

# Inside Industrial Equipment Provider Kinnunen's Digital Transformation

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Much has changed since Ray Kinnunen opened Kinnunen Sales & Rental's first location out of his garage in 1991. The internet was a few years away yet from mainstream and the notion of e-commerce was little more than an 800 number in a catalog. Today, with multiple locations in Oklahoma, Kinnunen is a one-stop shop for construction supplies, equipment rentals, parts and services. As many companies experience today, it was time to improve their business technology systems with an enterprise-wide modernization effort.

## Sales Growth Demanded Improved ERP

As Kinnunen Sales & Rental continued to grow, the industrial equipment provider knew it needed to digitally transform much of its operations as it outgrew the manual processes that no longer enabled the company to manage sales and inventory across its three locations effectively. A central part of that transformation, explains Ryan Andrews, general manager at Kinnunen Sales & Rentals, would be replacing the company's aging ERP system.

Kinnunen needed real-time inventory insights. And for over 12 years, they'd relied on their

previous ERP platform. One of the most substantial challenges with that system was how it could no longer effectively manage its inventory. Kinnunen often had to close its doors Friday and dedicate more than a dozen staffers to perform a manual inventory count over the weekend so the retailer could reopen Monday with an accurate inventory. And, as Andrews explains, too often, an inaccurate inventory count would cost the company sales. "We needed a change," Andrews says.

They sought an ERP platform that would help improve inventory management and scale up their operations, improving the customer experience with a better user experience through improvements in its point-of-sale systems, mobile, warehouse management, demand planning, repair, rental, analytics and e-commerce.

After carefully evaluating its options, Kinnunen chose VAI's S2K Enterprise ERP. Andrews explains several reasons why. As Andrews began his search during the COVID-19 pandemic, VAI still valued personal connection during sales. "The VAI team was the only one that showed up face-to-face to introduce us to their product. I'm a big believer that to sell a

product, one needs to go to people personally, especially considering the type of investment these [ERP] companies ask for," he says.

As for the technology, Andrews explains that VAI met many of its requirements beyond the traditional back-office capabilities, including a combined rental and repair system and retail sales. S2K Enterprise provides Kinnunen retail industry-specific functionality, on-premises and cloud-based deployment options, and integrated modules, including inventory management, customer orders and sales analysis.

Kinnunen moved its ERP platform to the cloud. Andrews says he appreciates the single, central database for managing their information, rather than working manually from spreadsheets and their outdated on-premises ERP system.

Despite some staff being resistant to the change, most looked forward to the new system. The transition went relatively smoothly, mainly due to a considerable amount of upfront preparation work regarding the latest software and training warehouse staffers on their new handheld devices.

“As data goes, it’s junk in, junk out. And workers need to understand their new upcoming processes,” says Andrews. With that in mind, in the weeks leading up to the switch from the old system to VIA’s ERP platform, the team standardized old part numbers and naming systems for the new software, labeled warehouse bins and optimized the warehouse properly for the upcoming workflows. “This was a lot of additional temporary work for the staff. But they understood it was temporary and that, in the end, they would no longer have to search for products manually. They’d be able to work a lot faster,” Andrews says.

Once the data and the warehouse were prepped for the transition, Andrews explained that their retail point-of-sales team used a test system to trial mock tickets. “We did the same thing with our purchasers, shop repair rental team and outside sales team. They were all in the test system testing mock tickets. We did that for months,” he says.

The preparation paid off.

VIA advised Kinnunen to go live with the ERP system except for their

warehouse management system and bring WMS on later. “We took the ‘rip the band-aid off’ approach instead,” he says. Kinnunen’s technology and warehouse team and support staff from VIA got to work Friday afternoon and worked throughout the weekend, and the new system was running by Monday morning. I wanted to deal with this transition once and then not have to go back to it again,” he says.

### Improved Sales Analysts, Customer Service

Today, VIA’s S2K ERP software helps Kinnunen better manage their inventory, which includes approximately 42,000 items, ranging from industrial gear to handheld power tools. “We stock less product today than we ever have, in a good way, because we’re forecasting demand better, such as seasonal products. That’s helped us optimize operations and save money,” says Andrews.

The improved inventory and sales analytics have also boosted the sales team. “We weren’t previously able to dig into our data like we can now. We now use analytics to enable the sales team to look

at customers differently and comprehensively. The sales team is getting good at understanding the customer base better than ever before.”

Additionally, warehouse operations such as bin counting, receiving, moving inventory and picking for orders all now flow through the new handheld devices. Andrews explained that it would take about six months to get a new hire fully trained and up to speed in the warehouse before the new system. With the new system, workers can be trained within a week.

While it’s true that a lot has changed since Kinnunen’s 1991 launch, the need to be operationally efficient and keep customers satisfied is timeless. “Making the software switch as abruptly as we did was certainly a gamble because you can lose customers quickly if there’s a mess-up. Our customers are out on job sites. They’re building bridges and skyscrapers, and they need to know they can come in and get what they need and get back to work quickly,” Andrews says.