

Kayalar Chemicals

Being one of the top 500 “Biggest Industrial Enterprises” of Turkey, Kayalar Chemicals ensured cost and budget control (which are considered as top priorities for a fast and stable growth) through Microsoft ERP (Dynamics AX)

Kayalar Chemicals is one of the leading companies in Turkish paint industry and has an important market share with its GENÇ brand that serves in wooden furniture paints market. The company became partners with Meffert Company of Germany in 2005 and brought DÜFA brand into Turkey. Kayalar Chemicals has a mid-term goal of penetrating into foreign markets. The company considers actual cost as the most important aspect of competition and has selected Microsoft ERP (Dynamics AX - formerly known as Axapta) in order to determine the actual costs in the most realistic manner as possible and take all business processes under control. Being confident about the actual costs, Kayalar Chemicals is now able to offer more competitive prices in domestic and foreign markets. With budget under control, Kayalar Chemicals is using Microsoft ERP (Dynamics AX) in order to preserve and control its desired strong financial position in order to avoid any surprises in today's changing economy markets.

Kayalar Chemicals is founded in 1976 by Yılmaz Kayalar. The company manufactures polyurethane, acrylic, cellulosic, uv and water-based paint and varnish products in furniture paint and varnish industry and has registered its Genç brand in 1979. Today, the company is the market leader with a share of 22% with its Genç branded products. Furthermore, Kayalar Chemicals has the largest production capacity in its field in Turkey thanks to the superiority over the competitors in terms of advanced and high technology investments, wide product range and modern and healthy production techniques.

Having signed a 50% partnership agreement with Meffert AG, one of the leading construction paint companies of Germany, in 2005, Kayalar Chemicals brought Germany's and Europe's preferred DÜFA brand into Turkey. This star investment helped Kayalar Chemicals took a big step towards the construction paints markets. The company purchased all the shares of this partnership in 2009 and has become the exclusive owner of Düfa brand in Turkey. Having covered North Africa, Turkic Countries and Middle East within the areas of responsibility, the primary goal of Kayalar Chemicals is to reach to a share of 15% in Turkish construction paints market by 2015.

GENÇ**düfa** Solution Overview**Customer Profile**

Kayalar Chemicals is founded in 1976. The company offers a wide product range in the furniture paint and varnish industry under Genç brand. Kayalar Chemicals is the leading company in the market with a share of 22% and employs the largest capacity and leading technology in its field in Turkey.

State of Business

Having signed a partnership agreement with Meffert AG, one of the leading construction paint companies of Germany, in 2005, Kayalar Chemicals took a big step towards the industry with Düfa brand. The company purchased all the shares of this partnership in 2009 and has become the exclusive owner of Düfa brand in Turkey. The company aims at reaching to a share of 15% in Turkish Construction Paints market by 2015. For this purpose, the company has started searching for a reliable ERP solution.

The Solution

Kayalar Chemicals has selected Microsoft ERP (Dynamics AX) products thanks to the flexible structure and ease of adaptation of the solution, and obtained consultancy services from ETG company. The application that consists of Finance, Accounting, Commerce, Logistics, Production and Business Analysis modules was implemented as intended.

Benefits

- Creation of the best price strategy in the competitive markets by making actual cost calculations in the most detailed manner.
- The ease of adaptation of Microsoft ERP (Dynamics AX) allowed senior management to consolidate all supervision processes on Microsoft Dynamics AX and helped minimize operational errors.
- Export processes were transferred to the system and processes were taken under control for the sake of highly important customer satisfaction.
- Barcode and mobile applications ensured significant increases in productivity. Effectiveness and accuracy of sales, shipment and storage processes were maximized.
- All production details were recorded and performance monitored in real time. This sample follow-up processes.

