



[HOW TO GUIDE]

DIGITALISATION JOURNEYS

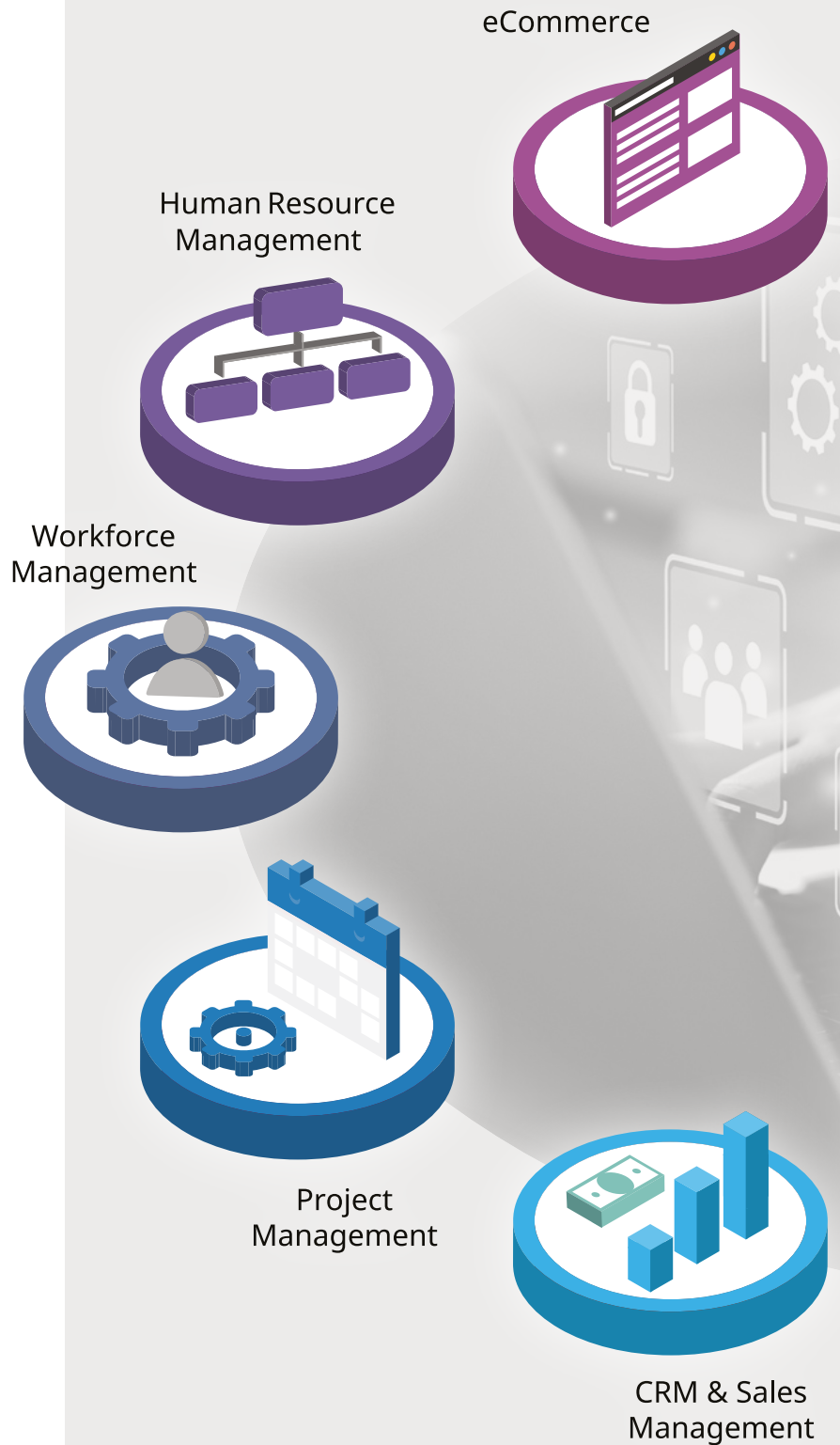
# IMPLEMENTING ERP SYSTEMS

# [DEFINE] ERP SYSTEM



AN ERP SYSTEM integrates core business processes and functions into a single, unified platform. In essence, it creates one version of the truth which enables a manufacturer to manage everything from their inventory through their supply chain to production and scheduling of customer orders. It gives the workforce a holistic view of operations and real-time control over what the business is doing.

