

Case Study:
**CHICAGO
TUBE & IRON**

About Chicago Tube & Iron

Founded in 1914, Chicago Tube & Iron is one of the largest specialty steel service centers in the United States, with \$300 million in annual revenue and 11 locations throughout the Midwest and in Monterrey, Mexico. CT&I merged with Olympic Steel in 2011. CT&I utilizes more than 1.2 million square feet of state-of-the-art production facilities to produce its precision tube, bar, pipe and related products. In all, CT&I offers more than 30,000 SKUs of inventory from the world's premier manufacturers of steel, carbon steel, stainless steel, aluminum and other metals. The distribution of these products is supplemented with sophisticated fabrication and engineering services.

Ultra pushes CT&I's ERP forward through challenges and COVID

Chicago Tube & Iron was at a technology dead-end: Its 30-year-old, green-screen Unix-based operations management system was heavily customized and difficult to maintain and update. While it served the company well for many years through changing business models, it was time for an upgrade.

“We made the system work, and it fulfilled our needs,” said CT&I CEO Don McNeeley. “But where many CEOs would kick the IT upgrade can down the road, I know that you don’t ignore the warnings from your VP of IT.”

PROJECT DRIVERS



Replace dead-end legacy system



Adapt processes to changed marketplace



Establish benchmark ERP solution



Be technologically proactive



Integrate fabrication management

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“We couldn’t upgrade our system and couldn’t properly integrate fabrication management, which was a growing component of our business strategy, so we couldn’t continue with our old technology,” said Chris Prodoehl, CT&I’s Vice President of Information Technology. “We had to be proactive and implement a modern ERP solution.”

Another significant project driver, McNeeley pointed out, was that the metal-fabrication business is changing. “The market is more sophisticated and complex than it was 30 years ago. We make far more engineered products now, and our value-add is our custom fabrication capabilities,” he said. “Our legacy system was centered around distribution and could not support the engineer-to-order processes that make up 30% of our sales. Still, despite this strong justification for a new ERP solution, there was a concern: CT&I’s parent company, Olympic Steel, had an ERP system. But it was best-suited for flat-roll products, not tubing, and there was a possibility CT&I would be encouraged to utilize it. Fortunately, Olympic directed CT&I to move forward with its own ERP implementation and supported the independent effort.

“Everybody was nervous about this big, important project,” Prodoehl said. “We hadn’t done anything like it for a long time. We’d done other small implementations, but nothing of this magnitude. This project touched every part of our business operations. We knew we’d need help.”

“At CT&I, we have a culture of confidence, but we know we are not invincible or infallible,” McNeeley added. “We decided to harvest the strengths of our organization and bring in the outside expertise we needed to ensure success.”

Broad Team Manages Big Project

“It’s important to find an independent resource that can help you choose and implement the right solution,” McNeeley said. “We interviewed a number of consulting firms and, in the end, we respected Ultra’s expertise and reputation in our industry. We valued its implementation experience and were confident they could help our ERP project succeed.”

CT&I engaged Ultra Consultants to direct the project, steer CT&I through business process improvement (BPI), guide the software selection process and manage implementation.

With Ultra on the job, and the scope of the complex project determined, CT&I put together a project team from across the company. “We’re proud,” said Prodoehl, “that we managed this project as a companywide project and not simply an IT project. We included stakeholders from all levels of our organization, and everyone’s expertise and input was valuable – and contributed to the success of the project.”

BPI Sets the Stage for Success

The first phase of the project – BPI – was critical. CT&I has a high transaction volume and a number of special requirements and unique processes that had to be understood, mapped and defined based on the future state opportunities determined by Ultra and the project team.

These focus areas included sales management, order management, shipping and shop floor management of fabrication. In addition, CT&I used a virtual inventory system across its 11 locations, an approach that has inventory shipping from warehouse to warehouse, internal requisition/sales orders and quality checks.

“The BPI phase was wide-ranging and detailed, and got us thinking the right way,” Prodoehl said. “We learned what we needed to learn. It helped us approach the project properly, and it made the selection phase easier.

“BPI benefited us exactly how Ultra said it would,” McNeeley said. “Their team showed us why it was important – critical – to focus first on our processes.”