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State of Business

Tolga Kayalar states that they have decided to deploy a new software because they considered that their existing software would not be sufficient (if not very difficult, long and costly) to provide an advancement in terms of taking business processes under control, establishing an infrastructure that supports rapid growth, calculating costs accurately and ensuring budget control. They have also taken Microsoft ERP (Dynamics AX) under evaluation thanks to important references in the chemistry industry. Tolga Kayalar states that their priority was 'detailed and accurate calculation of costs'. The reason why they had spent the most time evaluating every software in terms of cost were the difficulties they faced in their existing system and the search for ability to offer the best price without damaging the financial stability of the company, avoiding any errors in pricing wars of the competition.

Another important criteria was the ability of software supplier and implementing consultancy company to provide sufficient support and meet long-term needs of the company. It was very important for Kayalar Chemicals to find a solution provider that looks for a long-term cooperation rather than a short-term investment.

The previous experiences have made Kayalar Chemicals consider that the software to be invested must have the ability to grow and change as the company grows and changes. Despite the current analysis showed that the software was meeting many business processes, it was more important to easily adapt the software to business processes that will be developed or changed in order to cope with the rapidly changing market conditions.

Kayalar Chemicals also considered automation within the scope of its mid-term goals. They preferred a software that offers advantages in terms of integration with external systems, minimizing the use of indirect labor and providing features that allow importing all the necessary data from automation systems.

The increasing competition has rendered Customer Relations Management (CRM) also important for both the end customers and distributors and dealers. Kayalar Chemicals wanted to have a software that supports their approach and allow maximum level of information exchange with customers/dealers/distributors.

The Solution

As a result of a detailed analysis and selection process, Kayalar Chemicals has preferred Microsoft ERP (Dynamics AX) product. The experience and industry-specific developments of ETG, Microsoft Dynamics Partner, also had a big influence in this decision. Having executed numerous installations in the industry, ETG understood the needs of Kayalar Chemicals accurately, and designed and offered the process as required by Kayalar Chemicals. Utilization of industry-specific knowledge and ready-to-use enhancements in the pre-sales demos stood out as elements that significantly decreased the project risk.

The project has started with Microsoft ERP (Dynamics AX) trainings given to key users selected within Kayalar Chemicals, and followed by implementation of business processes of Kayalar Chemicals and their German partner Meffert on the software. After that, the project proceeded with the design of additional enhancements for supporting the uncovered business processes.

"We were having troubles in calculating our actual costs by using our legacy system. Microsoft ERP (Dynamics AX) allowed us to calculate these costs on a timely and accurately manner.

Each and every sales to be executed below our costs or the profit margin that will yield the budgeted income may adversely affect our financial stability in the mid- and long-term."

Tolga Kayalar
Member of the Board of Directors
KAYALAR CHEMICALS



Following the design works carried out with the consultants ETG, the most of the enhancements were carried out in-house at Kayalar Chemicals. The application that consisted of Finance, Accounting, Commerce, Logistics, Production and Business Analysis modules was first taken into parallel utilization. One month later the software was started to be used as planned at the end of parallel utilization.

Benefits

An Environment for Easy Development

The biggest problem that Kayalar Chemicals has experienced with their previous system was the long duration of implementing additional enhancements on the standard software or developing new reports, and the need to invest too much work in order to render them correctly operational. Tolga Kayalar says, *'Most of the time we had to leave our additional enhancement requirements unfinished because it took too much time and we didn't want to spend time in controlling them. The best part of Microsoft ERP (Dynamics AX)' is that our requirements are being met in 1-2 days. Then we control and immediately commission them. This motivates our employees and also ensures that our software is always current by allowing us immediately commission the additional enhancement.'*

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Easy of Use and a Design that Increases Productivity

The new investments allowed Kayalar Chemicals experience a rapid growth. The easy of use of Microsoft ERP (Dynamics AX) enabled newly hired employees adapt to the system quickly and start using the system in all business processes. The ability to learn and use the system easily has significantly decreased the time and cost of trainings to be spent on the newly hired staff. Also, it helped minimize errors that new users make in the first couple of months of system utilization due to unfamiliarity.