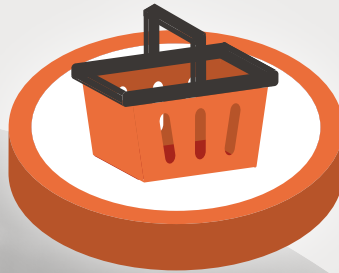
ERP is crucial in a sector such as manufacturing where efficiency is king. ERP acts as a centralised method of managing every aspect of facility operations and processes, and allows for unprecedented visibility, coordination and management across the disparate processes that make up a manufacturing business - ultimately resulting in greater operational efficiency which helps deliver governance, quality improvements and business performance insights.



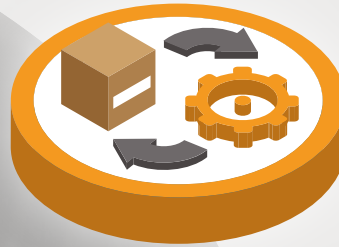
Finance & Accounting



Procurement



Manufacturing



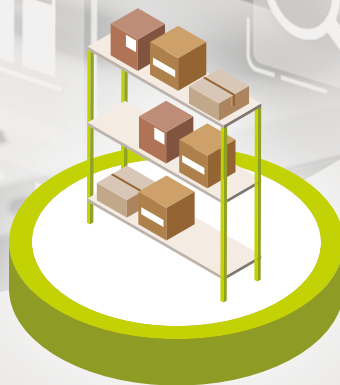
Inventory Management



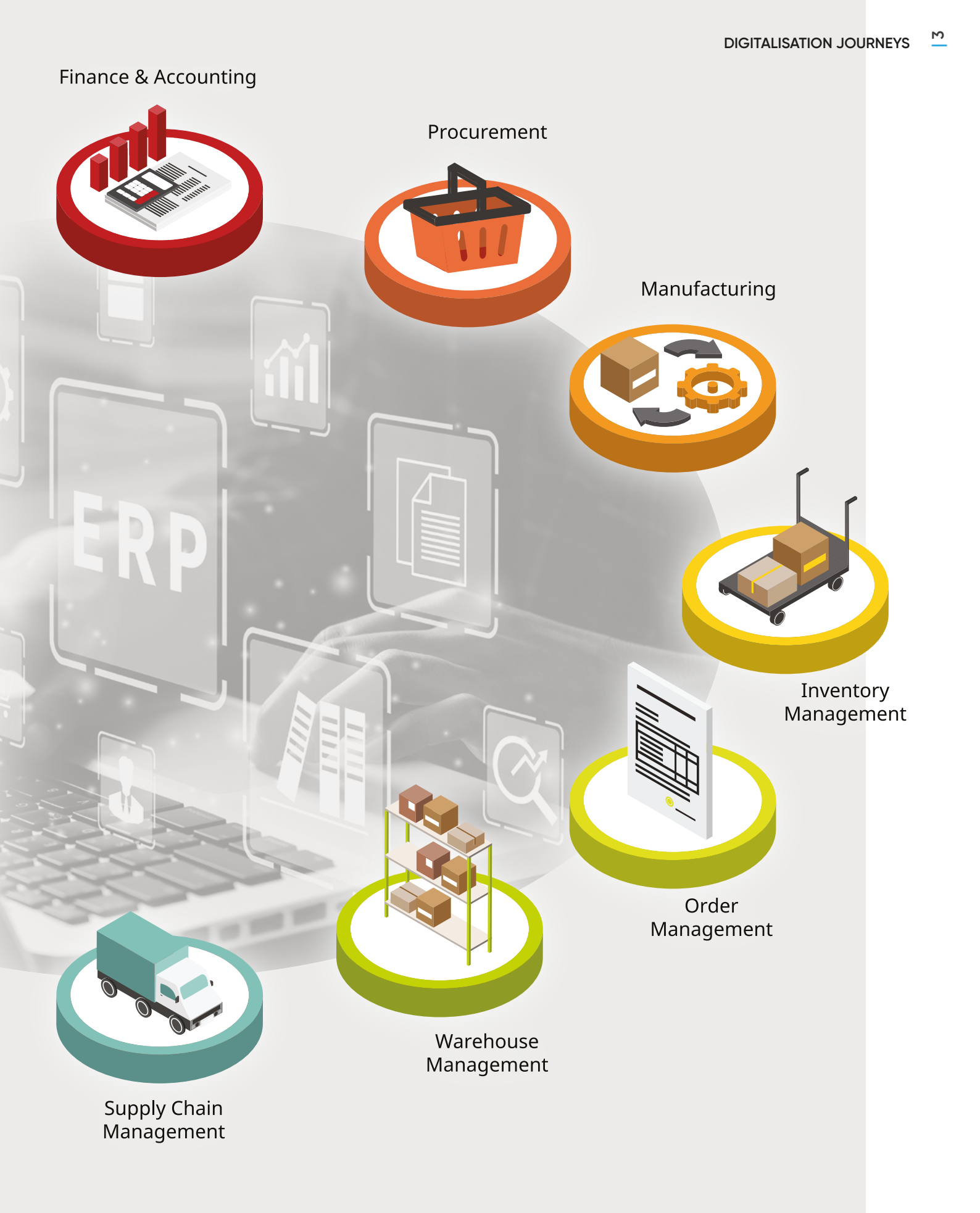
Order Management



Warehouse Management



Supply Chain Management



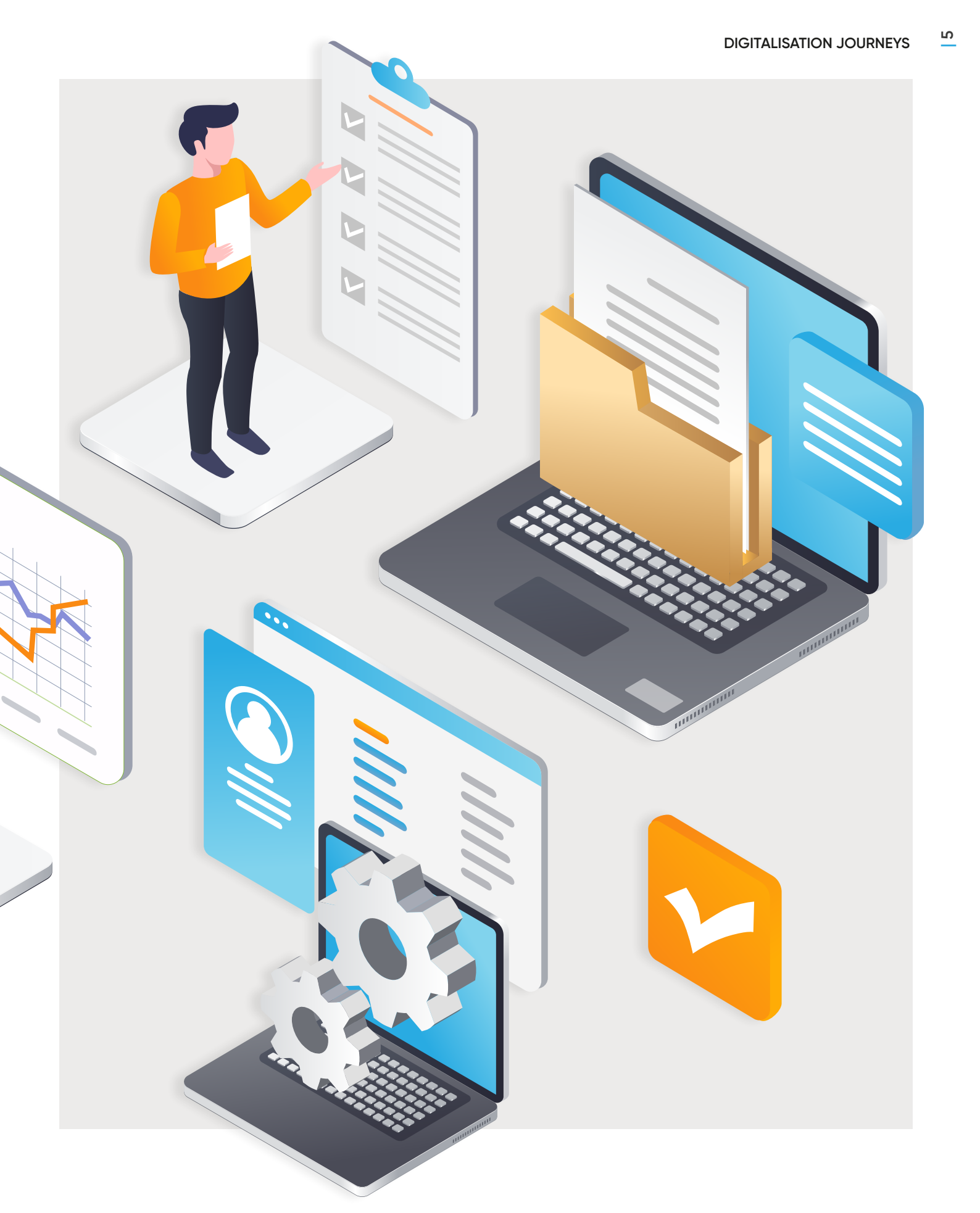
# The benefits of an ERP system

MODERN ERP solutions include far more capabilities than many organisations realise, and these can support areas of manufacturing that would have perhaps had separate systems in the past, such as asset and quality management, risk analysis, manufacturing execution and service delivery.

