

GLOBAL SHOP SOLUTIONS CASE STUDY

K&B Industries

Today's global economy depends on a steady supply of oil and natural gas to keep functioning. As one of the most trusted names in the oilfield and natural gas manufacturing industry, *K&B Industries* produces quality products that support the exploration and production of oil and natural gas. Organized into five separate divisions – full-length threading, tubular accessories, welding and fabrication, manufacturing, and customer inventory control – K&B Industries specializes in threading premium connections for the *oil and natural gas industry* that must withstand very high levels of torque and pressure. The company produces more than 100 different licensed thread connections, and their customers include some of the biggest names in the oil and gas production industry, including Halliburton, BP, Weatherford, BHP Billiton, U.S. Steel, and VAM.



K&B Industries' production plant in Houston, Texas.



K&B Industries founder Kenny Wood, Sr.

Headquartered in Schriever, Louisiana, K&B Industries also operates production facilities in Houma, Louisiana, and Houston, Texas. The company is ISO 9001:2008 and ISO/TS 29001 certified, and holds numerous industry certifications, including API Specifications Q1, 5CT, 7-1, 16A and 6A.

Prior to Global Shop Solutions ERP software, K&B Industries used an old ERP system and many different spreadsheets to manage the business. Although the ERP system had a number of useful features, K&B Industries' consistent double-digit growth over the years had far outstripped the data management and infrastructure capabilities of the system. In addition, the vendor's training and customer support services left much to be desired.

In 2011, CFO Danny Jordan set out to find a new ERP system. After an intensive research process, his team quickly zeroed in on Global Shop Solutions ERP software. After several months of preparing for the transition, the company went live with the software in early 2012.

"We liked a lot of things about Global Shop Solutions," recalls Jordan, "including the value and fit for our organization. We also saw that Global Shop Solutions had the capacity to grow with us. But the deciding factor was their outstanding service and support. We realized that implementing a new ERP system would require a culture change in our company, and it was imperative that we go with a vendor who would support us all the way."

Improved Shop Floor Control

As with most manufacturing companies that support the oil and gas industry, K&B Industries' operating environment is both large and complex. The company makes upwards of 10,000 custom and stock parts each year, with the size of those parts ranging from small to very large.

For example, their casings and tubings can vary from 3/4th to 20 inches in diameter and 30 to 45 feet long. Jobs can take as little as a few hours for most, and up to several months to complete, depending on the scope of work. K&B Industries averages a thousand jobs in production at any given time.

According to Jordan, managing the company's diverse workload across several locations has become much easier since implementing Global Shop Solutions ERP software, in large part because of the high visibility of data throughout the system.

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With Global Shop Solutions, Jordan can instantly check the status of any job at all three locations. He can get a high-level overview of each job, or drill down to very specific details, such as what sequence an individual production worker happens to be working on. He can also look at a particular shop or department and review all the work orders in process at any given time.

“The best thing about Global Shop Solutions is that we now have all the information in one integrated database,” says Jordan. “Our old patchwork of spreadsheets, offline reports and printed documents required a lot of ‘pencil whipping’ to make things happen. In less than a year, we’ve eliminated 90% of that manual work by putting it in Global Shop Solutions. More important, we now have real integrity of the data and much more control over our shop floor.”

Faster Order Entry and Month-End Close

Upon implementing Global Shop Solutions ERP software, K&B Industries began to experience quick results in many areas of the business, starting with [order entry](#).

Previously, order entry required five different spreadsheets and documents and a lot of time to manage the process. Now, the process is almost entirely automated. When customers call in to request a quote, K&B Industries uses the ERP software's part number generator and quick quote feature to get the quote out as quickly as possible. Once they win the quote, workers use the ERP software to create the sales order, which then automatically creates the work order, thereby eliminating a lot of extra steps in the process.

