

Kvichak Marine Industries Inc.

Encompix® ERP



Premier Aluminum Boat Manufacturer Uses Encompix ERP to Double in Size

“Through the use of Encompix software, we have been able to administer a company that has doubled in size without having to double the number of administrators. In short, every department in the company uses the software and add-on products to improve how we do business.”

— **Leo Schowengerdt**, Assistant Chief Engineer, Kvichak Marine Industries Inc.

Building the Best Boats in the Business

Founded in 1981, Kvichak Marine Industries Inc. established itself as one of the country’s premier aluminum boat builders. Kvichak’s reputation for quality and reliability has been proven time and again in the world’s most demanding marine environments. Kvichak constructs vessels that have been proven reliable and durable on any mission, whether it be for fisheries, patrol and firefighting, or for transporting passengers and pilots.



From its Seattle factory, Kvichak builds boats for oil spill prevention and response in Alaska, passenger ferries for San Francisco Bay, and homeland security patrol boats for the U.S. Coast Guard, as well as military and law enforcement patrol boats, and vessels to deliver pilots to incoming ships and help the marines get where they need to be.

Standard ERP Poses Problems

“We struggled for years to make our business fit into standard ERP,” said Assistant Chief Engineer Leo Schowengerdt. “It was difficult to schedule and track engineer-to-order (ETO) jobs using software designed for the manufacturing industry. We had a lot of wasted motion and duplication of effort as data was created by the engineering department and entered into the MRP system.”

With some of the larger government contracts, strict separation from other activities and stringent tracking and reporting requirements dictated that each contract be handled as if it were a separate company. The new software had to be able to handle this kind of multi-company tracking gracefully.

The Search for ETO-Specific ERP Ends with Encompix

“Encompix ERP is designed with engineer-to-order (ETO) as a core business model,” said Schowengerdt. “Product fit was very important to us when selecting a system, and quite rare.” After struggling for years to force-fit into an “ordinary” manufacturing system, Kvichak knew what it needed and why it



Return on Investment at a Glance:

Seattle-based Kvichak Marine Industries, a premier manufacturer of aluminum boats, saw the following return on investment after implementing Encompix ERP:

- Tripled engineering department without a corresponding increase in production control.
- Doubled quantity of materials purchased with only a 25 percent increase in purchasing resources.
- Reduced monthly accounting close process from four weeks to seven days.
- Shortened billing process from weeks to days.
- Improved cash flow and productivity levels by executing material and labor scheduling “just in time.”

“Our purchasing and receiving departments have dramatically improved their throughput and accuracy using Encompix functionality.”

— **Leo Schowengerdt**, Assistant Chief Engineer, Kvichak Marine Industries Inc.

was important to find a system designed for ETO, project-based manufacturers from the beginning—not added on as an afterthought.

As a highly engineering-oriented company, communication between CAD and ERP was also an important criterion for the Kvichak team. To meet this need, Encompix offered integrations between popular 2D and 3D CAD packages and core Encompix engineering functionality, including production orders. These integrations would make it a simple process for staff to create a bill of material in Encompix directly from the drawing, provide revision-level control on that drawing, and give engineers access to existing part information. The Kvichak team knew this functionality would eliminate the need to create new records for existing items and automatically create purchase material requirements. Another key aspect of the Encompix solution included its ability to facilitate the purchase of long lead-time items. Engineers would be able to optionally release the production bill by item, for advanced purchase, even before the design was complete.



According to Schowengerdt, it was clear to the selection team that Encompix ERP’s ETO-specific functionality would significantly reduce the duplication of effort and non-value-added activities, such as the re-keying of data from one system to another, that the company was then experiencing. What’s more, the system would handily accommodate Kvichak’s need to support multiple companies.

Once Kvichak selected Encompix, the team embarked on a six-month implementation that included all core ERP functionality within the Encompix solution, plus an engineering integration with AutoCAD.

Encompix Streamlines Processes and Provides Foundation for Growth

Since implementing Encompix ERP, Kvichak has seen greatly improved job scheduling, which allows for better business process control and ensures that labor and materials are available “just in time” to maximize the use of shop space and better manage and predict cash flow.

The time required to collect and process information necessary to generate a bill for clients has been reduced from weeks to a few days. This very important accomplishment has been critical to improving cash flow. Previously, it took up to four weeks to complete a monthly accounting close. Now that process is completed in as little as seven days.

“While most of our jobs involve multiple reporting periods and progress payments, one customer requires weekly updates on a time and materials contract,” Schowengerdt said. “What would have been a nearly impossible task previously has become simple and straightforward using Encompix.”

“Our purchasing and receiving departments have dramatically improved their throughput and accuracy by using Encompix functionality,” Schowengerdt added. Receiving is now better able to accurately inspect, receive and distribute materials to multiple jobs while maintaining the separation and traceability required by some contracts. At the same time, Schowengerdt said the company has doubled the quantity of materials purchased, while increasing the purchasing resources by only 25 percent.

Perhaps the largest impact Kvichak has seen is in engineering and production. The engineering department has been tripled in size without a corresponding increase in the production control department to accommodate the increased volume of information. “Our production control department has taken great strides in being able to schedule jobs to help make sure that required material and manpower are in place to complete them successfully,” he said.

Schowengerdt sums it up this way: “From the time Kvichak considered using an ERP system to the present, we have gone from a small company, using multiple software solutions and outside accounting services, to a company with multiple subsidiaries in multiple locations. Through the use of Encompix software, we have been able to administer a company that has doubled in size without having to double the number of administrators. In short, every department in the company uses the software and add-on products to improve how we do business.”

CASE STUDY

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