

A Digital Transformation Story: KBMax + Tuff Shed

INTRODUCTION

Recently, we had the chance to sit down with KBMax customer, and VP of National Retail Sales at Tuff Shed, Steve Stessman.

The topic of discussion?

Digital transformation in manufacturing.

Manufacturing is a challenging industry to effectively implement digital transformation. Most manufacturers are struggling with two broad themes:

1. Changing customer expectations
2. Process, organization, and data complexity

Manufacturers are looking for a way to address these challenges. Which is why we had a lot to learn from Tuff Shed's successful implementation of KBMax, Salesforce and other key business systems.

In our discussion with Stessman, he covers how Tuff Shed refreshed processes, and created a go-to market model that worked for them through leveraging digital tools.

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About Tuff Shed's Business

Tuff Shed has both direct and indirect sales channels. They sell out of every Home Depot in United States, as well. They have their own factory, and owned locations.

They prefabricate buildings at their factory, then use 3rd party installers to install across the United States. This year, they estimate that they will sell and install 96,000 buildings. That's 96,000 **custom builds**; everyone single one is different.

Tuff Shed wanted more.

Customers expect an incredibly customized buying experience. This lent to a need for efficient processes, a clean organizational structure, and a way to manage data complexity for Tuff Shed. That's when the company realized they should investigate more transformative methods of dealing with their sales and manufacturing challenges.

Why a CPQ project?

As the company entered quick growth it became clear that there was a need to evolutionarily change the way Tuff Shed was doing business.

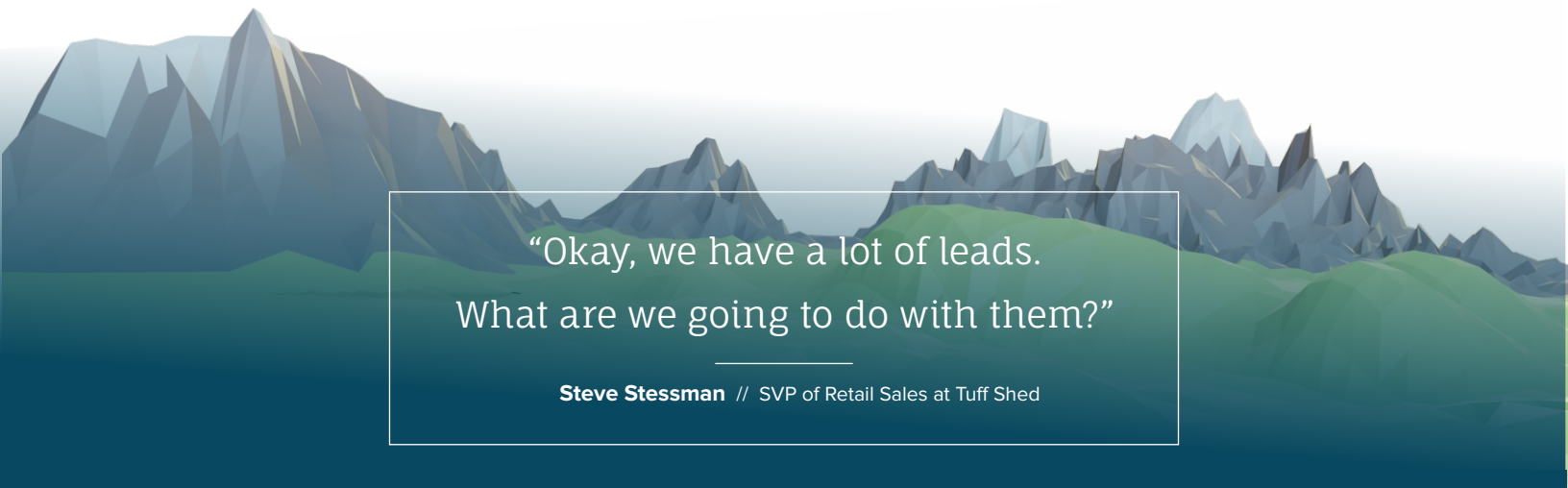
Stessman explains:

"We had, in 2013, around \$144,000,000 in sales. We had just come off a couple of years of double-digit comp increases, and then, we thought, 'Okay, we have a lot of leads. What are we going to do with them?'"