“Global Shop Solutions didn't just save a few minutes here and there on our order entry process; it literally cut the time in half by eliminating all the duplication required with our previous system,” says Jordan. “The ability to get quotes out quickly is critical in our industry, and Global Shop Solutions enables us to do that. Plus, we don't have to reenter the data once we win the quote. This saves more time and makes it easier to track quotes once they've been issued.”

Another immediate payoff from Global Shop Solutions ERP software came in [inventory management](#) – on both the tracking and financial reporting side. In their old system, K&B Industries inventory system did not integrate with the [general ledger](#). As a result, management had to create numerous offline reports and journal entries to track inventory for financial reporting support. Now, every part in inventory automatically gets entered into The ERP software, which significantly improves tracking & reporting accuracy.

“Simplifying the inventory process and keeping all the data in one place makes it much easier to track and manage inventory,” acknowledges Jordan. “But it also helps with our month-end close. Because the inventory module integrates with accounting, we no longer have to make all the additional journal entries we used to do. It also reduces the number of reports our controller needs to review. Before Global Shop Solutions, it used to take six or seven business days to close. Now we do it in three.”

Steady Progress with Global Shop Solutions

After a year of using Global Shop Solutions, K&B Industries has developed many capabilities that were not possible with their old system, including the ability to [track costs with greater accuracy](#).



In the past, the only people who clocked in directly on work orders were the machinists. Quality, processing, finishing and other direct costs did not. With [Shop Floor Data Collection stations](#), everyone in the production process now clocks in directly to the work order. And they do it electronically, saving time and paper.

“This was a big change for us,” notes Jordan. “People went from clocking in just for time and attendance to clocking in on a multitude of work orders, enabling us to track costs much more accurately. Going forward, our goal is to have a Shop Floor Data Collection station at each workcenter and go totally paperless in the shop.”

Global Shop Solutions has also dramatically improved [customer service](#). When customers call in to inquire about the status of their job, it used to take sales reps five or six calls to different departments to get the information they needed. Now, they simply log into the ERP software for instant access to all the customer data they need – all from one screen.

K&B Industries is also taking advantage of the ability to customize the ERP software using the powerful [Global Application Builder \(GAB\)](#).

“We work a lot of overtime,” says Jordan, “and we wanted to know the overtime cost for each job as well as shift differential pay. [Global Shop Solutions Consultants](#) built us a GAB program to calculate that. Now we can tie all overtime costs directly to the job rather than just some general overhead category, which gives us a much more accurate view of labor costs. We’re still not 100% where we want to be in terms of measuring costs, but we’ve made big strides in this area, both operationally and financially.”

Superior Service and Support

Ask Jordan where Global Shop Solutions ERP software has made the biggest difference for K&B Industries and he recites a long list of improvements.

Simplifying the quote to sales order acknowledgement to work order generation process. Integrated inventory and accounting. Job status visibility. Faster workcenter setup. Improved burn rates. Better job costing, including the ability to shift costs from one location to another.

“Even though we have separate locations, we don’t do any branch accounting,” says Jordan. “With the ‘in transit’ feature in the Inventory application, we can start a job in one location, complete it in another, and transfer the costs. That way, the cost of goods sold follows that part throughout the production process, and doesn’t burden one location over another. In our old system, this used to require a lot of gyrations. Now, Global Shop Solutions does everything for us automatically.”

Jordan also likes the intuitive, user-friendly design. This makes it easy for people to get what they need from the system, which leads to better management decision-making throughout the company. Ultimately, however, it all comes back to Global Shop Solutions exceptional customer service – an essential ingredient for companies like K&B Industries that operate almost 24/7.

“We don’t have many after-hours calls, but we need that availability,” says Jordan. “With our previous ERP vendor, service was limited from 8 to 5 Eastern time. If we had a problem after that, forget it. With Global Shop Solutions, we know that when we have an issue, we can put in a service call and get a fast response.”

“The people at Global Shop Solutions have been phenomenal in terms of support,” concludes Jordan. “Service is a real strength of their organization, and going forward we have a lot of confidence that they will be there for us when we need them.”



Finished full-length tubing awaiting shipment.