



Automated Computer Solutions

Assisting our business partners on their journey to become world class manufacturers.

“Closing Your Loop” Choosing an Enterprise Resource Planning System for Manufacturing

Qualifying ERP providers
on the basis of what they provide.

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Executive Summary

Qualifying ERP providers on the basis of what they provide.

An ERP or *Enterprise Resource Planning* system is intended to bring all the pieces of the big picture (manufacturing operation) together giving you the information you need to make responsible decisions for your business. It's a tool, like any other piece of equipment on your shop floor, and there are many to choose from.

There is no denying that the marketplace today is very different than it was even 10 years ago, let alone a generation ago. In his book, *The World is Flat, a brief history of the twenty-first century*, Thomas Friedman, points out how dramatically the emergence of communications technology and IT has effected the way we all do business on a day to day basis not only in leading industrialized nations, but world-wide – leveling the playing field and forever changing where your competition ‘lives.’ In your business, it's likely you already have a ‘legacy’ of doing things in a certain way, and without a doubt, it grew into what it is today over years, not over night. However, the fast pace of world-wide market changes have made it imperative to reconsider how new business practices require the adoption of new methodologies. Necessity determines a lot of how change happens in a given business. For instance, when the copier breaks-down, you buy a new one (or go paperless). A piece of process equipment becomes instantly obsolete when parts are no longer available. You replace it. The reactionary model is widely accepted because everybody understands that you fix it when it's broke. But it's no longer that simple. Balancing reactive vs. proactive... is more difficult now than it has ever been, if for no other reason than your decisions have broader implications.

Change is hard. Sometimes ‘selling’ proactive change is even harder. Factors such as personnel issues, infrastructure, lean manufacturing & cross-training, and return on investment - are all necessary considerations when migrating to a technology upgrade. These issues may in fact be at the very center of the upgrade scenario. It goes without saying that there will be some resistance and stumbling blocks. Still, you know in your heart of hearts that without a plan for continuous improvement, there will be no growth.

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Without a doubt, you have already considered the implications of upgrading or even putting your first ERP system in place. So what is the process for assessing whose product and services are the best fit for a manufacturing business? A qualified business consultant can help the transition into the new way of doing things via tried and true methods that are designed to help disarm the cynicism, while espousing excitement and anticipation for a better and (in the long run) easier way of doing business.

In the search for a proper fit in an ERP system, a few important questions need to be answered. Those who sell enterprise systems will typically walk with you through a process of qualifying a potential client's needs to ascertain what level of product/service is appropriate. Conversely, potential clients need to do the same when deciding on what system to buy... you need to qualify your ERP provider on the basis of what they're providing.

A good system provider will first and foremost be a competent business consultant. They must possess manufacturing business knowledge both generally and specifically. As a business consultant, the provider must be able to assess the needs of your operation and match them with appropriate technology solutions. Sure, it's their business to sell you a product or service, but be wary of any inability to provide straight answers. Customer service and support: is it responsive, competent, courteous, and instinctive? Be sure to get clear answers about system requirements relating to hardware, networking, infrastructure training and implementation timelines. All of these core competencies must be verifiable beyond what their website and literature convey. Case studies and client satisfaction are great barometers of assessment.

One of the best reasons for implementing an ERP system is to eliminate and / or expose the hidden inefficiencies in your operation. Those inefficiencies cost you capital in one form or another, ultimately affecting your bottom line. That said, many ERP and other manufacturing system types, once implemented, are under-utilized or ineffective because they fail to become a complete management tool. Any system needs to be right-sized to fit your business. To be an effective world class management tool, a system should enable and support the critical functions of analysis, communication, planning and execution among customers, vendors, management and the shop floor. Taken together effectively, this creates what is called a ‘closed loop system’ of management.



An effective ERP system should establish a solid linkage among the individual components of the client’s manufacturing environment, including customers, vendors, employees and the management team. A continuing implementation of this closed loop cycle will drive the company toward consistently improved performance and to achieve the company’s goals by establishing a real management tool that provides the critical operational focus necessary.

The closed loop cycle begins with a plan put forth by management. In practice this tends to be a major impediment to success, in that there is always a sense of ‘disconnect’ between the plan put forth by top management and its execution by the operations personnel. The goal of the planner has always been to create the perfect plan, but implementation may be virtually impossible without allowing for some ‘on-the-fly’ flexibility and change.

Automated Computer Solutions’ ProMan^{ERP} is a system designed from the bottom up based on the foundational concept of productivity partnerships. ProMan^{ERP} gathers the critical operational data in a single source, and makes it available via a ‘web-based’ Executive Dashboard Module. This feature allows

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for the analysis of actual day-to-day operational information in the form of real data. From there, as a result of the analysis, the decision can be made to either adjust the plan or institute appropriate corrective action improving your company’s execution performance in a most timely manner.

Maintaining the valuable partnership relationships inherent to your business requires timely and consistent communications links. The ProMan product features a well-thought web-based Partner Portal. By providing the necessary information flow to customers, vendors and operations personnel, everyone is in the loop regarding planning changes, and/or corrective action requests targeted to address execution issues - which may have been uncovered by the analysis function.

Supporting the manufacturing client’s needs in an on-going relationship ought to be embedded in the core values of the ERP service provider. If you get an honest sense that a service provider possesses core values that move toward developing a partnership with you instead of merely a customer relationship, you are well advised to enter that partnership. The strength of relationships is the basis for success on both sides of the supplier-client equation. Look to find a vendor willing to understand your needs and then work as hard as you do to meet them.

Evaluating the risks against the status quo, the value of spending money to make money or perhaps staying in business versus dying a slow death, are difficult decisions to navigate. So what will be the return on investment and how soon? Not many companies will stake a claim to verifying your amortization of investing in an ERP system. There are, suffice it to say, a lot of variables in the mix. The more important question may be to ask, how critical is the need to improve? Begin by addressing the need(s) at hand, such as reduction of lead and/or cycle times; accurate costing; inventory reduction; retaining / increasing market share; boosting customer loyalty through perceived value; closing the communications loop.

Conclusion

Whether you are a large enterprise or SMB, a thorough search will yield striking differences in required capital outlay for your ‘best-fit’ ERP system. In the end you will buy what you can afford. Just be sure you get the best value for your investment and insist on expertise, customer service and ‘real’ scalability that doesn’t throw you into obsolescence with the next upgrade.

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