New Rules of ERP Software Selection

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 e-book offers a new set of rules to consider when evaluating an ERP system for your organization. These guidelines help to ensure your new enterprise solution not only handles growth, but it also transforms your overall business processes.

What's inside.

A Focus on Transformation

Today's manufacturer is facing challenges to improve productivity, keep up with fluctuating customer requirements and manage complex supply chains. When your company operates with an outdated ERP system, you reduce your ability to enter new markets or regions, implement lean manufacturing or manage change. To be successful, your company must play by a new set of rules when selecting an ERP system.
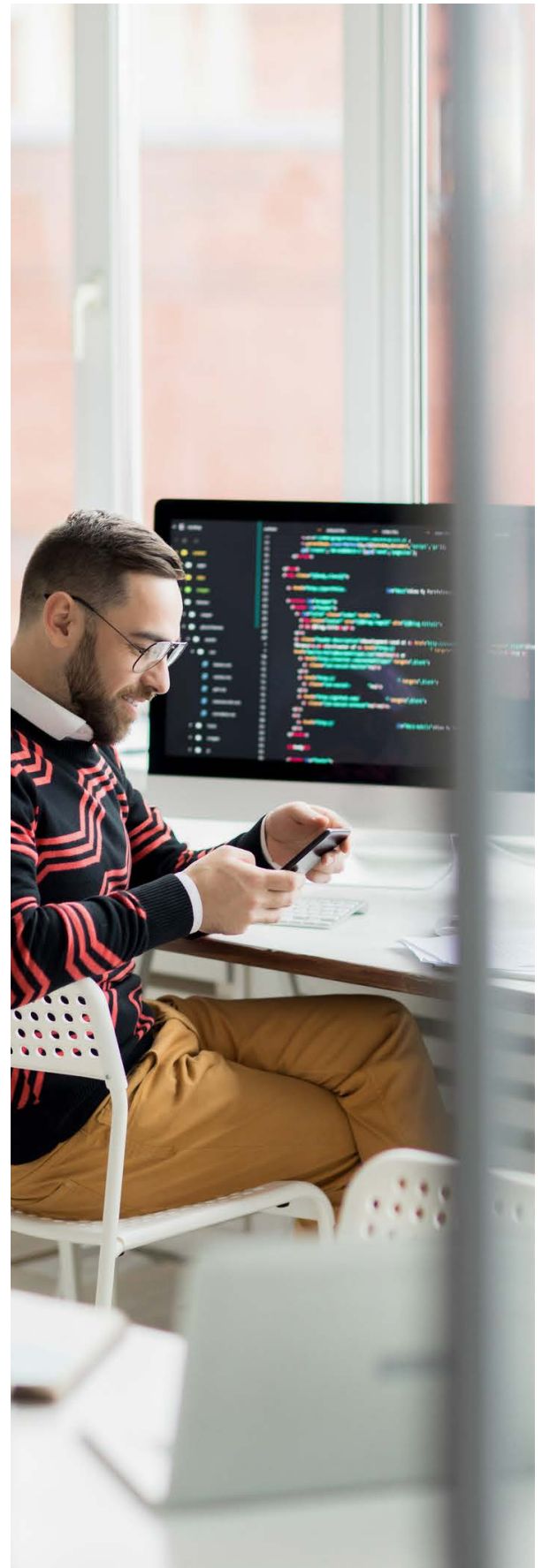
Teams heading into an ERP selection process should take the time to gain knowledge of the features and functions offered by modern ERP systems. We encourage your company to become aware of the latest enterprise technology that offers sophisticated configuration tools, robust business intelligence, workflow engines, collaboration tools and other advanced features—all targeted and designed for your specific industry.
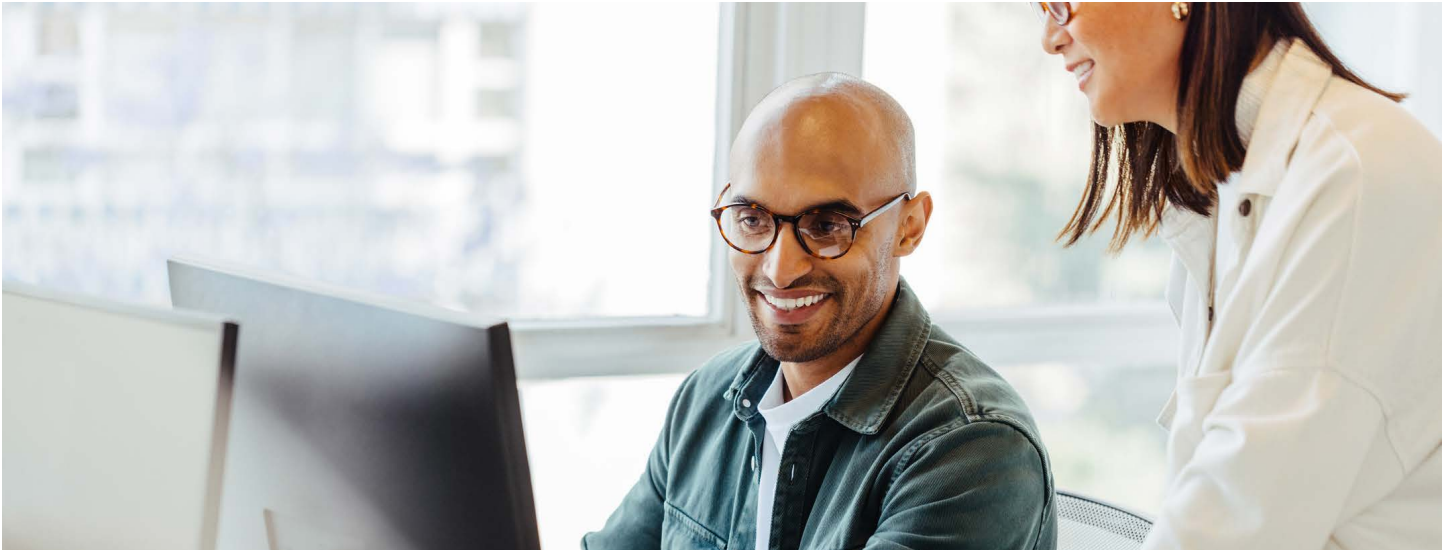
Many vendors are also introducing more intuitive user interfaces for an improved look and feel. If these capabilities are not understood, your ERP selection will fall well short of its potential.

