

GLOBAL SHOP SOLUTIONS CASE STUDY

Versatile Wood Solutions

Founded in 1986 by President Mark Schroeder, *Versatile Wood Solutions* produces high-quality architectural millwork, custom office furniture, store fixtures and displays. Focusing primarily on their store fixture and office furniture product lines, the family-owned business serves well-known furniture companies like Knoll and Herman Miller, as well as a diverse array of national and international retail fixture companies.



Installation of new fixtures at a Gap store.



Store fixture for Wedgwood China stores.

Versatile strives to be a turnkey manufacturing solution for their customers, handling everything from product design and engineering through manufacturing and delivery direct to the end user. In addition to retail fixtures and furniture, the company also produces a range of panel products such as veneer, laminate, melamine and solid wood case goods. Versatile is one of few go-to companies in the industry for high-end finishing and operates a state-of-the-art, flat-line finishing system first introduced in 2012.

The company's skilled production workers are experts at using Microvellum CAD/CAM systems, running state-of-the-art CNC machining centers and other sophisticated equipment to produce their custom wood products. But in today's cost-conscious manufacturing markets, it takes a very different kind of system to run a successful manufacturing enterprise. For that, Versatile turned to Global Shop Solutions ERP software.

"Before Global Shop Solutions, our business management system consisted mostly of papers stored in file cabinets and various spreadsheets," says Vice President of Sales and second-generation family member Corrine Willis. "In order to keep up with today's rapidly evolving markets, we needed more control over our entire operations. In particular, we needed the ability to schedule workflow more efficiently and get a better handle on inventory and materials management."

Improved Capacity Planning

The fixture industry is an ever-changing marketplace. New fixtures and store merchandising change often to keep pace with the latest fashion and marketing trends. This dynamic marketplace means that Versatile almost never makes the same product more than once. While this plays well to their superb design and engineering capabilities, it makes it difficult to predict from month to month what jobs will be running and how long they will take to complete. This, in turn, requires very precise yet flexible scheduling in order to maximize capacity and meet demanding lead times.

Initially, Versatile struggled a bit to mesh the powerful *Advanced Planning & Scheduling* (APS) module with its constantly changing workflow. However, after working with Global Shop Solutions *Consultants* to iron out some of the kinks, APS is starting to pay real dividends.

“The fixture industry is very competitive, lead times are tight, and retailers are always looking for new cutting-edge fixtures to drive traffic to their outlets,” says Schroeder. “Winning or losing a job can come down to as little as a few dollars or days. APS gives us a much better feel for capacity planning, and helps to allocate our people and resources more efficiently, allowing us to compete more effectively.”

Willis agrees.

“We divide our facility into several areas,” she explains, “a machine center, assembly area, finishing area, and a rough mill, where we bring in raw materials. APS helps us identify the workloads so we can tell where we may have bottlenecks and how to appropriately staff each area.”

Eliminating Material Shortages

Although Versatile maintains a minimal finished goods inventory, it still has to manage large amounts of raw materials, including big investments in lumber, MDF and other composite products.

In addition to the ERP software’s sophisticated **inventory and materials tracking capabilities**, Production Manager Chris Haskins credits the software’s auto purchasing feature with helping to bring inventory under control.

“Before, we were always running out of some material needed for a job,” he recalls. “Often, it was something as small as a screw or a pin nail. But regardless of size, if we didn’t have the material on hand we couldn’t complete the job. With Global Shop Solutions, the materials requirement planning (MRP) feature automatically tells us what we need and when we need it. Then the auto purchasing does the ordering for us. As long as we do what we need to do in terms of properly issuing and scrapping material, our inventory is amazingly accurate.”

Auto purchasing has also reduced the time, effort and manpower required to purchase raw materials. With the ERP software, Versatile can manage the entire purchasing function with only one employee.

Versatile even uses Global Shop Solutions ERP software to provide distribution and fulfillment services for Electronic Cigarettes International Group (ECIG), a large e-cigarette company. As part of a contract agreement, they manage inventory and global purchasing for the international company. The ERP software’s simplified purchasing and advanced inventory management system helped Versatile beat out several competitors to win the contract for ECIG’s distribution.



McKinley changer for Lolly and Me sold at Target.

Faster, More Accurate Quoting

Although Versatile uses a hybrid system of spreadsheets and the ERP software data to quote new jobs, Global Shop Solutions ERP software makes **bidding quicker, easier, and much more accurate**.

“Our business is all about lead times and price points,” says Schroeder, “which means we have to deliver on time, at the right price. Since raw material pricing is generally consistent nationally, a lean and efficient operation is key. When putting together a quote, we can instantly look up similar jobs and analyze production time and manufacturing flow to identify cost savings. We can then manipulate our schedule to maximize equipment output. We can also copy BOMs and routers from the old product to the new, allowing us to jump right into production.”

In an industry so focused on price and lead times, understanding actual performance against the expectation or standard is also crucial.

“In the past, reviewing performance on a job was mostly guesswork,” says Willis. “Now we truly know whether a job is profitable or not, and to a large degree we know why.”

Global Shop Solutions ERP software also helps with the company’s quarterly profit sharing plan by changing the way direct labor is tracked. Previously, bonuses were awarded mainly on tenure. Now, managers use the system to see how long an employee is logged into direct versus indirect labor.

As a result, Versatile has made direct labor time part of the bonus structure to motivate team members to always be working on a job. Previously, production workers usually didn't clock into a job while staging materials or setting up. Now, Versatile employees log into the work order to gather material to set up a job, giving a more precise accounting of **true job costs**.

"Tracking direct labor and factoring it into the employee bonus structure has really improved our accuracy in tracking true job costs," notes Willis. "In the past, our costing was mostly guesswork based on estimated labor time and materials. Now we know whether a job is profitable or not, and to a large degree we know why. We're not doing anything different in terms of the production process; we're just using Global Shop Solutions to track it more precisely."

Competing More Effectively

Schroeder and his team see Global Shop Solutions ERP software as a key to cutting costs and identifying areas where efficiency can be improved. They also consider it a powerful tool for improving the company's competitive positioning in the marketplace.

With the newfound ability to track labor, materials, and time down to the penny, Versatile can tell exactly how long it takes to make a product and how much it costs. As a result, they can also know with certainty whether a job is profitable.

"This helps us determine what business to go after, or even if we want to take a project a second time," says Willis. "Based on the data from Global Shop Solutions, we've chosen to invest in specific facets of our business where we can gain the best return."

Global Shop Solutions ERP software also helps Versatile determine which jobs to take and whether we can meet customer lead times.

"Making retail store fixtures is all about low cost and fast turnaround," notes Haskins. "With Global Shop Solutions, we can look at a project and realistically determine whether we can deliver it on time and at the cost the customer needs. The system lets us plug in different numbers to see if we can adjust our production schedule or costs. But if Global Shop Solutions tells us we can't meet the customer's expectations, we won't take the job."

"Global Shop Solutions has made us much more professional," adds Schroeder. "It gives us a complete picture of the business as opposed to having a vague idea of what our capacities are and where we're making a profit. It allows us to analyze the business as a whole in terms of capacity, equipment, and where to put our investments. We know what we need to do to be more competitive in the market and better meet our customer's demands."



Tablet arms for American Seating Co. in production on the Biesse CNC.



A Versatile employee at a quality control inspection point.