

Storm Impetus for Mid-States' Multi-Million Dollar Growth and Digital Transformation with Acumatica ERP

OVERVIEW

Iowa-based Mid-States Millwright & Builders grew organically for its first 20 years, adding related construction services when the agriculture building company's team grew frustrated with a lack of service by some of its suppliers. The construction company used QuickBooks, JobBOSS, and many spreadsheets to run the company. When a powerful land hurricane struck in 2020, Mid-States suddenly faced more projects than ever before, projects that executives knew its aging technology systems and processes—now four companies—couldn't handle. Mid-States deployed Acumatica Construction Edition, which unified its financial and operational data providing a singular platform for greater data visibility and rapid growth.

KEY RESULTS

- Implemented a unified, construction ERP platform that streamlined operations at 12 companies
- Gained real-time data visibility into KPIs in a single click, information it didn't have previously
- Saved more than a day when quoting and writing bid proposals
- Gained an easy-to-use platform with low code functionality to create custom forms for use at job sites, saving time while gaining professional-looking documents to share with customers
- Acquired the ability to produce a daily field report providing real-time insights into safety statistics, equipment utilization, and employee utilization
- Connected financials for more than 12 companies, streamlining consolidation and saved time while improving visibility
- Improved ability to track opportunities from bid to win and then through to project completion
- Automated approval processes, saving time while eliminating bottlenecks
- Boosted brand image, allowing the company to better compete against much larger firms
- Gained a flexible ERP platform Mid-States branded in the company's image, increasing employee pride
- Acquired a competitive advantage with potential hires with the modern platform and its automated processes
- Gained an easy-to-implement platform allowing it to incorporate new acquisitions quickly

CHALLENGES

In August 2020, Iowa and several Midwest states were hit with a powerful land hurricane known as a derecho, an unprecedented storm that resulted in \$11.9 billion in damages across the region. The storm's mini-tornados, flooding and hail hit a swath of rich agricultural land across 90,000 square miles and flattened grain silos, hay storage facilities, barns and destroyed millions of dollars of agricultural equipment.

Although devastating, the destruction offered an enormous opportunity for many construction firms. Among them was Nevada, Iowa-based Mid-States Companies, a collection of firms offering design and engineering, millwright, building, material handling equipment, crane, and trucking services to agriculture operations and other industries.

"The storm destroyed millions of bushels of storage in a matter of hours," says Andrew Pistorius, Mid-States Chief Financial Officer, adding many of the grain silos recently built were expected to last 50 years or more. "Everything had to get rebuilt quickly. All of a sudden, we had all this work to do."

Operating on QuickBooks and JobBOSS, executives knew increasing their workloads by more than 50 percent would be challenging at best. "This was a catalyst moment for us where we had to figure out how to do more work than we'd ever done," Pistorius says. "But what it did was it turned us into a different company because we realized we could do a lot more when we leveraged other strategies."



Company

Mid-States Companies
www.midstatescompanies.com

Industry

Construction and Manufacturing:
Vertically integrated construction firm specializing in agricultural buildings

Number of Employees

Approx. 90 full time employees

Location


Nevada, Iowa


Products


Acumatica Advanced Construction Edition with:

- Advanced Job Cost Accounting
- Multiple Company/Intercompany Accounting
- Inventory Control
- Order Management
- Acumatica Payroll

Customer Social Sharing Details

 www.facebook.com/midstatescompanies

 [@midstates](https://www.youtube.com/@midstates)

 www.linkedin.com/company/mid-states-companies

Partner Details



Strategies Group
www.strategiesgroup.com

Mid-States deployed new labor strategies, changed how it worked with subcontractors, and invested in a digital transformation. Revenue the year following the derecho jumped by \$30 million. The transition, however, wasn't easy.

Throughout its first two decades, family-owned Mid-States ran on QuickBooks, the basic entry-level financial package that many small firms use when they begin operations. Over time, the company grew quickly, adding a number of construction-related services. It is now comprised of at least 12 companies. Rather than spending what is often perceived as a more than \$1 million investment in a traditional enterprise-level ERP, Mid-States augmented QuickBooks with many, many spreadsheets.