After a failed attempt using a different CRM, Tuff Shed found success in implementing Salesforce—it was a clear choice for their business at the stage they were at. Stessman continues:

"The other thing we did is we made a real concerted effort to understand what the customer is doing. The power of knowing what they're putting in a building is extraordinary ... It increased our average transaction by about 22%."

As sales doubled within 5 years, manufacturing output on the other hand was still a challenge. So a CPQ project was planned to make it easier for operations, and reduce friction in the sales to manufacturing hand-off.



"Okay, we have a lot of leads.
What are we going to do with them?"

Steve Stessman // SVP of Retail Sales at Tuff Shed

Addressing Problems with CPQ

Tuff Shed had to solve for the two main challenges when introducing CPQ:

1. More volume = more problems

Increased transaction volume made every building harder to create. Customizations caused delays in manufacturing, and changing even a window placement could cause a delay.

2. Reducing human effort

Entering data in a regimented way was difficult and prone to human error. Translating a customer's vision into a drawing was a huge challenge for sales, and required a lot of manual entry and was impossible to scale.

THE FIRST SOLUTION

3D Configurator

Stessman explains that one aspect of solving these problems including reduction in manual data inputs by sales:

“What we decided to do was to find a 3D configurator. We need a 3D configuration to help drive the ASP [average sale price]. It helps our customers understand what they're getting.

It's a complex thing to build a building from nothing. We wanted to eliminate a lot of the manual steps—and meet the needs of our production team, primarily, but then also our wholesale channel, our retail channel, and our customers. I want our customers to be able to buy something from their couch.”

This is where the KBMax visual configurator comes in. Because KBMax and Salesforce work seamlessly together, and Tuff Shed was having so much success in Salesforce it was the perfect match to allow customers the ability to shop, right from their couch.

Benefits of a 3D Configurator:



Upsell and higher average sales price

Because customers can visualize the product, they realize when they need more based on the visuals. Maybe they didn't realize their lawn mower will only fit through a double door, or other customizations needed for their storage needs.



Increased sales volume

Visual CPQ is like having a sales person that works 24/7. Customers can shop whenever they want, wherever they want. That's a powerful thing, to be on-demand.



Enablement for distributors & partners

With a 3D configurator your third-party sales channels can have a consistent buying experience and you have more control over the customer journey.

Automated Cut Sheets and Documentation

Behind the scenes, there's a lot that needs to happen in order to take an order received through the 3D configurator and make the production of a build a reality. One major operational challenge: communicating customizations from sales to manufacturing through cut sheets. Stessman describes this process:

"What I want you to think about is we started with a pre-populated door on this wall. Now, I have a cut sheet that my teams can use to build buildings. The customer did this from the couch, so the customer is dictating what's happening on our manufacturing floor."

Stessman later explains why build documentation is so key to digital transformation's effectiveness. In the example Stessman shows there could be thousands of pages of static drawings of the building production needs.

"KBMax generates all the documents. We believe this is a 5% increase in production. With no new facility, it should be another \$15,000,000 in revenue."

Key benefit of automating cut sheets:



Reduction in manufacturing mistakes

Reducing manual inputs by sales results in less room for error. Cut sheets produced directly from configurator inputs ensure that manufacturing has what they need, in the way they need it to create the product to specification.

"... the customer is dictating what's happening on our manufacturing floor."

Steve Stessman // SVP of Retail Sales at Tuff Shed

Integrations between 3D configurators, ERP, & CRM software.

