

Analysis and improvements of information management

A case study about Information management at an SME

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Empirical partner: OF Ekeri

Background

OF Ekeri is a national company with an office in Markaryd. They deliver a wide selection of different types of truck trailers and semitrailers. Chapel trailers, curtain-trailers, swap bodies and container wagons are some examples. They also offer rental of new or used trailers and have a wide selection of spare parts. They collaborate with Ekeri, Tyllis, Kögel and Fokor, which has achieved great success (Fredrick, 2013).

Today all companies have some kind of Information System, but many of them are inefficient and to a large extent it depends on that companies lack the competence that is necessary to optimize the information management and the information systems.

If it is possible to manage Information Systems more effectively, it could contribute to savings. OF Ekeri is aware of that their way of managing their information is not up to date and therefore they have asked for help.

Purpose

The purpose is to analyze the current situation of OF Ekeri's information management and propose possible improvements for the existing information systems, how they can be improved by possible system development and/or working changes. A secondary purpose is to see if it is possible and feasible to integrate the different systems with some kind of ERP system or some less advanced systems.

Method

The study has been carried out with an inductive approach. The inductive approach means that all empirical information is collected and based on that, models and theories are created (Björklund, M., & Paulsson, U., 2003). This study has been conducted as a case study. A case study is appropriate when a purpose of a project is to obtain a deeper understanding of an object or phenomenon, like reveal areas in need of research within the organization (Höst, et al., 2006). During the study the qualitative approach has been used. Observation, interviews and literature study are the methods that have been used to get a

deeper understanding of OF Ekeri's current situation.

Theory

To create knowledge of information systems that affect this study a literature review was initially made. The results of the literature study are a theoretical framework which is the basis for the report.

The theoretical background resulted in a comprehensive perspective on information systems and how they affect a business. This formed the basis for further work to develop a model.

Analysis

There are specific areas of improvement that stands out when analyzing the empirical data that were gathered with the methods mentioned earlier in the article. Small changes relative to the benefits they will generate.

Ekeri in Finland accounts for approximately 80 percent of the turnover. Fokor, Tyllis, Kögel and used items accounts for around 10 percent and rental accounts for around 10 percent (Claes, 2013). The amount of trailers that is bought from other suppliers beside Ekeri in Finland is too small which makes investments to change their purchase processes economically unsustainable. Therefore when analyzing the purchase processes the collaboration between Ekeri in Finland and OF Ekeri has been the main focus.

Implementations and Results

Some general outcomes are that the suggested investments have a reasonable investment cost relative to the benefits they generate, a short return of investment (ROI) time and will improve the way of working. They are also realistic

for the OF Ekeri to implement with regard to both capital and time.

Some of the implementations will not generate a lot of saving but is still very important. They are not about the return of investment (ROI) as much as optimization of the way they work and increase the efficiency at OF Ekeri.

Three major implementations are inventory control software (EazyStock), outsourcing of the supplier and customer invoicing.

1. Inventory Control Software, EazyStock

The result of this implementation will be that OF Ekeri can reduce their tied up capital by **65- 70 %** and still keep a high service level. Today the tied up capital is around 1.960.000 SEK (2013-11-19), see figure 1. The orange line in Figure 1 shows the target stock value, which is around 480.000 SEK.

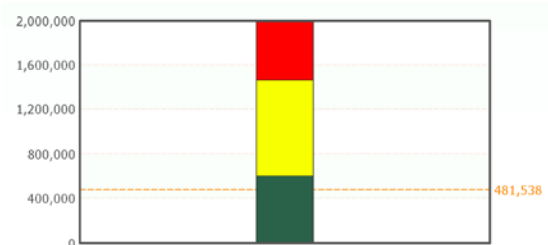


Figure1: Inventory Summary

This will result in major savings, increase the work area and increase the material handling due to less tied up capital. This will also result in less investments cost to rebuild their current warehouse.

2. Outsourcing the Invoice Handling from the Suppliers

The result of the outsourcing implementation will be less administrative work, save time and money, create order and clarity and give easy access to the invoices.

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The saving for each month will be around 6000 SEK. This means that the return of investment time (ROI) for the implementation will be around 2-3 months.

3. Outsourcing the Invoice Handling to the Customer

The result of the outsourcing implementation will generate savings in both cost and labor and be better for the environment and OF Ekeri will still be able to keep the logo on the invoices as marketing.

Using Visma E-invoice and make Visma Spcs take care of all the invoices will cost around 15.420 SEK each year. This calculating with 50 % e-invoices and with 3 pages B-mail. The annual savings when making the implementation will around 64.000 SEK each year.

Conclusion

Investing in an ERP system right now is not relevant for OF Ekeri. An ERP system would have been more suitable if OF Ekeri had offices in different locations, had own production of trailers instead of buying them and selling them on and handled larger volume of products and transportations.

The current information systems LIME and Visma and their ability to integrate with each other and other web-based systems simplifies a lot, which makes the current systems good enough for OF Ekeri. Upgrades of their current information systems will generate big savings relative to the implementation cost and generate good results. It will be important for the employees at OF Ekeri to be able to trust the new possible implementations for them to reach the best results.

References

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