

GLOBAL SHOP SOLUTIONS CASE STUDY

Mestex

Mestex provides innovative HVAC solutions for buildings of all types and sizes. These include industrial warehouses, pharmaceutical labs, wastewater treatment plants, computer and medical equipment cooling rooms, commercial kitchens, gymnasiums, and more.



Mestex's Assembly Department where products are carefully pieced together.



Mestex's Wing Coil Department.

Mestex's extensive product line includes air turnover systems, direct and indirect fired systems, and packaged systems, as well as portable air conditioning, unit heaters, air curtains, evaporative cooling systems, and specialty heating and cooling units.

A recognized leader in the HVAC industry, Mestex is based in Dallas, Texas. It employs 100+ employees who operate out of three production facilities.

Mestex purchased and implemented Global Shop Solutions ERP software in early 2006. According to Steven Hodgson, Division Controller for Mestex, the decision was based on the ERP software's robust functionality, the extensive **training and support** available, and the affordable price.

"We had been stuck using an old AS400 system for nearly two decades," recalls Hodgson. "It was difficult to work with, we couldn't extract the data we needed, and we couldn't do anything without hiring an expensive programmer - if we could find one."

"One thing I immediately liked about Global Shop Solutions was the ease of exporting data into Excel or Access" says Hodgson. "The ability to quickly drill down from each screen to get detailed information – whether for **inventory control**, **product costing**, or any other process – was exactly what we were looking for. And the other ERP systems we reviewed didn't seem as capable of handling our **build-to-order** manufacturing environment."

Understanding Costs

According to Hodgson, Global Shop Solutions ERP software biggest contribution has come in three distinct areas: lowering inventory, reducing **head count**, and **controlling costs**.

"Perhaps more than anything, Global Shop Solutions helps us understand our costs," he says. "When we get a quote for specific type of unit, we can quickly look back in our history and see where we built something similar or possibly identical, and whether we built it three months or three years ago. Then we can recost it at today's labor and material rates and put together an estimate very quickly."

"The ability to quickly and accurately come up with a price for custom products allows us to compete more effectively," adds Hodgson. "And with Global Shop Solutions, we no longer have to bid blind. We know that the pricing we work up during the estimating process will be the same, or very close to it, when we actually sell the product. That's a good feeling to have when operating in a very competitive market."

Reducing Inventory and General & Administrative (G&A) Expenses

Hodgson considers Global Shop Solutions ERP software greatest asset to be the high visibility of data throughout the system. In fact, he credits the company's 50% reduction in inventory to this powerful feature, particularly in the raw materials area.

"The visibility of data within Global Shop Solutions definitely helped reduce our inventory," he says. "We can look at inventory data – such as turns, age, or any other metric – from any view we want, and then make appropriate decisions about that material. The system notifies us when we get price increases on materials. And any time something changes in purchasing, it automatically tells us."

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"Like other aspects of the system, inventory control is very flexible," says Hodgson. "For example, we just had Global Shop Solutions write us a [custom report](#) that tracks shortages by work order. This lets us know when we're short on a specific component for a job in production, which allows us to adjust schedules and completion dates accordingly. We can also organize the data and group the materials any way we want."

This easy access to data within Global Shop Solutions ERP software assists with virtually every area of the business. Hodgson can track production and workflow with great precision. With just a few mouse clicks he can see where any job is in the production process and how close it is to being finished. He can also see job loads at each workcenter to determine shop floor capacity.

Global Shop Solutions ERP software makes it easy to trace and track raw materials once they leave inventory and are issued to a job. The Auto Purchasing feature within the Inventory application greatly simplifies the purchasing process. All the company's two buyers have to do is verify the accuracy of the information they receive through the system and Global Shop Solutions ERP software automatically does the rest. The [Shop Floor Data Collection stations](#) and barcode scanners can save time by allowing shop floor personnel to electronically clock on and off all work orders.