Process Control System for Senior Management

The use of Microsoft ERP (Dynamics AX) has enabled senior management to transfer all reports to the system. Now, managers are able to supervise all processes via the screens and reports. Problems experienced during the week are reviewed in weekly management meetings. They are using Microsoft ERP (Dynamics AX) to design the measures to be taken in order to solve these problems and prevent them from reoccurring. The additional controls considered and installed on Microsoft Dynamics ERP (Dynamics AX) after commissioning provided a notable decrease in over/undershipments to customers, differences between product catalogues and production, and problems in sample follow up processes.

Cost and Budget Control

Tolga Kayalar states that the current economic growth has certain inherent risks and it is very important for companies to keep their income-expenditure budgets under control. *'We were having troubles in accurately calculating our actual costs by using our legacy system. We were experiencing deviations by 10-15%. Microsoft ERP (Dynamics AX) allowed us to calculate these costs on a timely and accurately manner. It is very important to know your actual costs in competitive environments where there is a price pressure. Each and every sales to be executed below our costs or the profit margin that will yield*

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the budgeted income may adversely affect our financial stability in the mid- and long-term' says Tolga Kayalar. Therefore, the actual cost is one of the most important data for them.

Another important element for Tolga Kayalar is marketing expenditure budgets. The marketing budget allocated for dealers and distributors can be examined in the most detailed manner. This helped them take profitability and expenditure budgets under tight control by comparing the sales and marketing expenditures realized by dealers and distributors.

Import and Export Processes Under Control

Kayalar Chemicals has started opening foreign offices. In order to provide their foreign customers with the highest quality services, they have developed some additional functions on Microsoft ERP (Dynamics AX) and taken all export processes (including receipt of orders, confirmation of shipment date, order follow-up, shipment control and monitoring of customer requirements) under supervision of the software. Tolga Kayalar summarizes their sensitivity in this matter: *"I want our customers feel impressed and that we are different when making business with us. What I rely on when creating this difference is to use information technologies for the benefit of customers..."*

Productivity

Kayalar Chemicals experienced high increases in productivity in certain areas thanks to Microsoft ERP (Dynamics AX) investment. The new system allowed easy deployment of barcode tracking features. Raw materials and products are now being monitored fully by means of barcodes. The confusion among the matte and glossy paints that have the same color code is now below the targeted level. It is now possible finish warehouse counts within the same day while it took up to three days before.

Furthermore, the direct use of Microsoft ERP (Dynamics AX) on mobile devices accelerated the sales processes. Sales representatives are now able to see stocks, prices and discounts and receive orders directly by using their mobile devices. They can enter the necessary data for customer loyalty programs. Therefore, the ability to enter the data into the system instantly at the place and time of creation speeds the sales processes up.

Sample Follow Up

Sample follow-up is very important for companies like Kayalar Chemicals that carries out custom production in addition to standard product catalogues. Since the production has to be carried out according to the sample confirmation and purchase order to be sent by the customer, it is necessary to store all prescription and process data related to sample production with utmost care. Kayalar Chemicals has also decided to follow-up another aspect of business by using Microsoft ERP (Dynamics AX). Information such as the amount of sample requests sent by dealers and distributors, the time of production and delivery of these samples and the amount of final order that the requesting dealer/distributor has received from these samples is kept in the system. Performance measurements like this allows sample process (which is an expensive process) to be managed more effectively

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<p>ETG is an international ERP consulting company dedicated to help its customers reach their full business potential through industry specific solutions including consultancy services, industry best practices, industry templates and software within retail, construction, manufacturing and healthcare industries.</p> <p>Leveraging our best practices with our expertise, we provide exceptional customer service and promote customer satisfaction.</p> <p>ETG headquarter is in Istanbul, branch in Atlanta, and is serving to our customers in US, EMEA.</p> <p>We are proud of being an awarded Microsoft Partner. ETG has received “Customer Excellence Award, Retail Industry Leadership at EMEA” for Microsoft Dynamics AX, recognized as “President Club Member” in a row, selected as one of the “Deloitte Technology Fast50” and holding “Microsoft Gold Enterprise Resource Planning”, “Microsoft Silver Customer Relationship Management”, “Microsoft Silver Learning” partnership.</p>		