



SME &ERP: PURVAPLYLAM'S CASE STUDY

Gauravkumar Singh Gaharwar

Navrachana University, Vadodara, India

Aditya Patel

Navrachana University, Vadodara, India

Niral Bhagat

Navrachana University, Vadodara, India

ABSTRACT

Enterprise Resource Planning (ERP) is a kind of buzzword in industrial world. Where most of the larger industries have already implemented ERP solution, medium and small scale industries are still in dilemma to adapt this technology. This case study is an attempt to understand role of ERP in small-scale business. With the help of PurvaPlylam, a small scale industry in the city of Vadodara, Gujarat, India, as an example which uses Tally ERP, and this report is aimed to show how Tally ERP was successfully implemented at PurvaPlylam, and explains the perks of using an ERP in small-scale businesses, to draw the conclusion to why it should be used by all businesses..

Key Words: ERP, Tally ERP, PurvaPlylam



INTRODUCTION

In the early days, business used to happen with the help of cognitive processes. People used to remember how much sales they have made, how many products they still have in their inventory, and these thoughts as a record would last for a couple of days only, until it would vanish.

Then came the era of recording keeping through books, which was a much efficient alternative. But as time passed by, the records would keep on increasing and managing such data manually started to be difficult. Imagine filtering data from 3 different books to find out which product was your best seller since the last 3 years. Hence, a better alternative was required.

With development and time, computers started to be used for record keeping, and ERP was the interface to do so. It is the most efficient way so far, and takes seconds to sort data; especially for small-scale businesses like PurvaPlylam.

PurvaPlylam saw the benefits of using ERP than recording through books over the years since 1987, though book records still play a small role. But this small role can easily be solved, which will make book record keeping obsolete at PurvaPlylam

ERP

ERP include a various modules supporting daily and routine business operations. Moreover, ERP provide much needed information for decision making at operational, and strategic levels. Due to comprehensive coverage different modules, ERP is very well satisfied needs of almost all the industries irrespective of scale and functional area. ERP has very important role to play in various business domain like inventory control, manufacturing scheduling and production, sales support, customer relationship management, financial and cost accounting, human resources.

ERP provides an independent information system for coordination and consolidation of key commercial processes in the enterprise. Pieces of information scattered in



various systems now can flow uniformly throughout the whole enterprise, and be shared in all organizational procedures, production, accounting, human resources and other areas. Separate Commercial processes of sales, production, finance and logistics can be united and flow in different organizational levels and functions.(Etemadi & Kazeminia, 2014)

Although ERP system is largely used for transaction processing and generating various types of reports, but ERP also provides much needed data support for various other systems like Supply Chain Management (SCM) and Customer Relationship Management (CRM).

Properly designed & implemented ERP solution can enhance organization's competitiveness by upgrading an organization's ability increase speed of business transaction and to generate timely & accurate information throughout the enterprise. A successful ERP system implementation can shorten production cycles, increases accuracy of demand for materials management & sourcing and leads to inventory reduction because of material management, etc.

ERP system provides a number of advantages for firms to improve the organisation performance. Based on information perspective, ERP system adoption can improve the interaction between the business functions and the information is more reachable. (Shang & Seddon, 200) For issues related to the interaction between firm with the customers and suppliers, such as product delivery and inventory control management, have less influence. (Sarkis & Sundarraj, 2003)

ERP can be used as primary tool for re-engineering. This re-engineering is much needed as with the advancement of time, technology is also advancing with fast pace. Tools & processes where not thought of in last decade are necessity of today's business

It has been found that, unique risks in ERP implementation arises due to tightly linked interdependencies of business processes, relational databases, and process reengineering(Singla, 2008)(Wright & Wright, 2002). To mitigate this risk, cultural change is required in an organization. ERP tightly integrate only those things which are the part of business process and they need to be religiously followed. Exception given on the name of flexibility can do disaster for an organization



ABOUT PURVA PLYLAMS & TALLY ERP

PurvaPlylam was established in 1987, by Mr. Rakesh Patel. PurvaPlylam works in the plywood business as a wholesale retailer. Mr. Rakesh Patel also owns other companies like Vraj Sales Corporation and Manshi Enterprise, where also, Tally ERP is being used. Tally ERP is a product of Tally Solutions Pvt. Ltd., an Indian company founded in 1986(Unknown, 2017). The initial products of Tally Solutions were accounting software only; this software is considered as de facto standard in India. Tally's ERP solution, Tally ERP 9, was later released in 2009 which has more comprehensive view of entire business covering many more business modules.

