Alabama Correctional Industries

Alabama Correctional Industries (ACI) was founded to provide a work-training program for inmates of the Alabama Department of Corrections. Through this program, ACI manufactures a variety of products to assist Alabama state departments, institutions, counties, cities and other tax-supported entities in securing furniture and supplies to meet their needs.

Alabama Correctional Industries' shop floor workstations

ACI employees reviewing data in Global Shop Solutions ERP software.

Currently, ACI employs 65 "free world" staff members and 400+ inmates at seven different correctional facilities throughout the state. Together, these production facilities offer more than 500 different products, custom items, and services, including office seating and furniture, institutional clothing and bedding supplies, parks and recreation equipment, janitorial products, file and storage cabinets, and more. Bound by Alabama code, ACI sells their products only to tax-supported entities at the federal, state and local levels.

For years, ACI tracked and managed production with an old government funded accounting system that required several workarounds to function. As a result, ACI couldn't produce true financials, which made it difficult to properly price products and determine costs. When state officials changed the government-funded accounting system to eliminate the workarounds, ACI was given the approval to begin the process to acquire Global Shop Solutions ERP software.

"I first came across Global Shop Solutions at a National Correctional Industries Association (NCIA) conference several years ago," says Accounting Director LaDora Gindle. "I had an immediate interest because I could see that it would give us an application we could utilize across our multiple manufacturing processes and locations. It took a while to acquire the product, but we went live with Global Shop Solutions in October 2015, and it has made a huge difference in how we operate."

Managing Seven Locations with 14 Product Lines in One System
Gindle's first challenge involved training employees and inmates on the software – many of whom had no experience using personal computers, much less a sophisticated ERP system. Global Shop Solutions Consultants lent a hand by working with her to develop a train-the-trainer system and educate staff on how to build ACI's processes into the system and then use it to manage them.

"During the training process, we were able to determine which staff members were a good fit for Global Shop Solutions and which were not," says Gindle. "The inmates who use the software in their jobs are delighted to get hands-on experience with a system used in the real world."

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Another big advantage with Global Shop Solutions ERP software during the implementation phase was the ability to set up different companies within one system.

"The software allows us to set up different companies so each location basically has their own," says Gindle. "That way, we can track production and costs to see the individual picture at each company, and can then combine them into consolidated financials to see the big picture."

Controlling Costs

Although ACI doesn't seek to maximize owner or shareholder value like traditional commercial enterprises, it still needs to generate a profit in order to replace equipment and expand into new areas. ACI does seek to provide a business environment similar to companies in the "free world" to maximize the work ethic and skills of inmate employees. That way, there is a better chance of them not returning to prison after they are released. With ACI's ERP system fully in place, Gindle promptly set about using Global Shop Solutions' superb visibility of data to revamp ACI's accounting and job tracking processes.

ACI's inventory warehouse.

Now, ACI has up-to-date information on every aspect of production, including job status, inventory and on-time deliveries, as well as sales and accounting. This has led to dramatic improvements in Gindle's ability to track job costing.

"Previously, most of our shop people didn't work at the cost level," she says. "In fact, they weren't even aware of costs. Now, as they use the software to move WIP to finished goods, they're starting to see their costs for materials. This makes them more aware of what they're spending and whether they're pricing their goods at the right price points."

"At the shop level, we can now allocate costs more quickly and accurately. We can see what's on the floor at any time in each shop, and review their inventory parts levels. We also have a better understanding and more visibility of our accounts receivable and payment rates from each customer. Having the account statements we were unable to produce in our old system has enhanced our ability to collect more timely payments."

Breaking Up Bottlenecks

Tracking shop floor data in real time also helps ACI identify bottlenecks at each location and take appropriate action to resolve them.

For example, ACI makes the chemicals for their janitorial supply products, which requires buying appropriate amounts of raw materials to mix together. With Global Shop Solutions' popular Supply & Demand screen and Auto Purchasing, purchasers can easily tell when they need to replace or replenish a raw material order or slow down on purchasing.

"Our warehouse superintendent loves Supply & Demand because it allows him to set inventory minimums and maximums," says Gindle. "Instead of having to manipulate all the data through different spreadsheets, he can quickly access the data in Global Shop Solutions ERP software and do in 10 minutes what used to take four hours. He also likes the on-time delivery report and the auto-generated purchasing, as these provide a quick overview of how we're meeting our timelines and the needs of our customers."

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Improving Cash Flow

In ACI's old accounting system, all AR financial statements, such as invoicing and customer account reports, had to be generated by hand. Now, Gindle can quickly create statements within the system and instantly send them to customers, allowing the company to turn over accounts receivables much more quickly. She has also started using the ERP software to simplify month-end closing.

"Global Shop Solutions is a great tool for us. I would recommend it to any correctional industry program."

"I like being able to see where things are and where they are going in the plant using the Inventory and Supply & Demand screens," she says. "Those may not seem like accounting functions, but they have a big impact on cash flow. Having the ability to see when we truly need something rather than guessing allows us to make long-range plans to improve cash flow."

"We also operate under state purchasing division constraints," continues Gindle, "and that division literally shuts down the purchasing process for about six weeks towards the end of the fiscal year. With Global Shop Solutions, we can see exactly what we have in inventory and what jobs are coming up so we can look out into the future, identify what we need, and order in advance."

Competing More Effectively

Although ACI sells only to tax-supported state agencies and institutions, they must strive to stay competitive because those customers always have the option of shopping in commercial markets. According to Gindle, Global Shop Solutions ERP software helps improve competitiveness in many different ways, including:

- The ability to create custom reports to format data that is useful and informative.

- Customizable Dashboards that provide high-level data to make informed management decisions at weekly staff meetings.

- Availability to secure financial information in a timely manner.

- Clear view of inventory levels and the material demands being placed upon them to enable more timely and cost-effective purchasing.

When asked where Global Shop Solutions ERP software has had the biggest impact on ACI, Gindle doesn't hesitate.

"Without question, it's the ability to track and control costs in furniture production, which is our biggest custom product line," she says. "People in that area have become far more aware of what they are using and spending in relation to how they are pricing their product."

"Controlling costs is all about visibility and access to data, and that's where Global Shop Solutions excels. It allows us to know more about what's going on in every area of the business, and that doesn't just apply to management. We leave the reports open so anyone can see them; we give training in understanding and incorporating the information into the daily processes; and we give everyone visibility of how their location is performing, which means everyone is working on the same page and in the same direction. Global Shop Solutions is a great tool for us. I would recommend it to any correctional industry program."

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