

O'Hair Shutters, Ltd.

COMPANY BACKGROUND

O'Hair Shutters manufactures custom wood window shutters. Started in 1939, this family-owned business now has over 100 employees at their state-of-the-art 40-acre manufacturing facility in Lubbock, Texas.

BUSINESS SITUATION

Over the past few years U.S. shutter manufacturers have been hit by a double-whammy of challenges. The downturn in new home construction has softened demand and there is great uncertainty about the timing and magnitude of a recovery. Additionally, the Chinese, with their much lower labor costs, have aggressively entered the domestic wood shutter market and used their cost advantages to capture significant market share.

Confronting these challenges required innovative thinking which led O'Hair into the implementation of what they call an IT-Integrated Lean Manufacturing approach. In wood shutter production, there are 2 basic shutter shapes – rectangular and patterned or arched. Arched shutters fit arch-shaped or other non-rectangular window frames. Traditionally, manufacturing non-rectangular shutters was a time-consuming, manual process. In fact, it still is for other shutter makers, including the Chinese. When Brant O'Hair, the president of O'Hair Shutters was preparing to produce a new product line of highly configurable, curved shutters he recognized that to achieve the necessary production scale he would have to automate the process as much as possible. To attain the level of required IT-integration needed for this new endeavor, the firm would have to acquire an ERP solution that could provide the necessary business functionality and inventory control capability.

SOLUTION

O'Hair's first attempt at leveraging the power of ERP to attain a competitive edge didn't work out well. The firm deployed one of the best-known and most expensive ERP solutions on the market. They later abandoned the system in frustration at its high overhead and inflexibility. Still needing the ERP functionality, O'Hair selected Fitrix because it provided the full functionality they needed and allowed users to customize the software to fit their needs. The total cost of ownership of the Fitrix solution was a fraction of that of their earlier well-known solution.

OVERVIEW

Company

Manufacturer of custom wood shutters

Industry

Manufacturing related to housing construction

Location

Lubbock, TX

Challenges

Diminished demand for shutters because of the housing bust and intense new competition from the Chinese placed considerable pressure on the firm to explore innovative methods to lower costs to remain competitive.

Results

Fitrix has allowed them to customize the application to realize significant benefits including a reduction in their clerical workload by approximately 25%, a compressed order-to-delivery timeframe of 5 days, and a projected 33% reduction in their inventory carrying costs..



Customer Success Story

"In our business, we need information technology to direct our lean manufacturing, so we can quickly deliver a custom product for the homeowner. That's exactly what Fourth Generation's Fitrix ERP empowers us to do."

*T. Brant O'Hair,
O'Hair Shutters,
Ltd."*

**Brant O'Hair,
President**

Automating the firm's processes required end-to-end system integration. O'Hair's dealers configure and design each order in the field using the firm's proprietary PC-based design platform, Customizer2 (C2). The custom designed product specifications resulting from the application of Customizer 2 are transferred real-time into the Fitrix ERP system. Output from the Fitrix solution provides a pick list of raw materials to be pulled out of inventory and placed into production. Advanced planning software manages the blending of their continuous manufacturing of base components with the customer order based variable components to create their finished shutters.

RESULTS

The firm's application of IT-integrated lean manufacturing and inventory has allowed them to use the Fitrix ERP solution to gain a strategic advantage in this competitive industry. By automating so many of their clerical procedures they've recaptured 4 man-hours per week of a production supervisor's time and decreased their office clerical workload by about 25%.

Using the ERP system's make-to-order production planning and execution modules allows orders to be completed, inspected, and prepared for shipping in 5 days. They anticipate that through the EOQ/Fitrix application they will be able to reduce their inventory carrying costs from \$3 million to \$2 million.

Their automated production processes have dramatically reduced their labor costs. For arched shutters they are consistently priced lower than their competition. Even offshore manufacturers, who enjoy lower raw materials and labor costs, can't offer O'Hair's level of product customization or short delivery schedules. The Chinese have been forced to lower their prices to compete in the arched shutter category.

An Economic Order Quantity (EOQ) application soon to be integrated into Fitrix will help the firm reduce inventory carrying costs and enhance their production processing.

By moving from the well-known/high overhead ERP solution to Fitrix, they now handle their own support and have eliminated the cost of outside consultants. Access to the Fitrix source code and the Informix database has allowed them to customize the software to fit their unique needs – a significant cost benefit. O'Hair now quickly and efficiently delivers a high-quality product that their competition cannot match.

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