

GLOBAL SHOP SOLUTIONS CASE STUDY

Craftsman Specialty Products, Inc.

With its ready access to vast amounts of timber, the Pacific Northwest is home to many fine woodworking companies. *Craftsman Specialty Products Inc.* in Vancouver, British Columbia, is one such company.



Craftsman Specialty Products' headquarters in Vancouver, BC.



Craftsman Specialty Products' computerized panel saw CNC.

Craftsman Specialty Products combines state-of-the-art technology with direct mill sourcing to provide **custom wood component manufacturing** to a variety of markets in Canada, the United States and Japan. A specialty contractor, Craftsman Specialty Products' services range from sizing of plywood and OSB to precision manufacturing of cabinet components, furniture components, store fixtures, and many other custom and industrial building components.

Operating out of a 23,000-square-foot production facility, Craftsman Specialty Products focuses on three primary markets: decorative wood components, industrial wood components, and dovetail drawer boxes. Decorative products range from kitchen and bathroom custom wood cabinet components to store fixtures, closet systems, storage products, arcade game panels, and more. Industrial products include building panels, warehouse shelving, manufactured housing, portable structures, pallets, crates and packaging.

A family-owned business with 30+ employees, Craftsman Specialty Products is an offshoot of an earlier company called Craftsman Wood Products. When the original company ran into financial difficulties during the recession, it was restructured in 2009 to become Craftsman Specialty Products – a smaller, leaner business. Since the restructuring, Craftsman Specialty Products has gone on to enjoy great success.

Founder and president Richard Wilson initially used Global Shop Solutions ERP software with Craftsman Wood Products. When that business became Craftsman Specialty Products, the new entity operated without Global Shop Solutions ERP software for about six months. Soon, however, employees in all areas of the business began clamoring for a return of the software.

"Global Shop Solutions is such a large, powerful software that I wondered whether we really needed it in our smaller business," recalls Wilson. "But within three months, staff who came from old company began asking when we were going to bring it back. When we reinstalled Global Shop Solutions, you could feel tensions in the office begin to ease as people started to get their operating efficiencies back. All our people are huge fans of the Global Shop Solutions system."

Strategic Advantages

In addition to simplifying operations and making people's jobs easier, Wilson believes that Global Shop Solutions ERP software gives his business several important strategic advantages – starting with the ability to **control indirect costs**.

"As we began growing our top line, our administrative budgets grew right along with it," says Wilson. "I wanted to do a better job of managing costs, especially on the information and administrative sides of the business. And I wanted to become so lean and efficient that G&A costs would only minimally increase no matter how much we grew the production side."

"The solution lay in combining Global Shop Solutions with some additional software specific to our manufacturing machines," explains Wilson. "Since implementing, we've managed to break the trajectory of escalating administrative costs. In fact, I can easily see us doubling the business without adding any more G&A staff."

One example of growing the business without adding G&A costs – and one area where Global Shop Solutions ERP software yielded immediate results – is the ability to quickly and efficiently **process repeat orders**. Currently, month-to-month repeat orders constitute about 70% of Craftsman Specialty Products' total business. In the past, putting those orders out on the shop floor required a very labor- and paperwork-intensive process. With Global Shop Solutions ERP software, Craftsman Specialty Products can now put even the largest repeat orders on the floor within a matter of minutes.

A second major strategic advantage derived is the ability to know precisely where the company is making money.

"With Global Shop Solutions, I know exactly what my costs are, where my margins come from, and where I need to improve," adds Wilson. "I can track profit margins by customer, product line or geographic region. I can determine the margins for individual products. I can even drill right down to specific components within a product to see how much margin we make on them. Other ERP systems can do this, but not as easily and effortlessly as Global Shop Solutions. The speed at which we can react to problems or capitalize on ideas is very impressive!"

24-Hour Financial Statements

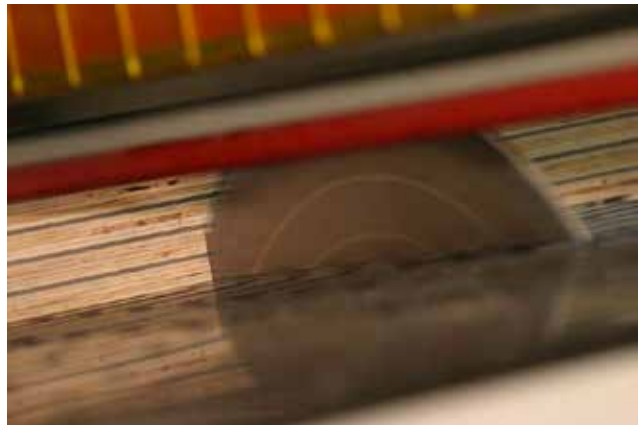
Whether it's sales, production, purchasing or financial information, getting fast, accurate data is essential for making good business decisions. According to Wilson, Global Shop Solutions ERP software excels in all these areas.

