate a business intelligence application to the existing ERP system to empower decision makers with relevant, realtime information. Also, to have better insight into customer behaviour, trends and buying patterns, the group is contemplating deploying a CRM (customer relationship management) solution. Apart from this, strategies to add to the production capacity, diversify, and take the turnover to new levels, are also in place.

The methodical and judicious manner in which the group has been adopting new technologies and practices to scale up, is impressive indeed. But the most noteworthy aspect is the effective and cost-effective model of IT adoption that this group has adopted. Many companies, big or small, may like to take a cue from this group and replicate an equally viable mix of technologies at their sites too. This is what adoption of best practices is all about! ■