- 1 **Process automation and enhanced visibility:** An ERP system offers real-time data across the various departments of a company. Historically, silos of information have existed within manufacturing businesses which an ERP system can now help to break down, creating better decision making and improved efficiency.
- 2 **Streamlining and agility:** ERP streamlines processes, eliminates paperwork, reduces delays and improves governance. ERP also helps to fully integrate supply chains which can lead to faster fulfillment of customer orders. In addition the increased agility offered by ERP enables better reaction to unexpected events by allowing manufacturers to see potential consequences before they happen.
- 3 **Collaboration:** Using an ERP system across the business means that different departments can better collaborate. Teams can talk to one another and discuss the data that the business is generating which, prior to ERP, could be challenging. Businesses have traditionally been awash with a variety of spreadsheets, each showing something different. Plus, it was difficult to share data across multiple departments.

- 4 **Efficiency:** Everyone has parts of their job they dislike and manufacturing is no different. Many monotonous, non-value add tasks can now be automated with an ERP's help, and with the advent of AI, this capability has been enhanced. There is also greater control over quality, governance, compliance and internal auditing. If a recall activity needs to take place, for example, this can be done quickly and efficiently, rather than having to go through different systems or paperwork.
- 5 **Planning:** The ability to model different scenarios before you commit enables a greater understanding around the capacity of the factory or facility – whether that be in terms of equipment, labour force, available inventory, delays within the supply chain or order fulfillment.
- 6 **Customer satisfaction:** The customer is king, even in manufacturing. Businesses are all trying to make sure that the customer journey is as efficient and as well designed as possible. With an ERP system manufacturers can very quickly and accurately answer customer queries on delivery dates, for example, without having to go down to the shopfloor and manually chase the progress of a job.
- 7 **Performance insight:** ERP systems come with hundreds of key performance indicators that track performance across every part of the business. You can also create your own KPI indicators on top of that. This level of business intelligence is then driven across the entire spectrum of the organisation.





# The current ERP landscape

**1 The flavour of the month – AI:** The integration of artificial intelligence and machine learning is further optimising business processes and super charging ERP. However, it still remains a divisive topic. While some are blazing a trail with AI, others are keeping it well away from their business until issues around privacy, security and data constraints are fully understood.

Still, there is a lot of activity currently taking place around AI and machine learning which are embedding themselves more within ERP systems. This is leading to predictive capabilities that can help identify and manage risk – whether that be delayed purchase orders or predicting payment dates and equipment failures.

**2 Cloud adoption:** In previous generations, cloud integration with ERP systems was not an option. Software was installed on dedicated servers which provided the only means to deploy mission critical business systems.

These days cloud is almost the preferred option for many manufacturers, and is expanding exponentially around the globe. There are still a few geographical holdouts and cloud skepticism in places such as Southeast Asia and Eastern Europe. However, in Western Europe, the US, Australia and New Zealand, cloud is – if not the preferred option – a very well accepted way of deploying ERP solutions.

**3 IoT and digitisation:** Companies are continuing to integrate ERP systems with their machines on the shopfloor to analyse the data they are generating, gain insight and improve their processes. This has, however, led to additional challenges as some companies are now finding that they are almost drowning in data.

If data is being consumed in a huge amount of different variations, it is difficult to aggregate and draw any useful conclusions. Many manufactures – even very large companies – are struggling with this. They are generating enormous volumes of data but don't necessarily know how to interpret it or what value it will bring to their business.

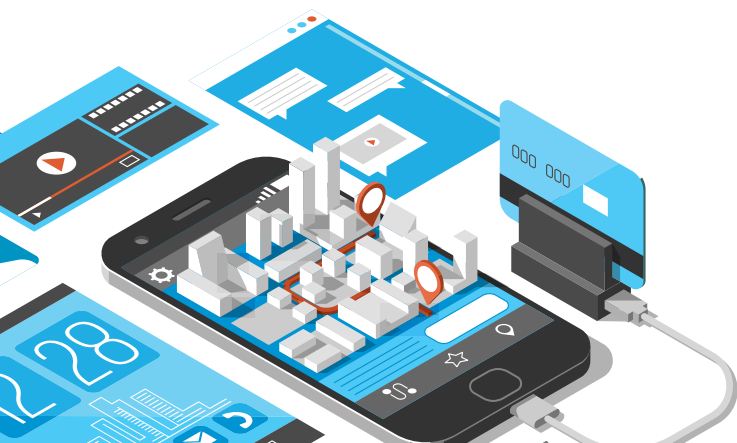
**5 Connectivity:** ERP is now much more connected from a shopfloor perspective in terms of equipment and people – directly recording information about the activities that are being performed and the efficiencies and inefficiencies that might be incurred. And, with the influx of AI, that gives people on the shopfloor far greater capabilities in terms of predicting what's going to happen tomorrow as a result of what's happened today.