For example, previously Wilson's goal was to have the monthly financial statements ready seven working days after close of month. With Global Shop Solutions ERP software, he can now produce those statements within 24 hours. Often, he can have preliminary statements on his desk the morning after month's end.

"**Accounting** is often accused of being too historical," says Wilson. "But with Global Shop Solutions, it's like getting live information. When an order closes, we'll have it closed, shipped and invoiced all within a few hours. I see the profitability of that job within hours of closing, which is very helpful with repeat orders. When we close new orders, the immediate visibility of data allows us to deal with reorders very quickly and see whether we need to increase prices or change supply."

"Without Global Shop Solutions, it can be easy to get befuddled by the lack of clarity in the workload," continues Wilson. "We may have 20 orders for 20 different customers for 20 different products going through plant at same time. It's easy to miss one piece of a product on a raw material basis. With the robust router system, the **demand and supply** are visible to the point that our purchaser only has to run reports and do a period on-the-floor check to make sure everything is tracking accurately."

The data from Global Shop Solutions ERP software even gives a boost to the company's profit sharing plan.



Cutting through a thick plywood stack with a CNC Saw.

“We track a number of customer-driven measures, such as on-time delivery,” says Wilson. “Rather than having to do that manually, as we did in the past, Global Shop Solutions automatically tracks those metrics for us. We’re currently in the process of revamping our profit-sharing system, and three out of five of the new performance metrics will be Global Shop Solutions driven.”

Growing Sales with ERP Software

On the sales side, Global Shop Solutions ERP software makes order entry a snap. The system handles both new orders and reorders quickly and efficiently. Craftsman Specialty Products’ order entry person can instantly see whether material has been ordered for a particular customer or job, which helps to ensure on-time delivery. And she can handle customer inquiries about shipping and delivery with ease.

Global Shop Solutions ERP software also assists with sales analysis. Wilson regularly uses sales reports generated in the Order Entry screen to get a high-level snapshot of how the plant is booked and where they stand with on-time delivery rates. And the visibility of data assists in adjusting margins to strengthen existing customer relationships and win new accounts.

“I can clearly see where I’m making acceptable margins and where I’m not,” says Wilson. “If a particular margin isn’t high enough, Global Shop Solutions gives me the data I need to make strategic decisions about that margin. For example, I could price one product to deal with the overall margin for an account not making minimum standard. Or I could increase margins across the board for that account. With Global Shop Solutions, I can strategically price right down to the part level, which is very powerful.”

“It also gives me the ability to periodically challenge customers that aren’t contributing at the desired level,” continues Wilson. “It’s not about firing the customer; it’s about starting a dialog about how we can make the relationship work for both of us. Maybe they can take on part of the outsourcing that isn’t part of our core competencies. Or maybe we can accept lower margins if they increase the size of their orders. And with new customers, I can make initial quotes having full confidence that I know all my costs. That’s a big advantage when trying to win new business.”

Unit Production of One

Ultimately, Wilson’s hopes to achieve the goal of “unit production of one,” which is the ability to make one product or unit of production as efficiently as 10, 50 or 100. Paperwork and administrative costs represent one of the primary obstacles to achieving this goal. However, with the visibility of information and accuracy of costing available through Global Shop Solutions ERP software, the company is already moving smaller orders through the shop while still making acceptable margins in certain areas of the business.

For example, Craftsman Specialty Products’ customers will sometimes order a single drawer box for one of their customers. The order goes seamlessly from the customer’s website to their purchasing department to the Craftsman Specialty Products sales department to the shop floor, with essentially zero administrative drag. In most cases, Craftsman Specialty Products can get the order out on the floor in less than 30 seconds. As a result, they can produce one unit for their customer while still making the necessary margins.

“The smaller the volume, the more importance we place in our customer’s supply chain,” explains Wilson. “In our industry, if you can’t mass customize, you’re probably getting intense pressure on margins and losing a lot of business overseas. We see unit of one as a critical strategy for retaining a healthy manufacturing base in the North American setting. In order to get there, we need a powerful ERP system.”

“Competing in today’s markets is all about knowing your costs and having a highly efficient information system so you can grow the business without growing indirect costs,” says Wilson. “With Global Shop Solutions, I can do both.”