



Steve Kahane, President

Company Name
International Coatings Company

Location
Cerritos, California
and Dalton, Georgia

Industry
Textile screen-printing inks
and industrial intermediate
plastic compounds

Employees
50

Goals
New system to support
growing business
Protect margins in
competitive market
Control costs
Improve inventory control
Reduce shortages

Solutions
BatchMaster Enterprise
ERP and Solomon Financial
Accounting software

Results
10% inventory reduction
Improved production
efficiency
Improved cost control
Improved cash flow and
operating margins

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BatchMaster the Right Formula for International Coatings

Fifty years ago, chemist Herbert Wells founded International Coatings Company (ICC) in Los Angeles, California. Wells quickly established ICC as a pioneer in the production of vinyl, urethane, and water-based compounds. ICC's textile screen print inks, adhesives, primers, coatings, and specialty plastic compounds have become standards in the industry, and are recognized worldwide for their performance, quality and innovation.

With plants in Cerritos, California and Dalton, Georgia, ICC remains one of the few independent, family-owned companies in the textile screen print and plastics compounding industries. Today, the company's extensive products and formulations are found in a wide range of items, such as automobiles, medical appliances, toys, sports equipment and sportswear, including athletic jerseys bags and caps as well as in military and aerospace applications.

"We have two major product lines," explained Steve Kahane, president of ICC. "One is textile screen-printing inks, and the second is industrial intermediate plastic compounds. The common denominator between those two product lines is that they are both plastic-based. For the industrial market, we make custom compounds, and our customers in turn use these compounds to mold or fabricate a variety of different plastics. We export to China, Europe, South Africa, Southeast Asia, and Mexico."

Longtime BatchMaster Customer

ICC has been a longtime user of BatchMaster software, starting with the DOS version in 1995. Even though the early version worked well for the company, ICC upgraded to the Windows version of BatchMaster in 2002. According to Kahane, there were several reasons to make the change: "We could have continued with DOS version of BatchMaster for a while, but it would not have supported our projected growth. In fact, we have grown five percent per year. Moving to a GUI, more user-friendly system was attractive, but the main reason was that we wanted to take advantage of the many new features that the Windows version offered."

Rather than simply upgrading to the new version, ICC took the opportunity to evaluate other systems, to ensure that BatchMaster was still the best option.

"We evaluated three other systems and selected BatchMaster again," said Kahane. "We felt that it was still the best fit for our business. During the past four years, we have found the system to be very stable, and we have received a lot of value from using BatchMaster."

Benefits

One of the major benefits of an ERP system to any company is the ability to integrate all functions around a common set of data.

"One of the key benefits for ICC is having an integrated system," said Kahane. "We can track items through the system from raw material to finished goods. We now have much better inventory control and can track usage history. When an order is placed, our customer service department can see exactly what material is in stock and available, and can inform the customer of the likely delivery date."



"We have managed to decrease inventory 10 percent, while still growing the business."

Mario Marquez,
Operations Manager

Turbulent Times

Like many companies that deal in commodities, ICC is vulnerable to price fluctuations.

"As we are in the plastics business, most of our raw materials are petroleum-based," said Kahane. "The past few years have been very turbulent, with increases in the price of oil. We haven't used much more material, but our inventory valuation has increased significantly due to increases in raw material cost. BatchMaster has really helped us track and monitor our material usage, so we can order more effectively, and this in turn has helped our cash flow."

BatchMaster's multiple costing methods provide the flexibility that ICC requires. "BatchMaster lets us use both standard and market costing," said Kahane. "We use standard costing for our day-to-day operations, and I rely on the market costs to see where material costs are heading. BatchMaster has helped us to monitor price movements and set our own prices to maintain our margins."

ICC develops custom products, so it is important to maintain a history of previously created formulations.

"We rely very heavily on the BatchMaster laboratory functions," said Kahane. "ICC is a custom compounder, and we are continually developing new formulas. We use the laboratory functionality to help us meet a certain price target. BatchMaster also provides a very good library of formulations. If we have to formulate something that is similar to another product we developed a few years ago, BatchMaster gives us a very good starting point, and we don't have to reinvent the wheel every time. It gives us instant access to the information, and we don't have to search through paper files."

Management Information is Key

"BatchMaster provides me with the capability to look at information at the macro level as well as the ability to drill down to the detail," said Kahane. "Every day, I look at the Open Order report and see how we are performing, and this gives me an idea of how the month's sales are going to look. Sometimes I will drill down further and look at a specific customer or particular order."

Emy Celis, controller, uses the Sales Analysis and Material Usage reports to make product-pricing decisions:

"BatchMaster provides us with the information to monitor and analyze product performance. We can see which products are moving, which ones have the best margins, and which ones need closer attention. This analysis helps us make the decisions to increase the price of some products, and produce more of the products that have the best margins." "Creating customer reports and querying the BatchMaster database is very simple for ICC managers.

Ken Janke, operations manager, oversees all aspects of the Georgia plant. "Creating reports in BatchMaster is very easy," said Janke. "In addition, I can extract data from BatchMaster to Excel. I can then manipulate and analyze the data any way I want."

Janke's counterpart at the California plant, Mario Marquez, concurs:

"We can run any kind of reports that we want. It's easy to get the information that we need from BatchMaster, even if it's a custom report; we know that the data is readily available."



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Reducing Inventory and Eliminating Shortages

"BatchMaster has definitely helped us become more efficient in production," said Marquez. "We now know if we are going to be short of material long before we run out. That way, we can make our orders in a timely way and avoid expediting charges in both materials and shipping. Maintaining appropriate stock levels is very important. We are located on the West Coast, and a lot of the materials we buy are from the East Coast. If we start to produce a batch and find we are short of material, we can't just drive around the corner and pick it up. BatchMaster helps us make decisions on when and how much raw material to bring in. During the past three years we have managed to decrease inventory 10 percent, while still growing the business. That is a major saving in cash flow and gives us better operating margins, too."

"Currently we are doing Material Requirements Planning (MRP) manually. We take into account the upcoming sales for the next six months, historical sales data, inventory on hand, and then we create a production batch based on that information. We are controlling raw materials using MIN/MAX inventory levels. If the material falls below that level, we issue a purchase order based on the forecasted demand.

We are going to implement BatchMaster's Master Production Scheduling (MPS) and MRP modules in the near future. We have over 1000 SKUs and around 500 raw materials, so we believe MPS/MRP will save time as well as give us tighter control over inventory and the ability to optimize production batch sizes," said Marquez.

Kahane also sees implementing MPS/MRP as a major step forward for ICC:

"We are in a very competitive market, and the more information we have, the better control we have, the more efficient we become. As we become more efficient, we will reduce cost and we can manage our cash better. It will give us better control over raw materials. We will know the exact quantity, and when we need the material. We want to move towards to just-in-time, not just-in-case."

For more information about BatchMaster Software, Inc., contact sales@batchmaster.com

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