**6 Access from anywhere:** With the advancement of remote working brought about by COVID, many businesses now want their reps on the road to be able to access the ERP system to give accurate available to promise days to customers. Engineers that are repairing products in the field are also being given access to ERP systems.

In previous generations, ERP really only dealt with what was going on in the four walls of the plant or factory. There has now been a fundamental shift beyond that, where ERP is also focused on the upstream and downstream supply chain, staff on the road and a company's biggest customers.

With a multi-plant, multi-site environment, engineering expertise that sits outside of those locations can now be involved and have access to equipment on the shopfloor, begin remedial action and assist with any fixed processes that might be taking place.

**7 Composability of ERP tools:** Rather than having to implement ERP as a whole in a 'big bang' approach, there are now more and more solutions that are composable, meaning businesses have the capability to implement ERP in certain stages and sections i.e., asset management as one piece, risk management as another. Manufacturers no longer have to think about ERP implementation all in one go.





# What are the common pitfalls when selecting and deploying an ERP system?

1

**Too much IT focus:** A common mistake is that ERP needs to be viewed as a business, rather than an IT project. The latter approach tends to isolate other elements of the business and can ultimately lead to project failures.

There are numerous examples of implementations where a company hasn't involved the whole of the business, both in the scoping process and the deployment of the solution, once a vendor has been selected.

ERP projects, even good ones, are stressful because it involves wholesale change throughout the entirety of a business, so a successful ERP project cannot be delivered if selection, deployment and delivery is solely down to the IT team.

2

**Resistance to change within the organisation:** Technology can't perform its full function without people and if the workforce is not on board it is going to be a struggle to deliver a successful ERP project. User adoption is key with any new system, but particularly with ERP. Where resistance to change exists it makes the job of the internal project team and the vendor's professional service team much harder.

