Construction Company Builds Solid Growth Platform on Acumatica Cloud ERP

DAKOTA RED CORPORATION

OVERVIEW

When Dakota Red's previous CFO announced he'd be retiring in two years, top executives chose to review the company's business processes and technology. They learned an ERP system integrated with financial software could greatly improve operations, and they chose Acumatica for its unlimited user pricing, third-party integration flexibility, and the ability to handle multiple entities.

KEY RESULTS

- Dramatically improved visibility with intercompany connections throughout 15 entities and 12 locations
- Deeper financial visibility & data insights improved decision-making
- Streamlined order entry, freeing salespeople to sell more
- Better inventory tracking with goals to free more than $1.5 million in cash flow

SITUATION

Dakota Red is the holding company for King's Material, Midland Concrete Products, Hawkeye Ready Mix, and Stone Concepts, which offer ready mix concrete, landscaping, concrete masonry, brick and a large assortment of building products. The company's previous CFO joined the company in 1988, installed its first computer and software system, and used that system, along with spreadsheets, Microsoft Access and later Sage 100, for more than two decades. As the company grew, databases after database and spreadsheet after spreadsheet were added to keep track of various business entities.

"We were running Sage 100, but only for accounting and payroll," says Matt Stoner, Dakota Red's new CFO. Individual locations used a custom program within Microsoft Access to handle point of sales tickets and transactions. Each standalone database contained inventory lists that were exported from Sage and then they imported sales information back into Sage.

"The system was put in place when we were only one company with three locations," says Pat Sauter, co-owner of the privately-held family business. "We now have 12 locations and 15 entities."

"We were pushing Microsoft Access to the limits and started to notice errors and issues, adds Stoner. "We had no inventory visibility across the locations, and some managers spent a lot of time walking their yard to see if they had certain products in stock."

SOLUTION

Acumatica and K&R

Dakota Red executives wanted an ERP system that was affordable, that could handle multiple entities, that would improve reporting capabilities, and that would allow them to accommodate more users as they grew and acquired more firms. They considered Sage, NetSuite, Acumatica, and several industry-specific solutions. They chose Acumatica largely because of its unlimited user pricing, ability to handle multiple entities, and ease of integration with third party software. But what sealed the deal was working with Acumatica's partner, K&R Consulting Group, Inc.

"K&R's Brad Kain really took the time to understand our business and to help us make procedural changes, not just changes within the software. He went above and beyond just customizing our software and getting our data cleaned up," adds Sauter.

Acumatica's option to purchase and host the software itself rather than locking into a SaaS solution was a huge selling point also. "We're looking at this as a long-term strategic solution and as a partnership with K&R and Acumatica," Sauter says.

The company implemented Acumatica's Manufacturing Edition, which includes Financial Management, Manufacturing, and Distribution Management Software, among others, and has plans to add Acumatica's payroll system and CRM.

Company
Dakota Red Corporation
www.kingsmaterial.com

Industry
Manufacturing

Location
12 Location, 15 entities, headquartered in Cedar Rapids, Iowa consisting of King's Material, Midland Concrete Products, Hawkeye Ready Mix, and Stone Concepts

Products

- Acumatica Manufacturing Edition
- Acumatica Financial Management
- Acumatica Distribution Management
- Acumatica Intercompany Module
- Acumatica Fixed Assets
- AcuCharge Credit Card Interface
- Microsoft Power BI

> *"The biggest time savings for us is not having to go out and wander through our yards of product to see what we've actually got on hand. Having a live inventory of what we have across seven different locations has been a huge time savings for people."*
>
> – Patrick Sauter,
> Vice President,
> Dakota Red Corporation

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BENEFITS

With Acumatica, Dakota Red is poised and positioned for rapid growth, says Stoner. “It’ll be a lot easier to bring new locations into the fold, and we now have the visibility across multiple locations and multiple entities.”

The company, which employs 215, went from having 10 people using Sage to more than 70 using Acumatica and can continue to add users without spending thousands of additional dollars.

Reducing Inventory with Better Insight

Dakota Red has visibility into inventory that it lacked previously. “We can now place orders faster and react to sales quicker. As a result, I think we’ll be able to reduce our total inventory by somewhere between $1.5 million and $2 million dollars.”

The company now has timelier financial statement, and Acumatica has automated many intercompany transfers, saving time and reducing errors. “Now we can charge items across branches and automatically track how much one entity owes the other. Before, we had to do multiple entries or cut multiple checks,” Stoner explains.

He adds, “We’re seeing huge reductions in the amount of time we spend on financial statement cleanup each month. This helps us do better business analysis, and it frees our accounting staff to concentrate on other strategic work.

Freeing Sales to Actually Sell

Dakota Red sells items in different units of measurement, such as by the piece, by the square foot, by the ton, or by the pallet. The sales team spent a lot of time converting pallets to pieces, for example, when creating sales orders. “Having the mathematics conversions in Acumatica and storing it all in one place has been a big time save for our sales people, “ says Sauter.

Better Reporting

Dakota Red had separate financial report writing software and massaged data within Excel, which meant they often had to manually recreate reports each month. They used a Microsoft Access custom program to handle POS transactions with each location having its own standalone databases that included inventory. Since they didn’t connect to Sage, they had to manually move the data.

“Acumatica reporting capabilities give us much better visibility to our data. If we change an entry, a click of a button runs the report again,” says Sauter.

Acumatica also allows them to better manage customer credit lines and customer accounts across the entire company, visibility they didn’t have previously. With Acumatica they can instantly see who owes what and to whom.

“Acumatica is so flexible and efficient, it’s helping us operate the business more intelligently.”

DAKOTA
RED CORPORATION

> *“We went from 10 users in our old system to 70 users now, and we don’t have to worry about if somebody is only going to be in the system for 15 minutes a day. We can get them access to Acumatica at no aditional cost, so they can enter the work in real time.”*
>
> – Matt Stoner,
> CFO,
> Dakota Red Corporation

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