Tally ERP is a product that is simple and yet offers comprehensive business functionalities such as Accounting, Finance, Inventory, Sales, Purchase, Point of Sales, Manufacturing, Costing, Job Costing, Payroll and Branch Management along with compliance capabilities for VAT, Excise, TDS, TCS, and GST(ERP Software, 2017).Moreover, Tally ERP provides add-on features at nominal annual charges, and it could be further be customized to your business processes with the help of TDL (Tally Definition Language).

PurvaPlylam used Tally for accounting purposes since 2000 and started using Tally ERP in 2011. Before 2000, they used to rely on book keeping and bill pads. They have used Tally versions 7.2 & 8.1 and are currently using Tally ERP 9.

Shift from Tally accounting package to Tally ERP was seamless, easy & convenient as few of employees were already aware about Tally as an accounting software. Team lead by owner evaluated few other ERP's as well but they finalized Tally ERP due to ease of usage of existing Tally software and cost effective solution offered by Tally ERP. Team also felt that as a business they do not need costly ERP packages because cost of these well known brands could not be justified in exiting business model.

All the users of Tally Accounting software were consulted by the team before they decide about Tally as ERP. Involving users in the stage of defining organizational needs provides the users with an opportunity to mould and shape the system based on their priorities and business requirements and thus control the outcome (Esteves, 2005). When users are involved or



participate in these stages they are bound to react positively to the potential of ERP system.(Matende & Ogaob, 2013)

One of the most important factor of any ERP implementation is commitment of top management. (Almgren & Bach, 2014) In the existing case study, owner himself was techno savvy & forward thinker and committed for the implementation of the ERP package

TALLY ERP IMPLEMENTATION AT PURVA PLYLAM

Tally ERP was implemented by team comprise of PurvaPlylam and existing Tally vendor. Detail requirement analysis was done by the vendor before implementation. This requirement analysis was approved by implementation team and management of PurvaPlylam.

Tally ERP at PurvaPlylam is currently being used by 3 people. The tasks handled by Tally ERP are Accounting, Stock Management and Billing & Challan. The ERP at PurvaPlylam was implemented by people of Tally Solutions itself. Using Tally ERP wasn't an issue for them, since they had used Tally previously and by the passing of time, they learned the ERP system entirely. Tally Solutions provided maintenance as well.

Accounting

Accounts at PurvaPlylams are handled by Tally ERP. Apart from basic accounting practices, PurvaPlylam generates Audit Reports, Statutory Reports, Profit & Loss and Balance Sheet from the Tally ERP. Recently implemented Goods & Services Tax (GST) was incorporated by Tally ERP 6 months prior to the implementation of GST nation-wide. Tally ERP hence implemented a feature called Triangle Report. A Triangle Report wouldn't allow in correct data and would generate a report of all the records that might need attention, with a detailed description. Changes could be made from Triangle Report itself, which would be reflected everywhere.

Before implementing Tally ERP, they used Tally to perform accounting. Before Tally, book keeping was the way of recording data.



Stock Management

PurvaPlylam integrated Stock Management with Accounting in Tally ERP. As a result, any sales or purchase of stock would be reflected in both. This integration decreased efforts to manage stocks. With ERP, they could easily know the products availability, the exact location of the product. Other features of Tally ERP useful for stock management are,

1. Maintain Mutiple Godowns –where they had a centralized system to manage stocks from multiple warehouses,
2. Maintain Batch wise Details –where details according to batches would be stored,
3. Billing Quantity & Actual Quantity – where multiple items can be grouped and billed accordingly,
4. Multiple Price Level –where a product could have different prices according to business rules,
5. Order Processing and Delivery & Rejection.

As it happens with an system Tally ERP has also downsides like, even if the stocks arrived today the bills would be generated later leading to addition to inventory later.

Actually inventory management happened at PurvaPlylam only after the implementation of Tally ERP. Effective inventory control and real time product status is now one of the important parts of PurvaPlylam’s culture.

Billing & Challans

Though billing at PurvaPlylam is handled by a software named Miracle, because of user-friendliness, Tally ERP helps to cross check bills. Miracle takes manual input to generate bills, and after a bill is generated, it is fed to Tally ERP. Tally ERP performs calculations, and checks if the fed amount is equal to the calculated amount. In case of not matching amounts, it will raise an error.