3

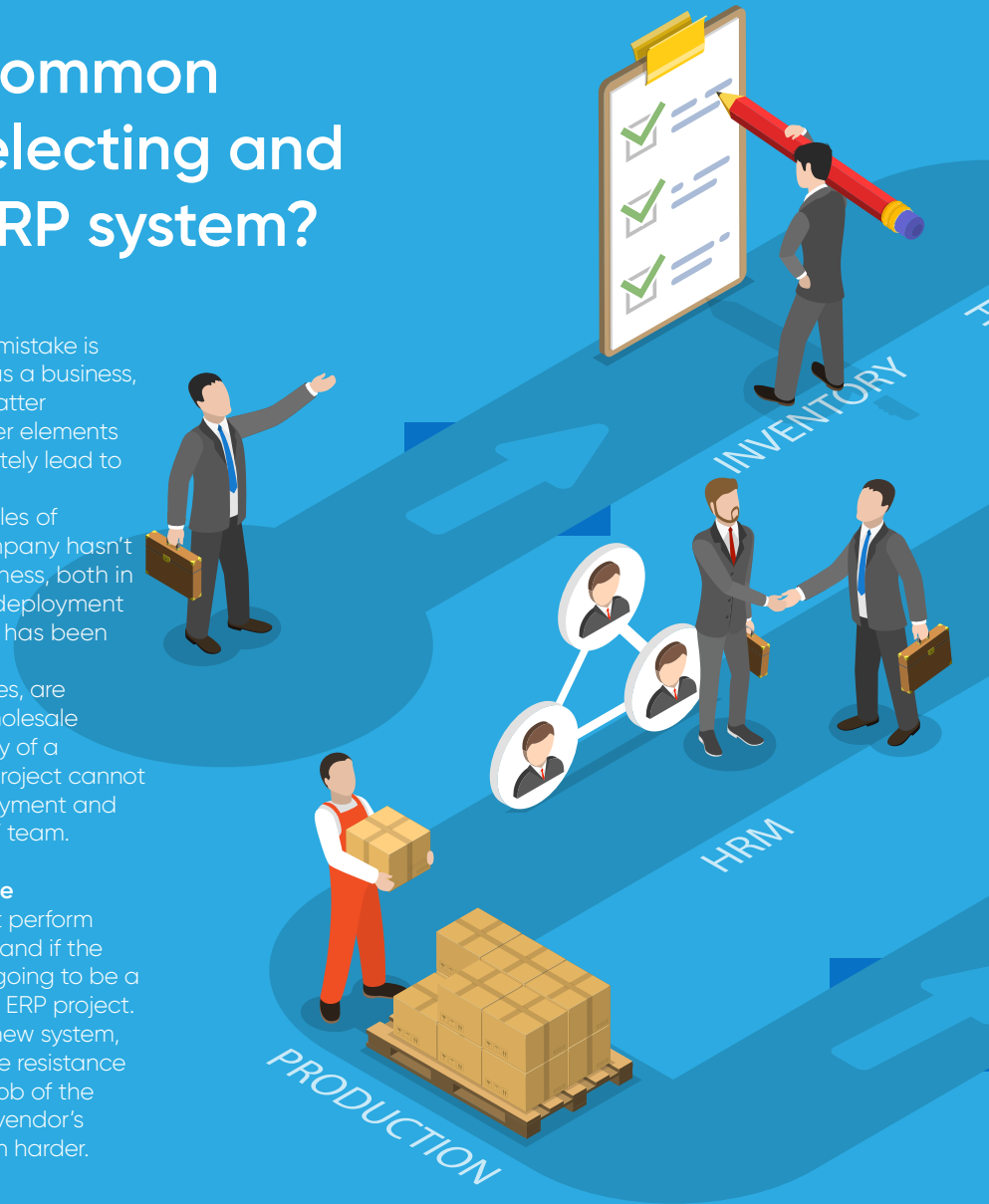
**Underestimating the clock:** Many companies come into the ERP space vastly underestimating the amount of time and effort it will need to successfully deploy the desired solution. If a manufacturer is expecting its people to do their day job while at the same time trying to deploy an ERP system, then that project is not being set up for success. Having an appreciation for the time required for deployment, and a dedicated project team to manage it, is crucial.

There needs to be realistic expectations around the time, effort and upheaval that will be caused by an ERP deployment. If anyone tells you different, then they have never been involved in an ERP implementation.

4

**Failure to have a future roadmap:** You need to have a very clear view of the landscape. When you set out on your journey, have you given due consideration to where you're heading and how you're going to get there? Give serious thought to what the end solution will look like; what systems will stay in place; what systems will be replaced?

Sometimes ERP integration can be quite complicated, lengthy, and any integration carries an element of risk. Therefore, thinking long-term about your entire stack of products, which ones will best sit within ERP and how to phase that integration is important.



6

**No alignment with broader business goals:** ERP implementation must be aligned to all other strategies that are in place across the business. Smart factory initiatives, e-commerce, employee initiatives, service and maintenance, and expanding revenue streams should all be considered within an ERP implementation.

A common pitfall is that businesses often do not consider all of these areas and a blinkered vision sometimes applies. However, ERP spans the breadth of the entire business and needs to be thought about holistically.



5

**No dedicated resources:** The truth is that ERP systems are large and touch many areas of the business so the internal resources to ensure deployment and the support of the workforce is critical. In addition, the workforce needs to be digitally ready for an ERP system. Many businesses have rolled out smart factory initiatives to get the workforce digitally ready; the same should be applied to ERP solutions so that their full capabilities – such as the visualisation of data that is useful to the user – can be fully realised.

So, it's important to have the right resources in place and make sure that your workforce are digitally ready for the change that is taking place.

7

**Data unreadiness:** A classic pitfall when it comes to ERP is when organisations are not data ready. You may think the data within your legacy systems is great; but is it really?

How much replication and duplication of data is there? Where is the real source for the data? Is there a master and how is it controlled? What is the governance over that? All of these elements need to be considered from the point of view of data quality. When rolling out an ERP system, the data conversation needs to take place at a very early stage and any data cleansing activity needs to get underway quickly.

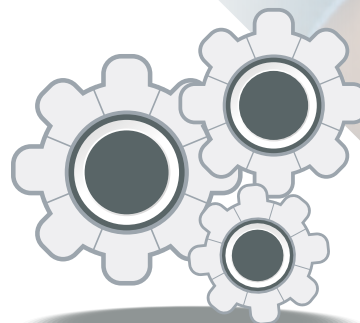
# Key questions when selecting an ERP system

What to ask. Who to ask.



