

# LockNLube Builds Digital Transformation Roadmap and Growth Architecture



## Overview

LockNLube is a distributor of equipment for machine maintenance and repair, with 75% B2C and 25% B2B business models.

## Company Size

~\$20 mil in annual revenue

## Location

NH, USA

## Industry

Industrial Distribution

## Employees

20

Through ElevatiQ's proven methodology, LockNLube was able to identify the core issues with its Supply Chain and, within two weeks, agree on the as-is and to-be state of the process models. They were not only able to complete the selection process of at least three different software systems in under 200 hours while helping them build business, process, data, and system architecture. ElevatiQ's unique approach helped LockNLube save 70% of the internal teams' time and saving over \$300K with vendor negotiations. ElevatiQ charged less than 20% for the phase I covering the enterprise architecture for which other firms charge only for ERP selection.

LockNLube had no visibility of up to a \$1 M worth of inventory every year.

LockNLube, a distributor and eCommerce business of machinery maintenance and repair equipment was struggling with growth and supply chain challenges due to disconnected systems and processes. As well as with the complexity of many channels such as DTC, EDI, Amazon, Walmart, eBay, social. Even after paying over \$100K every year in software licenses, they still had significant inventory and operational challenges.

LockNLube engaged with ElevatiQ to understand the root cause of these challenges and build a roadmap through process, data, and system changes as they get ready for the next phase of their growth.

## Executive Summary

Missing Operational Reconciliation

Outgrowing Existing Systems

Limited Sales Analytics

No Enterprise Architecture in Place



ElevatiQ has been amazing throughout the selection process. Always super educational and helpful in navigating the complex ERP ecosystem.

**Jay Boren**

President, LockNLube

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## The Challenge

An eCommerce brand, LockNLube started selling through marketplaces and Shopify stores. Their business model required them to keep the inventory on over 10 channels. And forecast accurately. They tried to solve their inventory challenges by using several QuickBooks and Shopify add-ons. But were not successful.

Also, without internal expertise, LockNLube also struggled to foresee overpromises by software vendors and their resellers. And the software never worked as claimed. So 50% of their processes resided outside of the systems and yet still using over 20 software, as well as paying over \$100K in software license fee -- every year. Because of this experience, thinking of ERP systems – and their potential failures – sent chills through their spine, given their tight margins and limited room for error with their operating model.

## The Solution

After reviewing the business challenges briefly, ElevatiQ proposed process audit to trace the root cause of inventory issues. The audit resulted in several process reengineering recommendations, new inventory reconciliation models, and superior material movement flow that also required new systems. Post the audit phase, a structured selection and implementation phase ensued, to implement the recommended changes.

### What was causing inventory issues?

The primary issues related to inventory were due to the missing and delayed operational reconciliation. While the cycle counting processes were in place, they were ad-hoc in nature, and any discrepancies were reconciled through journal entries -- without a clear accountability of these discrepancies.

### Software OEMs and their resellers oversold their capabilities that never worked.

- ✓ New problem? New tool. But no results.
- ✓ Struggling to forecast inventory led to overstocking.
- ✓ No consensus on the root cause of business challenges.
- ✓ Growth challenges with low confidence in inventory traceability.

### What changes were recommended?

While the current systems had inventory allocated for each channel, the financial system was completely disconnected from the OMS and procurement, struggling to provide the inventory layers needed for operational reconciliation.

Also, the poor support of kits and bundles and their dependent inventory threw off the inventory equations. The need for inventory accuracy required them to replace siloed system with a fully-integrated cloud ERP, NetSuite. The recommended process changes were inventory reconciliation model, daily cycle counting processes for each channel, and barcoding for the warehouse to avoid issues due to manual inputs.

### ERP Selection Cost

<20%

of the industry average. The RFP was out within two weeks.

### Total Savings

>\$300K

Through vendor negotiations and by avoiding poor tool selection.

### Opportunity Costs Savings

>70%

Reduced the time of internal team members including LockNLube executives.

## Why It Was a Success

ElevatIQ's industry expertise with DTC brands in the industrial distribution space helped them understand the entire LockNLube business within a week – at the transaction level.

Their familiarity with most systems in the architecture such as Skubana, QuickBooks, Shopify, ShipStation, and ShipFusion assisted them in building the as-is process models quickly and gaining teams' confidence with critical success factors – as well as winning their trust with the new ERP and process changes.

**ElevatIQ's equal depth with business and technology helped with the comprehensive approach to solving enterprise performance challenges**

ElevatIQ expertise with the entire architecture helped in identifying roles and responsibilities of each department, roles, and systems. The inventory movement flows and reconciliation models help in understanding how the inventory issues would be resolved in the new architecture. The qualitative and quantitative analysis of more than 50 ERP systems evaluated helped with how each ERP system differs and how to identify technical risks early in the process to avoid implementation issues. Building architecture in the pre-selection phase provided clarity that implementation team needed to be successful with the project. As well as KPIs that each system and process needed to hit to resolve the overarching supply chain challenges.

	As-is	To-be
 Clarity with the inventory and supply chain issues	✗	✓
 Alignment on critical success factors required for selecting and implementing ERP	✗	✓
 Existing systems and investments retained in the new architecture	✓	✓
 Duplicate data entry required across multiple systems and demand forecasting issues	✓	✗
 Documented cross-functional business processes and their impact on users	✗	✓

### About ElevatIQ

ElevatIQ is an independent ERP and digital transformation consulting firm, with the focus on ERP selection, contract negotiation, business process reengineering and design. As well as enterprise and multi-system architecture, growth enablement strategy and documentation, and business case development. Plus, business model transformation strategy, change management, ERP project recoveries, ERP project management, and ERP implementations. With over 1000 ERP selection engagements and over 200 successful ERP implementations, ElevatIQ is uniquely positioned to build the digital process architecture for the next phase of your growth.

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