Eventually, operating on spreadsheets and trying to run its manufacturing operations on the scheduling program named JobBOSS, became unwieldy and inefficient. To quote a project, employees used individually created spreadsheets to calculate costs, which could take much of a day. They then took another day to create an actual bid, using their own personally made spreadsheets. When changes were suggested by a customer, they would update the spreadsheets and email additional changes back and forth. All this information was stored locally on the employee's computer.

"We didn't have any way to track where each bid or project was at," says Pistorius. To learn how many bids were outstanding, which ones were good opportunities, which ones were re-priced or even the total project revenue amounts anticipated meant one-off conversations with the sales team. "It was very people-based, not process-based."

Needed WIP, Project Accounting

The construction edition of QuickBooks was fine for accounting, but not for project accounting or analysis, Pistorius says.

"It's not built for management. It can account for your projects, but it's not going to help you schedule, it's not going to help you create new systems to be able to track compliance or things like that." In addition, only the outside accountant had access to the data, so if Pistorius wanted a report, for example, she was needed to run it. "There was no ability to self-serve and do analysis, and then consolidate data and forecast," says Pistorius.

Other executives also needed data and analysis capabilities that QuickBooks didn't provide. "This is a really simple example, but if Austin, who is our chief operating officer, wanted to know what our net revenue was for the year, I had to go run four reports in QuickBooks and then do the net elimination because the data wasn't integrated and we didn't have any sort of intercompany tracking or a system that could do that," Pistorius says.

Because there was only the basic financial system, they didn't have access to data such as man-hours worked in a week, work in progress, or man-hour efficiency. "There was no statistical system," he says.

The manufacturing side of the business was using JobBOSS and QuickBooks, and lacked operational visibility. "JobBOSS was very clearly written for Windows XP and was very inflexible," says Pistorius who used SAP products at prior companies. QuickBooks custom reporting carried expensive consulting fees, and the standard reports didn't contain the information he wanted. "It got to the point where there weren't enough controls or systems and we needed to have project budgets that weren't in spreadsheets," Pistorius says. "It just wasn't going to work. We needed to know where we were at before the end of a job."

"We had no way of knowing where we were on a job relative to how it was estimated unless a guy pulled up his spreadsheet that was saved to his computer," he adds. "And when we needed to build a job, we didn't have that spreadsheet. So, we didn't know what he sold it at, and we didn't know if it was a fixed-price job. We knew we had given the customer a bid, but we didn't know what was agreed upon. We didn't have a place to store the document relative to the job so that you could get back to it quickly. We had many problems, probably more than we knew."

The systems Mid-States had didn't allow for any automation, nor could QuickBooks handle manufacturing exceptions. The storm and huge opportunity highlighted the need for a better financial platform, Pistorius says.



“Acumatica really is transforming our business.”

— Andrew Pistorius,
Chief Financial Officer,
Mid-States Companies

SOLUTION

Affordable, Flexible Cloud Platform

Mid-States wanted an affordable, cloud-based construction platform that offered inventory capabilities, and narrowed the list to Sage Intacct and Acumatica. Sage's construction solution, however, couldn't handle the inventory functionality Mid-States needed and it also charged per-user licensing fees, which hinders a company's growth.

"The more I looked at Acumatica and how it worked, the more confident I was that it would work for us," Pistorius says.

Mid-States deployed Acumatica Construction Edition, a comprehensive, cloud ERP platform that includes job costing, construction project management, contract and change order management, subcontractor bidding and payment, and AIA invoicing. They also implemented modules for Inventory, Payroll, and Retainage and third-party application Velixo, which provides extended reporting and budgeting.

"One of the things that I appreciate most about Acumatica is that (pricing) is based on transactions, not per user," says Pistorius. "I don't care for per-user vendors because the problem with that is it incentivizes me to have as few users as possible. And the best results you'll get from an ERP is having the most users."

Because Acumatica offers cross industry functionality, and takes a flexible approach to meeting a company's needs, Mid-States added Acumatica's inventory module, which is useful in its manufacturing company. "Being able to utilize functionality from other industry editions is going to enable us to do stuff that we wouldn't have been able to if we had gone with the purely Construction edition."

BENEFITS

With Acumatica deployed, Pistorius runs consolidated financial statements with a click of a button. "Anytime I want, so I can get a P&L and it tells me my net profit and my net revenue, net of intercompany eliminations, immediately," he says. He also tracks opportunities and sales in real time. "The only thing we were doing to systematically track sales was we had a Google sheet that contained the customer's name, the location, and the dollar amount. We looked at it every week and then we would just delete it when it was no longer an opportunity. What happened to it then? I don't know."