## VENDOR ALIGNMENT

Ask prospective vendors about your business and the specifics that make you different from your competitors. Make sure that your vendor partner understands those so that they can actually add value. Ask about their experiences in that particular area of the business. After all, that's why you're engaging with that vendor in the first place. If they've taken the time to understand your business, they should be in a position to actually provide sound advice.



## SECTOR SPECIFIC SKILLS

Ask whether your vendor is an industry specialist. Do they supply systems to the industry you're in? And do they have a long and storied track record in doing so? There are generalist ERP suppliers out there, while others are more specialist in what they do. A specialist ERP trumps a generalist in terms of the functionality it contains and the experience of deploying in that specific industry.



## WORKFORCE ENGAGEMENT

Does your vendor partner understand the human aspects of manufacturing, and the fact that the workforce needs to be taken on the ERP journey with the rest of the business – and from the very start of the project? Ask your vendor partner how they are going to help integrate the workforce as well as implement the ERP.



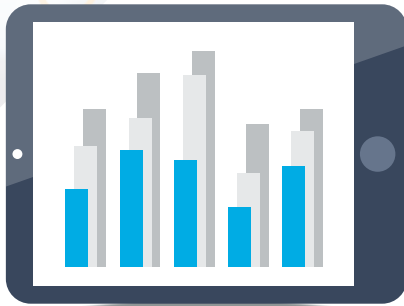
## SECURITY & COMPLIANCE

Barely a week goes by that you don't hear about a manufacturer being hit by a ransomware attack, and manufacturing is now officially the number one target sector for cyber criminals. Therefore, understanding how potential vendors handle their security, particularly with the advent of cloud, is a big question that needs to be squared off during the selection process.



## COMMUNICATION

As a prospective client, can you actually speak to other customers in your industry already using the solution being considered? These days many prospects prefer to have that call or visit without the vendor being present - customers tend to be a little more forthcoming when they're not being monitored by the vendor.



## SCALABILITY

Can the ERP solution you're deploying scale as the company grows. It's no good getting your ERP system deployed and operating successfully, only to find yourself back in the review and selection process in three years' time, due to the fact that the product no longer supports your business - because you've either gone into new markets, launched new products or the business now needs to support multi-currency or multi-site capabilities. All of a sudden the growth of the business is being hamstrung by a system that's been implemented relatively recently.



## Is ERP suitable for every business?

WHILE ERP SYSTEMS are undoubtedly suitable for manufacturers of any size, there is a challenge around finding the right ERP system for your company. Certain ERP systems have a reputation for being difficult to deploy, unwieldy and only suitable for very large organisations.

However, there is a dawning realisation among vendors that ERP systems need to be as efficient and simple to deploy as possible, because that's when customers actually start to see value from their investment.

Very few companies can afford a five year implementation these days, so ERP providers are realising that they need to cut their cloth according to where they play. But even a small company can drive a lot of value from a properly deployed ERP system.

Within even the smallest business there may be complexities so the size of the business is not the defining factor when it comes to ERP. It's business complexity that will dictate how much effort is actually involved in putting in an ERP solution. But every business can gain benefits from ERP, as manufacturers all have similar issues that they're trying to address.



