eci | Spruce®

How This Specialty Lumber Dealer Saved $100,000 in Inventory

OVERVIEW
Exotic Woods, Inc.
exotic-woods.com
Burlington, ON

INDUSTRY
Specialty woods
Flooring

SOLUTIONS
Spruce

10
hours per week
shaved off payroll

$2,000
saved in paper costs
annually

$100,000
savings in
inventory

THE CHALLENGES

■ $100,000 spent on dead inventory

■ 40 hours a week spent on purchasing

■ Cumbersome, time-consuming daily accounts payable uploads

■ Poor tracking of customer and order history

THE IMPACT

10 hours saved weekly on payroll

$2,000 in paper-cost savings annually

$100,000 saved in dead inventory through smarter purchasing

Improved tracking of customers and order histories

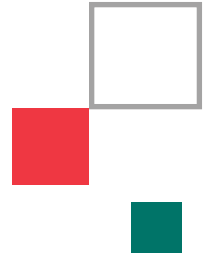**Single data entry to create and link all documents from PO through invoice**

The Bottom Line

Exotic Woods went from storing orders in a paper box to a full document management system that saves $2,000 annually in paper costs, reduces time and labor associated with purchasing, and freed up $100,000 previously tied up in dead inventory.

SUCCESS STORY

Exotic Woods, Inc.

Who is Exotic Woods, Inc?

OVERVIEW
Exotic Woods, Inc.
www.exotic-woods.com
Burlington, ON

"COVID-19 forced us to face business challenges and do things we would never have thought of before. It forced us to find better ways to run our business."

Headquartered in Burlington, Ontario, Canada, Exotic Woods Inc. is not your run-of-the-mill lumber supplier. Customers in the greater Toronto area can visit the company's 18,000-square-foot retail shop to purchase more common woods, such as oak, pine, walnut, and maple. But customers local and worldwide can also purchase specialty woods such as verawood, snakewood, ebony, purpleheart, cedar, and more. Exotic Woods' inventory of hard and soft woods is nearly infinite and valued at about $2M at any given time. In addition to its retail store, Exotic Woods has a 30,000-square-foot warehouse. That's a lot of wood to keep track of, which is a major reason why Exotic Woods switched to ECI's Spruce platform.

"I'd say 50% of our customers are contractors, with the other 50% split between do-it-yourselfers, weekend warriors, and hobbyists," says Mike DeBoer, Exotic Woods general manager. "Since 2019, our business has grown 20% to 30%."

Part of this growth was the result of the COVID-19 pandemic. "A lot of people were working from home and not taking vacations," Mike says. "So, they spent money on home renovations and offices, such as building desks and shelving. "Also, many hobbyists weren't spending two to three hours commuting to work, so they had those hours to spend on hobbies."

COVID is not the only reason Exotic Wood's business is booming. "People know our quality and our selection is good and that they don't

have to drive all over to find what they are looking for," Mike says. "Contractors can be confident of the quality of the wood they are buying for their customers. We get a lot of business through word of mouth, and we ship internationally; I just shipped an order to Israel. The business has leveled off a bit since COVID, and the housing market has slowed down some, but most contractors are booked months ahead."

The Challenge

According to Mike, growth wasn't the only impact the pandemic had on the business. "COVID-19 forced us to face business challenges and do things we would never have thought of before. We had to adjust from retail to phone, email, and back door pickup. It forced us to find better ways to run our business."

One change Mike knew the company needed to make to increase efficiency was to switch software systems. "We had been using a customized system built by an independent programmer," he says. "After about a year, we realized we weren't getting to where we needed to be. The inventory management portion wasn't there. We were spending $100,000 on dead inventory

and 40 hours a week on purchasing. Customers' orders were backed up; every day was a headache. It just wasn't working out. Customized programs can be great, but they can take a long time to build and have too many hurdles. Our company was growing too fast for it to keep up."

The Solution

After testing three software platforms, the best choice for Exotic Woods was clear. "We needed an inventory management system that fit our business," Mike says. "A lot of companies sell using SKU numbers; they enter 500 SKUs, and away they go. For us, there are too many variations for that simplicity. There are many ways we measure that are unique to hardwood/ softwood sales. Our wood is sold by the board foot, square foot, linear foot, and weight per piece. It is dressed and undressed. A lot of ERP [energy resource planning] systems are not able to handle this. Spruce can convert inventory from one to the other; it can convert board foot, which is how we buy the wood from our suppliers, to linear foot, the way we sell some products to our customers. The PO will say board foot, and the invoice will say linear. A more generic program can't do all

this. Spruce understands the terminology; it understands how we do business. It was built for this industry."

The Impact

Mike couldn't be happier with Spruce's inventory management/tracking functions. "Tracking is a great benefit for us," he says. "It tracks all our inventory and costs and gives us the profit margin right there." The tracking also saves the company significant time and money.

"Back in the day, we used to keep every order in a box so, in theory, we could find it if we needed it, but we never really could have," Mike says. "Now, we save about $2K in paper costs. We just finished the first year since installing Spruce in April, so it will take time to build the history, but as time goes on, it will be great. We'll have more customer and inventory history and will be able to see what is selling. It will help us with seasonal products; based on past years' sales, we can look in January for what we need in June or August and order it to get the larger preorder discounts." Mike is also happy that the company can now use the $100,000 once tied up in dead inventory in profitable areas.

Other Spruce features are already paying off. "You can enter the information once," Mike says. "You can create a quote, and when the customer says yes, you can create an order, change it to a purchase order, and change it to an invoice. Special orders can be customized once and go from quote to invoice with a click of a button. There's no need to rewrite each one. All of them are linked, and you can look back and see it all from start to finish. This is a big strength of the system for us." Overall, he says purchasing requires far less time and labor.

"Before Spruce, we had a customized dashboard, but [now] I like Spruce's quick, easy reference for different things that you can see with just a click of a button."

The Spruce platform has also improved Exotic Woods' accounts payable functions. "In the system we used before, this was a tedious job," Mike says. "It was a clunky

upload from the system to QuickBooks, and we had to do it every day. We still use QuickBooks to look up old history until Spruce has more history input and for payroll, but all the information we need is right there in Spruce."

Overall, Mike believes Spruce has saved at least 10 hours of payroll time a week. And he is confident the benefits will continue to multiply. "I 100% believe the return on investment will increase and become more important over time," he says. "As we continue to grow, the need to be more accurate will be increasingly important. Spruce is allowing us to be a scalable company."

"Spruce makes us feel cared for and are educating us."

Mike doesn't think switching to any new software platform can all be smooth sailing, but he believes the transition to Spruce

went as well as could be expected. "ECI's training was good," he says. "There were things that our staff didn't understand, things they wanted to do. And learning and adjusting to a new system can be frustrating, of course. But ECI's staff was supportive. One of the best things we did was bring an ECI trainer on site for a week after about the first six months of using the system. Initially, I thought I should have scheduled this visit right away. But I think it was better to wait because, by the time the trainer came, we were somewhat familiar with it. You pay extra, but I strongly recommend investing in onsite training after six months of using the system."

And the software company's service overall? "ECI staff has been good," Mike says. "Our staff wants our customers to feel and be cared for and that we are helping educate them. I believe Spruce wants us to feel the same. They make us feel cared for and are educating us."