Last Mile Delivery Firm Poised to Double Revenues with Acumatica ERP

OVERVIEW

Founded as an appliance delivery service in 1998, R.A S Logistics expanded into the last-mile delivery service when GE needed help delivering its appliances for Home Depot. As appliance and furniture sales at Home Depot grew, so did R.A.S. Logistics. New retail customers followed, and soon, R.A.S. operated out of 21 locations. When QuickBooks began crashing more frequently and couldn't handle intercompany consolidations, R.A.S. switched to Acumatica for better data insights, easier consolidations and a connected business.

SITUATION

R.A.S. Logistics Inc. was founded in 1998 as an appliance installation firm in Milwaukee, Wis. The company's business changed dramatically just three years later when GE won the supply chain contract to deliver appliances for Home Depot. GE tapped R.A.S. to handle delivery and installation of its washers, dryers and refrigerators to Home Depot's customer's homes.

"As Home Depot grew, R.A.S. grew," says Glenn Pearson CFO. Other large customers also turned to R.A.S. for deliveries, including Wayfair, Restoration Hardware and Mattress Firm, among others. Soon R.A.S. was delivering furniture, spas, mattresses and exercise equipment.

The company grew from its single location to 21 locations, all east of the Mississippi. Today, R.A.S. is headquartered in Elkhart, Indiana. Each of the locations was a separate legal entity and as such an operational silo. Unfortunately, its financial system, QuickBooks, couldn't handle the needs of what had become a more than $40 million in sales company.

"QuickBooks wasn't conducive to handling the consolidated financial statements for all our various legal entities," explains Pearson. "Very few of our accounting functions were integrated and our accounting functions were manual and very labor intensive."

Siloed Applications

R.A.S. used a custom SQL database program to invoice its customers. It wasn't connected to QuickBooks; information had to be manually input into QuickBooks

R.A.S. uses 200 to 300 independent contractors to perform the deliveries. R.A.S. used a third party to handle independent contractor payments, which added another manual layer of complexity. Further complicating payments to independent contractors was a program with Enterprise Truck Sales whereby R.A.S. would financially help the independent contractor secure its delivery truck, and then deduct the rental payments for the vehicle from the revenue of the deliveries. Ultimately remitting that payment from the independent contractor directly to Enterprise.

Accounting labor intensive

"Everything was done manually," Pearson explains. "We'd get a bill from Enterprise, enter it in QuickBooks, and then manually have to track it, saying this bill goes to John Smith contractor, and then manually track that Smith is owed $1,000 but he also still owes $500 to Enterprise. That process was very labor intensive for accounting."

The entire 7-person accounting team worked nights and weekends to manually process paperwork from the various systems because the contractors were paid on a weekly basis. R.A.S. Logistics spent hours trying to reconcile data from multiple sources, eliminate duplicates and auditing to make sure the numbers were correct. Vacations were hard to schedule, weekend plans often had to be suspended, and the cycle repeated itself every Tuesday.

The nature of this manual process meant that Pearson had to grow personnel as R.A.S. grew locations and increased transactions. When QuickBooks started to have data integrity issues and the system crashed more frequently, Pearson knew he needed a better solution.

COMPANY

- **Location**: Headquartered in Elkhart, IN with 21 locations in 27 states east of the Mississippi River
- **Industry**: Delivery Services

KEY RESULTS

- Eliminated daily duplicate data entry
- Gained a real-time, centralized view of their business and reports
- Cut monthly close by 9 days, and weekly check run by 2 to 3 days
- Centralized check run process to one location
- Grew transaction volume without needing additional staff
- Access all accounting data from a single connected system

SOLUTION

Automation, Connected Applications Top Requirements

Pearson knew that he wanted a solution that could automate processes so he wouldn't continue to have to add staff as the company grew. He also wanted a system that could provide real-time information. Because QuickBooks wasn't integrated with the other financial systems, accounting often only had time to do some manual entries once a week or once a month.

"I was also looking to get real-time data so I could see where I was from a financial standpoint every day. I also wanted a system that allowed for access so my location managers could view their financial data," Pearson says.

The company also needed a web-based solution because its antiquated internal server needed to be replaced, which didn't make financial sense, he says.

He researched Microsoft Dynamics, Sage and NetSuite. "I took a quick look at NetSuite and figured out quickly it wouldn't work for us," Pearson says adding that it was also very expensive.

He selected Acumatica for several reasons. "One is that I liked the fact that it is flexible enough that as we grow and business changes, Acumatica would make those changes with us," Pearson says. "The other one was that Acumatica is able to handle the majority of what we needed without a lot of custom programming. All the other products would require custom programming to move data from their SQL database program and get it into whatever the programs would be."

R.A.S. Delivery implemented Acumatica with Crestwood Associates, which went very well, Pearson said. "If I did it over again, we wouldn't have tried to put historical information in because we had some difficulties on our end,' he says. "But the implementation of new data went well, and my group was up to speed much faster than they thought they would be."

BENEFITS

Acumatica provides real-time data

Pearson says one of the biggest benefits of Acumatica is that he now has real-time financial data, which allows the company to make better decisions and gives Pearson and other executives insight into operations daily instead of weekly or monthly.

Previously, it took R.A.S. Logistics 14 days to close the monthly financial statements in QuickBooks for example. "Now we do it in 5 business days, and we should get to a point where we will be able to do it in 2 days," Pearson says.

Being able to provide location managers more timely information and more frequent financial data has led to an improvement in operational profitability, Pearson adds. Previously, they would only get financial data once a month.

"If they had any questions, they had to come back to us, and we had to research it," Pearson says. "We had to dig through paperwork, find the invoices … Multiple people probably spent an average of at least a day or two a month depending on the research needed."

Now location managers get more information and more frequent data from Acumatica. "I've seen an improvement in profitability in my operations," Pearson says.

With multiple locations, each company branch is now able to enter all transactions into the same system. Acumatica calculates chargebacks, invoices, and memos which gives each branch and the main office a real-time view of each delivery, as it happens, and with the associated costs.

With real-time information at their fingertips, managers better understand the costs associated with missed deliveries, for example. "It's very expensive to get a missed delivery completed; we can't put it on normal route, it needs a special route, and we pay a premium to make delivery," Pearson says. "So they now have better financial data and are more aware of the costs associated with that."

"Acumatica has great drill down capabilities," he adds.

Saved Several Days a Week

Acumatica's automation has allowed R.A.S. Logistics to shave several days a week from the time it takes to process its carrier settlement reports and pay its independent contractors, Pearson says.

"We make those payments on Monday, so everything had to be done on Friday, and we continually bumped up against the Friday deadline," he says. "Now we have everything ready to go by Wednesday, which gives us more time to review."

It also means accounting doesn't have to work on weekends to get the report done, and a large percentage of the staff can take on additional duties that they didn't have the bandwidth for before, Pearson says.

Reaching Ambitious Goals with Better Data

With streamlined operations and a connected business R.A.S. Logistics is poised for rapid growth and continued profitability. The company has already picked up last-mile work from transportation companies such as J.B. Hunt and Estes and is actively looking to add additional locations. The goal is to reach $80 million in sales in five years.

Because of Acumatica, R.A.S. can handle that growth without a corresponding increase in accounting staff. "Acumatica also gives me very timely information to make better business decisions," Pearson adds. "I have better information in terms of profitably by location, by customer and by product. Access to that data helps me target growth. What are the markets I want to go in? Am I good with furniture? Are we good with JB Hunt? I can then have conversations about serving additional markets armed with this knowledge."

"We didn't have that kind of data before."