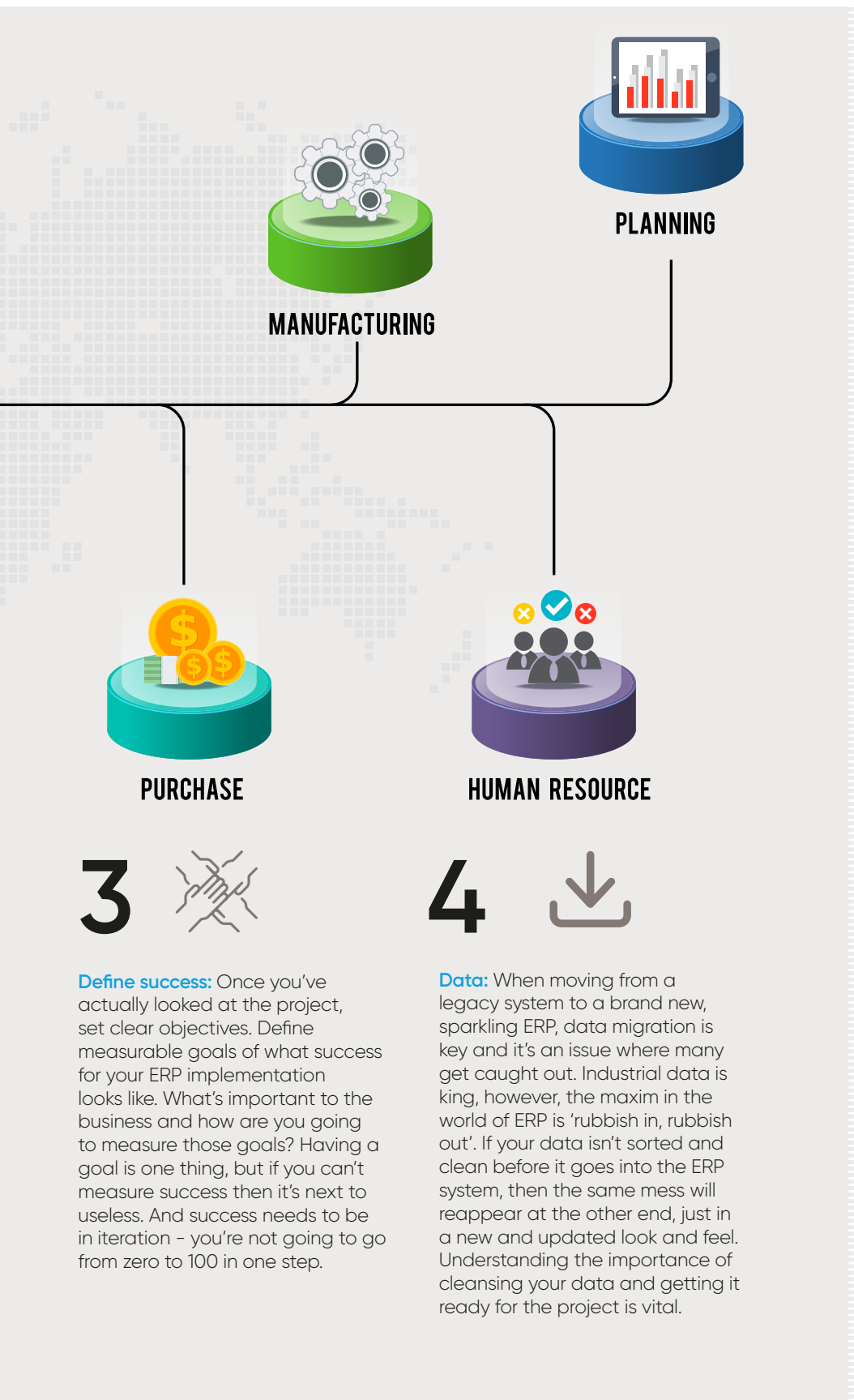
**Get buy-in from the top:** If senior management is not invested in the project, it's more than likely going to fail. There's always been a discussion around bottom up versus top down but in terms of new technology, particularly ERP, senior management has to be the cheerleaders.

They have to be visible to the rest of the business in communicating the direction of travel, the reasons for doing so and the fact that they're 100% behind it. When considering an ERP make sure you demonstrate the commitment to the project from the highest level within the business.

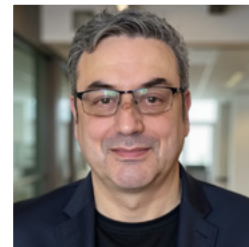


**Ensure business-wide involvement:**

Once you've decided to go to market and look for an ERP system – whether that be a first foray or you're looking for a replacement – make sure to involve the wider team early on in the process and get key stakeholders onboard from the beginning. ERP impacts every facet of the business and if you don't involve the people it's going to impact (i.e., everyone) then you can get some nasty surprises during implementation that wouldn't even have been considered at the outset.



## Thanks to:



**Mark Feathers**, Product Marketing Manager, Epicor

Mark is a highly experienced product marketer with over two decades of experience working for various manufacturing software providers across EMEA, APAC and North America. He holds APICS CPIM and CSCP accreditations and is committed to helping manufacturing organisations improve their operational effectiveness. He believes that the increased adoption of advanced technologies has the potential to significantly boost the productivity and competitiveness of the world's manufacturing industries.



**Kevin Bull**, Product Strategy Director, Columbus

Kevin has been involved in designing, developing and implementing digital solutions for manufacturing businesses for more than 35 years, with a focus on supply chain optimisation, shop floor efficiencies and asset utilisation. With an extensive and deep range of experiences across the manufacturing sector Kevin is well positioned to enlighten, motivate and guide a business through its selection and implementation of business-critical digital solutions.

## ABOUT THE MANUFACTURER

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