Mapping the Project

Before you begin the rigorous task of assessing ERP systems, your organization must carry out a mapping exercise of your existing business processes. This approach tracks Key Performance Indicators (KPIs) for insight into where waste resides, where bottlenecks occur and where there is a possibility for improvement in every department.

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

Seven New Rules of ERP Software Selection

1. Look for Industry-Specific Capabilities

Once your business mapping exercise is complete, a critical consideration is identifying an ERP vendor that understands your company's type of manufacturing and industry vertical, and can help close the gaps identified during mapping. It makes no business sense to force-fit an ERP solution to your specific industry. Instead, take the time to assess ERP systems that offer industry-specific capabilities and options out of the box.

Follow these industry-specific guidelines:
- Align with an ERP vendor with proven success in your specific industry
- Ensure the vendor has addressed regulatory mandates and customer requirements
- Ask the vendor for recent references similar to your business
- Read the vendor's product direction statement explaining how they plan to lead the industry
- Shortlist the vendors that can most easily accommodate your company's distinctive processes
- Look for a vendor that offers a flexible solution that integrates with your existing systems

"An industry-specific ERP system can help companies to improve their efficiency, productivity and profitability by providing them with the tools and functionality they need to manage their specific business processes." —Forrester Research

2. Consider Business Intelligence Features

Most ERP systems today capture, store, analyze and display 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" and put relevant data in the hands of those able to make improved business decisions.