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One Solution for All Functions

CT&I was utilizing a standalone instance of Global Shop Solutions to manage its fabrication operations. And at the start of the selection phase, Prodoehl was concerned that the project team would be unable to find an ERP solution that would offer robust fabrication capabilities.

“We were thinking that we’d need to keep our Global Shop solution for that part of the business,” he said. “We’d seen that systems usually are good at distribution or fabrication, not both. “But Ultra recommended we use one system, and they were right.”

“All the solutions we considered were similar in their capabilities, and every one could check off the core functions,” Prodoehl said. “Ultra guided the discussion using a detailed demo script, which allowed us to dig deeper to get to the second level of capabilities, and to get the information we needed to choose the solution that suited us best. And when the selection phase was complete, we knew that Epicor e10 would allow us to manage our entire business, including fabrication, and all our locations, with one cloud solution.”

Challenges Met and Overcome

Implementation brought two significant challenges.

First, many of CT&I’s processes required custom development – and the utilization of expert Epicor resources.

“The more custom work you have, and the more companies involved, the greater the risk of problems and delays,” Ultra Service Delivery Manager Joe Velez said. “We tried to manage that work and Epicor’s programmers through our normal project management processes, but it wasn’t going well. We didn’t feel like we knew exactly what was happening. And it was taking too long for our timeline. So, we mapped out a new approach and different processes, and implemented it.”

“We brought in one of our project management consultants to focus solely on the development work, and she managed those custom tools almost as a separate project,” Velez continued. “She determined that some of the custom work was unnecessary. She kept the development team on-track, kept our team focused, and kept CT&I informed on progress. She managed the development timeline effectively. And she brought that part of the project on-time and on-budget.

And then the COVID-19 pandemic slowed business – and the implementation – to a crawl.

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“Mike Tyson once said that everyone has a plan until they get punched in the face,” McNeeley added. “COVID was our punch in the face.”

“The pandemic hurt us because we like to work on-site, and we were about to go live,” Velez said. “It added considerable complexity. But we adjusted, worked remotely, and used the business slowdown to give us time to resolve issues, prevent future problems and prioritize.”

Go-live was strategically pushed back, but went forward as soon as it was possible. And, as originally planned, all 11 of CT&I’s locations and four centralized shared services, went live concurrently.

“We believed the simultaneous rollouts were completely doable even in the middle of the pandemic, and we knew early on that we wanted to handle it that way,” Velez shrugged. “It just required some extra preparation and coordination.”

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Prodoehl said implementation, overall, went well. “It had peaks and valleys. But fortunately, when we ran into problems, Ultra made changes and made it happen.”

Expertise is Valuable

“I think the implementation was a big win,” Velez said. “As consultants, our real value comes when things don’t go as planned – that is where our team’s experience and expertise become important.”

Prodoehl agreed: “I call it a success. Our problems were small compared to other organizations. With ERPs, no implementation is 100% smooth,” he pointed out. “The challenges we had we were able to overcome with Ultra’s help. And, most important, we were able to do invoicing, shipping and all our other core functions on Day One. Which can’t be said about many ERP implementations.

“Ultra brought real value to the project, and was able to leverage its people, industry expertise and experience to get the job done,” Prodoehl continues. “We don’t think we’d have been able to do it on our own.”

Bottom-Line Results Required

“I’ve heard other CEOs jokingly say, ‘Well, we didn’t go out of business. So I guess our ERP project went OK,’” McNeeley said. “That’s funny. But that is a low threshold. Our expectations were higher. You have to get results from the investment.”


Today, CT&I is achieving its objectives, supported by a new daily EBITA report, which spotlights problem areas, and other valuable data and critical analysis from its Epicor ERP solution.


WHY ULTRA?


When you need to bring in outside resources, it’s critically important to choose an ERP consulting partner with a formal, proven ERP project methodology. In addition, you will want to work with a firm that is flexible and able to adapt its methodology to meet your company’s unique needs.

For more than 27 years, Ultra Consultants has utilized its proven methodology, ERP expertise and industry knowledge to deliver measurable business performance improvements to manufacturers and distributors in virtually every vertical.

- Our services are built for your industry. **We understand your processes and requirements.**
- Our solutions leverage our expertise. **We help you choose software to meet your unique needs.**
- Our results reflect our ERP experience. **We maximize benefits and minimize risk – and deliver success.**

 contact@ultraconsultants.com

 312-319-1411

 ultraconsultants.com