When it comes to digital transformation, all systems need to work together. That means that beyond cut sheets, data complexity needs to be managed through integrating systems like 3D configurators, ERP and CRM softwares. Of this, Stessman says, after an order is submitted:

“We do all these calculations on the fly. I passed it in. I actually have it land at Salesforce, because if I have all this data in Salesforce, I know I can report on it.

The quote will come back in as an opportunity. It's visible, and it's editable, which is important because people change their mind. What we can do is we're able to edit until production hold, which is about 5 days before installation.”

For Tuff Shed, the process for order approvals has many layers. They have the KBMax building. Their system solution is KBMax-Conga-DocuSign.

KBMax generates the building and all the documentation behind it. Salesforce allows in the CPQ inputs and our order objects and then KBMax creates the build documents. All while allowing the customer to see a customized, automatic quote. The customer can then sign off on that so there is no lack of transparency in what they're getting.

Benefits of system integrations:



Management of data complexity

Instead of operations teams manually inputting product specifications into many systems, integrations ensure that data is transmitted between systems and remains clean.

Accurate reporting



Having a full view into your customer journey can be accomplished through ensuring all systems are integrated. You'll be able to gain more insight into all stages of the customer journey this way.

“I actually have it land at Salesforce, because if I have all this data in Salesforce, I know I can report on it.”

Steve Stessman // SVP of Retail Sales at Tuff Shed

Improving Operational Efficiency with Digital Transformation



Document Aggregation

Document aggregation keeps the documents needed to fulfill on a build organized. You'll want to select the right set of tools for document management.

Stessman explains the Tuff Shed approach to document aggregation:

"Conga really does a lot of our document aggregations. KBMax puts out documents. We have sales orders. We have sales contracts. We have what-to-expect documents. They're going to aggregate everything and allow it to be assimilated and DocuSigned."

Tuff Shed solutions: Salesforce, KBMax, Conga, Chargent, DocuSign



Communication Systems

In addition to document management, you'll also need a system for reps and admins to manage incoming and outgoing communications. Especially for businesses like Tuff Shed, where Admins need to pick up the phone and schedule, this is essential.

Tuff Shed solutions: RingCentral, Salesforce Lightning



Accounts Receivable

Instead of manual processes, and delays in the accounts receivable process, you're able to automate request for payment at the time of transaction and configuration. They'll have transparency on cost adjustments based on the 3D configurator, and see exactly what they will pay for their build with all customization.

Stessman explains:

"What we'll be able to do is email a customer request for payment. The other thing we're able to do is, if they sign off on the documents, because I've used Chargent to create future payments, it'll happen automatically. Once a customer signs off, it becomes automated and nobody has to collect the A/R."

Tuff Shed solutions: Salesforce, KBMax, Chargent



Lead Management

With technology you can enable your sales teams to go after leads that are most likely to be your customers. Lead management can be done with an Excel spreadsheet to manage zip codes, or you can use integrated tools such as Geopointe to manage leads.

Stessman notes:

"We draw a picture. We export that data and use it to help manage our leads. We also use that to determine how much the delivery charges are."

Tuff Shed solutions: Salesforce, Geopointe



Tuff Shed solutions: Salesforce, Chargent

CUT SHEET OPTIMIZATION EXAMPLE



Tuff Shed solutions: Salesforce, Geopointe

Find the Right Partners

“The cool thing about this project is it changes our 37-year-old company, forever. Complete digital transformation—because we’re literally drowning underneath our own success...We turned to Salesforce and the app exchange because the theory was that they're all going to play nicely together, and so far, that's been the case.”

For Tuff Shed, the path to successful digital transformation has been a long one. Stessman emphasizes the value of placing such a high priority on re-shaping the way they did business.

Choose the right partners for success, be customer-focused in your sales process, automate the processes you can, and integrate your key business systems. Start your journey to success with digital transformation for your business.



Power up your CPQ.

Get a free demo of KBMax today and discover the difference that your business can see by implementing visual CPQ.

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