Keep an eye out for these ERP dashboard features:

- Displays that use colors, gauges, graphs and other visual representations
- Creatively displayed trends, averages, unusual results, compliance with goals or expectations
- "Actionable" information for managers and executives
- Pre-built performance indicators with real-time visualizations of data
- Customizable displays to fit the needs of your company and the interests of individual users
- Summarized information "at a glance" consolidated from real-time metrics about receiving, production, inventory, scrap, ordering, shipping and more

> " "Business Intelligence (BI) is the key to turning data into insights that can help businesses make better decisions. When selecting an ERP system, it is important to consider the BI capabilities that the system offers." —Gartner Research

3. Compare Mobile Accessibility Features

In both the current and future economic space, your company will be expected to respond quickly to changing conditions in your operations. You must obtain instant access to relevant production, shipping, quality and financial information—whether you 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.

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 its ability to integrate information and services from multiple sources.

> " "Organizations need to follow a 'mobile-first' strategy right from the project conceptualization stage all the way to final delivery." —Forbes

4. Look for Collaboration Tools

Collaboration is essential for businesses of all sizes, and it can be especially beneficial for distributed teams. Your company may be made up of different departments, such as human resource, finance and accounting, sales and marketing, and engineering, among others. Collaboration between departments improves communication, coordination and productivity throughout the company.

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 their clients interface directly within ERP systems, linking them in real time to colleagues, supply chain partners and customers without having to switch applications. This level of collaboration via integrated ERP systems is critical.

> "Collaboration is the key to success in any manufacturing company. When different departments work together, they can share ideas, solve problems and improve efficiency. This leads to better products and services for customers and a more profitable company for everyone." —Henry Ford, Ford Motor Company

5. Watch for Workflow Features

Workflow features are essential for any ERP system, as they enable your business to automate and streamline its business processes. To handle complexities in production, supply chain outsourcing, customer requirements, regulatory reporting mandates and other areas, it is important to automate processes that typically require human intervention.

Choose integrated ERP workflow tools that automate business processes, such as:

- Automatically routing documents to ensure information stays up to date throughout the organization
- Shortening life cycles of lengthy manual processes
- Creating workflow tasks for users
- Initiating approvals for workflow steps
- Tracking individual workflow documents throughout the process
- Assigning email notifications for workflow steps

Workflow management is a key capability offered by modern ERP systems. Take time to assess critical workflow features and functions.

> "Features such as accounting, customer relationship management (CRM), human resources (HR) and supply chain management simplify workflows, reduce inefficiencies and streamline productivity." —Forbes

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 alike.

An easy interface lets the end-user acclimate to the new system faster, which shortens implementation time. That's why it's key to search for easy, usable ERP software with a convenient user experience.

> "Manufacturing companies need an ERP system with an easy-to-use interface that can be adopted by employees of all skill levels. This will help to ensure that everyone is using the system correctly and that data is being entered accurately. An easy-to-use interface can also help to reduce training costs and improve employee satisfaction."
> —John Jones, COO of Global Manufacturing

7. Look for Global, Multi-Facility Capabilities

The 21st century economy is a globalized one, and many companies have multiple facilities in different countries. This can create a major challenge to manage business processes efficiently and effectively.

Look for modern ERP systems that offer scalable features for current or future multinational manufacturing environments with multiple legal entities using differing accounting standards, tax laws, currencies and languages. Otherwise, this growth could present a challenge to the corporate accounting team when trying to develop consolidated financial statements.

There's often a "push and pull" between your organization's accounting and operations areas. While the accounting team has a need to segment financial records, the operations team has the need to drive the global organization as a financially unified entity. Look for modern ERP systems that offer scalable features that allow you to manage your global operations in multiple facilities.

> "Global, multi-facility ERP systems are the orchestra that plays the symphony of a global enterprise, harmonizing the diverse elements of its operations into a cohesive and powerful whole." —Peter Drucker, Management Consultant

Concluding Thoughts

An ERP system has to stay current to meet today's business requirements. The new rules offered here focus organizations on essential elements in the ERP evaluation environment to enable a priority of business processes improvement.

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.

Ultra Consultants

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 improvement that drives revenue and customer satisfaction, enhances financial management and real-time decision making, improves productivity and reduces time to market. For more information and additional resources on how to bring our expertise right to your doorstep, visit us at ultraconsultants.com.

ULTRA
CONSULTANTS

(312) 319-1411
contact@ultraconsultants.com