



VimCo / Peg-lok

At A Glance:

- **Company:** VimCo / Peg-lok
- **Location:** Boise, ID
- **Industry:** Distribution/Wholesale, Manufacturing, Retail
- **Challenges:**
 - Constant upgrades by previous software providers were too expensive to maintain given VimCo's extensive customization
 - Company needed greater visibility in its customer and accounting data, especially as it plans to expand its retail base
- **Software switched from:** Advanced Software; Great Plains; MAS 90
- **Results with NetSuite:**
 - \$30,000 one-off savings in infrastructure
 - \$6,000 a year in maintenance
 - An increase of 20 percent in sales
 - \$3,000 a year in licensing fees



“With NetSuite we are able to compete against some of the world’s largest companies by being lean and mean in our processes and systems. Ultimately, it is not size of the company that matters but what you can deliver to the customer.”

— Scott Gollick, President

VimCo

The Results: Back Office Savings, Front Office Expansion

VimCo, the marketing arm of the company that manufactures the Peg-lok product, is getting set to open ten retail locations throughout the Northwest. By opting for NetSuite instead of competing solutions, the company estimates it saved \$30,000 in related infrastructure and hardware and \$9,000 in upgrades and licensing fees each year.

“If we had to use other applications to do the things we want to do to expand, we would have to purchase multiple tiers of software instead of one application integrated into a single bundle,” says Scott Gollick, president. “For the retail stores, for example, we would have had to purchase a point-of-sale software system separately and then link it into the accounting system. That would have added additional staff to our operations and certainly additional software costs.”

Perhaps more importantly, the NetSuite application has streamlined and added greater visibility to the company's order management processes. “Sales are up by 20 percent as a result,” Gollick says.

The Challenges: Real Time Needs Fulfilled By Fax Machine

A twelve year old business in Boise, Idaho, VimCo has done exceedingly well in marketing its brand of wooden shelving, called Peg-lok (“real wood made real easy to assemble”). Peg-lok is the shelving of choice in many of the nation's largest retail stores.

From there, it was a natural next step to open their own retail outlets, Gollick says. But to do so, he knew the company needed to implement a system that would give it better visibility into its order management, manufacturing and sales movements.

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“We have been able to add so much more customization to our system with NetSuite that we couldn't before because the cost to write those custom data applications - and the costs to make those changes whenever the application was upgraded - was too expensive.”

— *Scott Gollick, President*

VimCo

“We began to evaluate other systems two years ago in anticipation of our future growth. The problems we were having with our then-software application, a Visual Basic program, were numerous. Every time the software came out with upgrades we had extra costs because we have a lot of custom applications in our system. Also, tech support was hard to find and again, very expensive.”

But perhaps the biggest problem, Gollick says, was the lack of visibility in the company's manufacturing operations — which includes facilities on the East and West Coast and in Europe — and with its 60-some service representatives, or “merchandise managers,” spread across the US.

“We had an issue getting information out to people,” Gollick says. “We would have the necessary data in Boise, but would have difficulty rolling it out in real time on a daily basis to our people across the country. Instead it was a very manual and cumbersome process - sometimes we would get the data out by phone or by fax — and a major pain point for us.”

The end result, he says, was that retailers and resellers were flying blind as they assessed their capacity and demand needs. “They wouldn't know if an order was coming in to a particular store, what the items were on that order and how many. And tracking product movement is key if you want to be able to replenish orders on a real time basis.” In fact, once this problem had been rectified and VimCo's partners were able to monitor and stock products on a day-to-day schedule, Gollick saw sales increase by 20 percent.

The Solution: Complete Visibility

There have been other benefits as well. NetSuite has improved VimCo's cash flow, he says. “By giving us greater visibility into purchasing throughout our various manufacturing operations, we can better manage our expenditures as we are able to see the exact dollar amount allocated to the raw materials coming in and the existing inventories. That has pushed us even closer to the just in time inventory management ideal.”

Customer service has also improved since NetSuite has been implemented. “Now anybody can field customer service calls and direct them to the correct area. And if someone makes a commitment to that customer, it is easily accessible by anyone reading that particular file in NetSuite.”

A related issue is the ease in creating custom records. VimCo has been able to design call-in reports specifically tailored to its operations. “And we can cross reference to see how much work has been allocated to a particular customer by linking the data in the CRM and the accounting and order management applications. We couldn't do that before because the cost of writing those custom data applications was so expensive.”

As VimCo prepares to expand to ten stores, the ability to see into its manufacturing processes and supply chain will be essential. Also, as it expands its presence it needs the

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flexibility to respond to the leading edge supply chain demands of its customers. Wal-Mart, in particular, is known for its innovative processes that keep costs to a minimum. As a small company, VimCo might have found such requirements too onerous to comply with — if it weren't for NetSuite, Gollick says.

“The multi-tier pricing matrix is a prime example. Many other packages do not provide this, but for my operations it is essential. Let's say that I am dealing with Wal-Mart in California and in Boise. Some of the freight might be shipping collect and some prepaid. So I am not going to charge the same price for every item. That is why I need multi-pricing tiers set up and assigned to each customer.”

The end result, he says, is a lean and mean organization that allows it to compete with multinational organizations. “With NetSuite we can go head to head with these firms. Ultimately, it is not size of the company that matters but what you can deliver to the customer.”