



CASE STUDY

Irrigation Contractor, Missouri

Problem: Poor inventory control. No job costing. Disparate IT systems (POS / Accounting).

Solution: The client is a full service supplier with sales, installation, and service of farm irrigation systems. Additionally, they operated a retail outlet for walk in customer who needed replacement parts. Finally, the client had a small manufacturing operation to build trailer mounted gas powered electrical generators to power the equipment that they sold. They had problems with excessive inventory.

The consultant created a spreadsheet that evaluated inventory requirements based on historical demand and lead time for parts replacement to determine reorder points for each product in inventory. This enables reducing inventory by \$30,000.

Much of the problem within the company that caused the excessive inventory levels was based on disparate IT systems for point of sale and accounting. The POS system was an obsolete DOS based system that only addressed the needs of the retail store even though parts were requisitioned for both the manufacturing operation and the field service organization. Thus their inventory was never accurate. To prevent running out of key parts, excessive inventory was maintained. The accounting system was also inadequate.

By analyzing the total needs of the organization, the consultant recommended, then installed and configured QuickBooks Enterprise Edition. He worked with the client's staff to transfer all of the data out of the old systems into QuickBooks and created documentation to train all affected staff within the organization. This included the sales force on how to do job costing and quotation, the retail personnel on bill of sale, the manufacturing staff on building from assemblies to maintain inventory control, and the back office staff on purchasing, invoicing, banking, and bill payment.

Finally, the consultant provided executive coaching to the general manager on how to operate the business effectively.

Profit Impact: \$30,000 – one time savings plus \$90,000 per year (3.4% of sales)

Client Billings: < \$40,000