Flexible System Improves Productivity

Pistorius likes Acumatica's flexibility, which allows him and others to customize the platform without being a software developer. "I'm a nerd, but I'm not a programmer," he says. "There's a whole bunch of personalization that I've done in Acumatica that has really helped our business tremendously."

For example, Pistorius set up an automation schedule that emails a daily report to several project managers for their review. He also used Acumatica's project management module to create dozens of custom forms for the field services team, which save them a lot of time. Those and other forms utilize some 900 attributes he created that are specific to company operations.

"We have a job safety analysis that they used to fill out on either Google Sheets, Google Forms or Microsoft Forms," he explains. "All of those products are terrible because the data's not as easy to analyze. The end product that you get from it is not pretty, and it's not something you'd want to hand to a customer or subcontractor or vendor."

Now Mid-States presents a clean, company-branded PDF that can automatically be sent to a customer, a vendor, or a subcontractor. "It has changed the way we think about how we collect data from the field because now the guys just pull up their phone, they add a new project issue, they select the right class, and then all the questions they need to answer to fill out the form are there."

Some forms have dropdown menus so employees don't have to type in answers, and projects can be selected, which auto-populates basic information into the form. Employees now upload information regarding on-site inspections that are automatically sent to the project manager and safety director, and then stored for future retrieval.



Delivering Results. Together.

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— Andrew Pistorius,
Chief Financial Officer,
Mid-States Companies

“The biggest thing from a data collection standpoint is just being able to have a simple app that the guys in the field can click on, go to one place, enter those forms, and upload them,” says Pistorius. “As we have grown as an organization, the ability to distribute the data out to the right person at the right time has been really beneficial. The estimating and proposal workflows have been a real win.” The company also tracks opportunities in the project conversion report, and better understands future workflows.



Consolidating 12 Companies

Previously, Mid-States’ executives only tried to consolidate financial operations for two of its entities, partly because of how fast the company was growing. “I didn’t even have access to that QuickBooks file, which was at our CPA’s office,” Pistorius says. “I couldn’t even look at it. But now I can click a button and run those consolidated financials.” Mid-States now has 12 operational entities and he runs reports instantly on any one at any time with Acumatica’s intercompany module.

Increased Brand Awareness

Acumatica has helped Mid-States look more professional and increase its brand awareness, says Riley Vier, who heads up strategy and design. “We’ve been able to customize customer-facing forms to a level that’s very impressive to the average person,” he says. “That’s been really paramount for our success in marketing.”

He likes the customization options that Acumatica offers. For example, he says, the Acumatica log-in page for employees showcases several Mid-States’ jobsites and different aspects of the company. Adds Pistorius, “Showcasing the company lets employees know they are in the right place. And while it may be a tiny detail, we also have our logo in the tab, which was created by the professional graphic designer we have on our staff. And so what’s unique about that is that we take a lot of pride in our branding because our designer created it. SAP would never let you do that.”

Continued Growth

Mid-States has only scratched the surface of what Acumatica can do, says Pistorius adding he looks forward to learning more about all the functionality that the business system has to offer. “Acumatica as a system is allowing us to become a more process-based organization,” he says. Being process-based will allow Mid-States “to scale at whatever rate is most appropriate, and in a way that’s prudent, profitable, and ultimately beneficial to our staff and our customers.”

The company’s digital transformation is just getting started. “We have made incredible strides in just over two years,” he says. “But it’s like you’re hiking a mountain and you just got over what you thought was the peak. But no, you just got to just a break in the incline, and now you see how much further you can go with it.”

“The concept of digital transformation that Acumatica has talked about over the years is really is transforming our business,” he continues. “It’s just that most transformations don’t happen in an instant. They happen in a lifetime. And so, the thing I’m excited about is that the product to this point has been flexible enough to walk down that path of transformation.”

The keys, he says, is Acumatica’s flexibility and drive to continually update the platform. “There’s a lot of systems that exist that do a relatively good job of capturing data. There’s not a lot of systems that do a good job reporting it. And then there’s even fewer that do a good job of alerting you. In Acumatica, you can do your own reporting relatively easily, and you can build your own notifications.”