



NEW RULES OF ERP

At a Glance

Today's manufacturer faces an ever-changing set of challenges. Customer requirements, rising numbers of orders, mergers and acquisitions, along with other demands, all impact the manufacturing sector now and in the years ahead. This paper offers a new set of rules to consider when evaluating an ERP system. The guidelines help to not only handle growth, but to transform overall business processes with ERP.



A Focus on Transformation

Today's manufacturer is facing challenges to improve productivity, keep up with ever-changing customer requirements and manage complex supply chains.

When manufacturers operate with an outdated ERP system, they reduce their ability to enter new markets or regions, implement lean manufacturing or manage change.

To be successful, companies must play by a new set of rules when selecting an ERP system.

Teams heading into an ERP selection process should take the time to gain knowledge of the features and functions offered by today's modern ERP systems. We encourage companies to become aware of modern ERP systems that offer sophisticated configuration tools, robust business intelligence, workflow engines, collaboration tools and other advanced features – targeted to specific industries.

Many vendors are also introducing more intuitive user interfaces for an improved look and feel. If these capabilities are not understood, ERP selection will fall well short of its potential.

Mapping the Project

Before an investigation of ERP systems begins, we've found that a business mapping exercise is useful.

This approach tracks Key Performance Indicators (KPIs) for insight into where waste resides, where bottlenecks occur, and where there is a possibility for improvement.

Business process mapping helps elevate the conversation beyond features and functions, and stresses the business case for change.

Seven New Rules of ERP

To help guide the process of ERP evaluation and selection, offered here are seven new rules to keep in mind when entering into an ERP project.

1

Look for Industry-Specific Capabilities

Once your business mapping exercise is complete, a critical consideration is identifying an ERP vendor that knows a company's type of manufacturing, and can help close the gaps identified during mapping.

Companies are wise to align with an ERP vendor with proven success in a specific industry. Make sure the vendor addresses critical issues, including regulatory mandates, customer requirements, and other key considerations. Ask for recent references and a product direction statement that explains how they plan to be the leader in that industry. Shortlist the vendors that can most easily accommodate a company's distinctive processes. Look for a flexible solution that fits with existing systems.

It makes no business sense to force-fit an ERP solution to a specific industry. Instead, take the time to assess ERP systems that offer industry-specific capabilities.

2

Consider Business Intelligence Features

Most ERP systems today capture, store, and trend a broad range of information about quality, production, shipping, financials, supply chain activity and more.

To turn that information into knowledge, look for systems that offer business intelligence features that help users "take action" – that put relevant data in the hands of those able to make improved business decisions.

Keep an eye out for features that make data actionable by visually aggregating numerous data points into displays that use colors, gauges, graphs, and other visual representations to display trends, averages, unusual results, compliance with goals or expectations, and other "actionable" information for managers and executives.

ERP dashboards are real-time visualizations of data with pre-built performance indicators. They offer the ability to customize the displays to fit the needs of the company and the interests of the individual users.

Dashboards should consolidate and summarize information "at a glance" such as real-time metrics about receiving, production, inventory, scrap, ordering, and shipping.

3

Compare Mobile Accessibility Features

Today and into the future, manufacturers will be expected to respond quickly to changing conditions in their operations. They must obtain instant access to relevant production, shipping, quality, and financial information and more – whether they are in the field, at a customer site, on an off-site assignment or anywhere away from the office.

Today's ERP system must offer enhanced mobile connectivity for on-the-go responsiveness at all levels. Function-specific applications for mobile devices make internal operations such as finance, purchasing, service, sales management, etc., more efficient.

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When evaluating ERP systems, compare how effectively each system can deliver mobile access to business intelligence reporting. Mobility-enhanced interfaces will continue to drive ERP vendors to add innovations in this area.

Also consider cloud computing and the ability to integrate information and services from multiple sources.

4 Look for Collaboration Tools

Consider ERP systems that incorporate engagement, collaboration and business conversations via real-time chat and related features directly into the ERP user interface.

With enhanced collaboration, the entire enterprise (including the extended supply chain) can communicate and collaborate, tracking people, assets, and processes.

Many of today's vendors let users operate entirely within the ERP system, linking them in real time to colleagues, supply chain partners and customers without having to switch applications. This level of collaboration via integrated ERP is critical.

5 Watch for Workflow Features

To handle complexities in production, supply chain outsourcing, customer requirements, regulatory reporting mandates, and other areas, it is important to automate processes that previously required human intervention.

Be on the lookout for integrated ERP workflow tools to automate business processes. As an example, some systems can automatically route documents throughout the organization, ensure information stays up to date, shorten the lifecycle of more lengthy manual processes, create workflow tasks for users, initiate approvals for workflow steps, track individual workflow documents throughout the process and assign email notification for workflow steps.

Workflow management is a key capability offered by today's modern ERP system. Take the time to assess the workflow features and functions, especially for notification emails, and process standards like time to complete, as well as quality and compliance checklists.

6

Select an Easy to Use Interface

Today's business user doesn't expect a clunky or difficult to use enterprise software system. Most modern ERP systems now offer an intuitive look and feel, with an easy to navigate user experience.

Part of the success of an ERP implementation is user acceptance, and we've found that easy to use screens, commands and reports all help in user adoption of a new system. Look for simplified screens and data displays that are intuitive for shop floor workers and the front office.

An easy interface lets the end-user get up and running faster, which shortens implementation time. That's why it's key to search for an easy, usable, convenient and "pleasurable" user experience.

7

Look for Global, Multi-Facility Capabilities

Look for modern ERP systems that offer features for those manufacturers working in a multi-national environment with multiple legal entities using differing accounting standards, tax laws, currencies, and languages.

This environment presents a challenge to the corporate accounting team when trying to develop consolidated financial statements.

There's often a "push and pull" between the enterprise's accounting and operations areas. While the accounting team has a need to segment and combine financial results, the operations team has the need to drive the global organization as a unified supply chain. Look for ERP that can manage this global environment in multiple facilities.

Concluding Thoughts

ERP has to stay current to meet today's business requirements.

The new rules offered here let you do more than implement technology. When taken into consideration during an ERP evaluation, you improve overall business processes.

All in all, it's a best practice to see an ERP project as a platform for continuous improvement. With the new rules of ERP in mind, your company is better able to achieve key business outcomes such as improved customer service, reduced lead time, improved quality, reduced asset turns, higher productivity and improved, more timely decision making.

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About Ultra Consultants, Inc.

Ultra Consultants is an independent consulting firm serving the manufacturing and distribution industries. Organizations turn to the Ultra team for ROI-driven ERP technology expertise and business process management that improves revenue and customer satisfaction, enhances financial management and real-time decision making, improves productivity and reduces time to market. The world's middle market companies make up the Ultra Consulting client roster including aerospace and defense; automotive; chemical; consumer goods; electronics; food and beverage; industrial equipment; medical device; metal fabrication and plastics manufacturers. Ultra Consultants offer deep experience in manufacturing process optimization. The team averages over 20 years manufacturing and process experience with professional certifications in APICS, Lean manufacturing, Six Sigma Green and Black Belt, and Project Management.

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