Challans are handled by Tally ERP. Multiple challans can be generated with the help of Tally ERP and can be linked to a single invoice. Upon order, Tally ERP also gives the option to create Pro Formal Invoice, which acts as a quotation to request.

Before using ERP, Bills and Challans were managed by manual method of writing down in bill pads and challan pads.

BENEFITS TALLY ERP

With Tally ERP, it got easier to search and manage through thousands of products. There were times when Mr. Rakesh Patel didn't know a product existed until he would search through his Tally ERP. Tally ERP tells you the exact location with the box number as well of every product. Tracing products was much easier.

Tally ERP helped in making the accounting task at PurvaPlylam very robust. Accounts were clear, could be bifurcated easily and verification could be done easily with Tally ERP. Tally ERP provides updates when necessary like GST. In times of when GST wouldn't be familiar, Tally ERP would be a great solution.

Tally ERP also has the feature to customize to your business functions with the help of TDL (Tally Definition Language). With the use of Tally ERP, people can focus more on business-end work than back-end work.

IMPACT AND CHALLENGES

Because of implementing Tally ERP, PurvaPlylam now needed less people to manage stocks, as they would know through ERP its availability rather than going down to warehouse to check manually. It decreased manual work and with the integration of accounting with stock management, it helped PurvaPlylams to easily manage stocks in a more secure manner. These



people were then assigned to more productive work instead. With the availability of Add-ons, the expansion of PurvaPlylam with existing ERP could be initiated, as they are thinking to.

The initial phase of using the ERP was difficult and self-learning could have been the reason. Tally ERP could not notify if product was not available or low on stock. Another problem was that Tally ERP used to show precise search results. Due to which, people at PurvaPlylam could not tell if a bit cheaper or costlier product was the better buy. In order to solve this problem, they still used books as well to list their products

CONCLUSION

From the eras of business management, an ERP implementation is definitely the best solution to all of the business problems. Implementation of Tally ERP has helped PurvaPlylam to focus more on business and worries less about accounting and stock management. Tally ERP made PurvaPlylam to follow a set of instruction, which would create a secure standard in their own workplace. Hence, accounting became clear and easy, and they knew which buttons to press when a problem would arise.

With the increasing number of products day-to-day, ERP helps to manage all of them. It just seems like a necessity for all businesses to use an ERP and it has already started as a trend among them



REFERENCES

- (2017). Retrieved from ERP Software: <https://tallysolutions.com/tally-erp9/>
- Almgren, K., & Bach, C. (2014). ERP Systems and their Effects on Organizations: A Proposed Scheme for ERP Success. *American Society for Engineering Education*. CT, USA.
- Esteves, J. P. (2005). Monitoring User Involvement and Participation in ERP Implementation Projects. *International Journal of Technology and Human Interaction*, 1(14), 1-6.
- Etemadi, H., & Kazeminia, S. (2014, June). Impact of Enterprise Resource Planning Systems (ERP) on Management Accountants. *Management and Administrative Sciences Review*, 3(4), 507-515.
- Matende, S., & Ogaob, P. (2013, 9). Enterprise Resource Planning (ERP) System Implementation: A case for User participation. *ScienceDirect*, 518-526.
- Sarkis, J., & Sundarraj, R. (2003). Managing large-scale global enterprise resource planning systems: a case study at Texas Instruments. *International Journal of Information Management*, 23(5), 431-442.
- Shang, S., & Seddon, P. B. (200). A Comprehensive Framework for Classifying the Benefits of ERP Systems. *Americas Conference on Information Systems (AMCIS)*.
- Singla, A. R. (2008). IMPACT OF ERP SYSTEMS ON SMALL AND MID SIZED PUBLIC SECTOR ENTERPRISES. *Journal of Theoretical and Applied Information Technology*, 119-131.
- Unknown. (2017, September). Retrieved from [En.wikipedia.org: en.wikipedia.org/wiki/Tally_Solutions](https://en.wikipedia.org/en.wikipedia.org/wiki/Tally_Solutions)
- Wright, S., & Wright, A. (2002). Information system assurance for Enterprise Resource planning systems: unique risk considerations. *Journal of Information Sciences*, 16, 99-113.