As a result of these efficiencies, Mestex has been able to reduce headcount for significant G&A savings.

"In our old system we had three accounting clerks; now we operate with one," says Hodgson. "We used to have a full-time employee dedicated to manually costing orders as they were shipped. Now, Global Shop Solutions does it all automatically. And we have one less person in sales order entry. Between purchasing, accounting and sales, Global Shop Solutions has allowed us to eliminate four senior clerical positions, and those savings go straight to the bottom line."

A Versatile Business Management Tool

Perhaps the best way to understand all that Global Shop Solutions ERP software can do is to see how people use it in different areas of the business.

Operations Manager Ben McCarty spends most of his time in the Supply & Demand screen – easily one of Global Shop Solutions most popular features for its ability to drill down to any area of the business from one simple screen.

"I'm in there all the time, reviewing job schedules, checking raw material usage, and keeping track of everything that's happening on the shop floor," he says. "Having all the data right at my fingertips is very convenient! If we have a problem, I don't have to stop what I'm doing and run over to the materials building to get answers. I just open up Global Shop Solutions and it's all there."



Scott Stallings, Head of Engineering, makes extensive use of the **BOM** and inventory modules. He appreciates Global Shop Solutions ERP software flexibility, especially with custom reporting.

"I use many Access programs, schedule programs and different reports," he says. "Global Shop Solutions allows me to extract data from the database and integrate it into those programs without assistance from anyone else. These programs all pull from the same database everyone else sees, so I know the data is valid. I'm just putting it in a format that works for me."

Because every Mestex job is unique, Hodgson focuses much of his time on costing work orders. Every time a unit ships, he looks at the margin to determine how the company did on that job. With Global Shop Solutions ERP software, he can easily view the labor and material costs at any level of detail. For example, he can drill down to see why the material percent was higher on one job than a similar job several months ago. That way he can identify whether the material percent was due to price inflation or something that occurred on the shop floor.

He also spends a lot of time in screens related to inventory control. The ability to export data into Excel makes it easy for him to manipulate this data and identify issues with inventory and/or costing. And he uses the Accounting application to close the books every month, getting the financials to corporate quickly and accurately so they can produce the financial statements in a timely manner.

Managing Thousands of Product Options

Global Shop Solutions ERP software offers many great features right out of the box. But it also has the ability to adapt to the unique needs of each company's operating environment. With Mestex, this involved creating a custom configurator to dramatically simplify the company's complex order entry process.

The **Product Configurator** comes built into the standard Global Shop Solutions ERP software. It assists companies that have a lot of features and options in manufacturing all the different versions of their products. In this case, however, Global Shop Solutions ERP software standard configurator did not integrate well with the "Specifier" system used by Mestex's outside sales reps.

"We have tens of thousands of options for all our products," notes Hodgson. "In fact, we have so many I'm not sure we could count them all. Our sales reps use a tool called a Specifier to build up each order as the customer selects from all the different options. It works well, but we had no way to import that data into Global Shop Solutions, which meant we had to manually reenter it."

"We asked Global Shop Solutions, and they **wrote a custom configurator** program for us that allows it to work seamlessly with our Specifier tool," he says. "Moreover, Global Shop Solutions wrote it so that we can now make our own changes to the configurator without hiring a programmer."

How does the custom configurator work?

When a sales rep creates a new sales order, the Specifier configures all the options and automatically rolls up the cost of the order. It also creates a part number that defines the product. Global Shop Solutions ERP software imports that number into the configurator and automatically generates a basic BOM that reflects all the options ordered by the customer. It then creates an inventory part with a description of what has been ordered, and creates a BOM to match that. More important, it does all this without any additional data entry.

Says Mike Cox, Inside Sales Manager for Mestex, "The configurator has made life much simpler for our sales team by simplifying the order entry process on both the front and back ends of the business. It makes order entry easier and more accurate because we don't have to do any additional data entry to create the BOMs. Global Shop Solutions automatically does it for us."