

An ERP Solution Provider's Guide for Manufacturers From ERP Selection till Post Implementation

Introductory Note

For a manufacturer of any size and industry, implementing an ERP is a major undertaking as it means long-term structural transformation, a permanent and significant impact on every business function, its employees, business operations and growth.

It comes with its own set of to-dos such as, ensuring buy-in from various organization stakeholders, evaluating the best solution, planning the entire transformation, measuring the success and at the same time, ensuring business continuity.

If you are a manufacturer considering an advanced ERP system today, this could seem a bit overwhelming.

However, from an ERP vendor standpoint, we would like to provide some useful details on how you can go about an ERP implementation in your organization with ease.

Many organizations make an error of selecting an ERP that forces them to change the way they operate their business. Manufacturers should realize that they are different from each other in terms of scale, type, operations, products etc. and they need some amount of flexibility from their ERP systems to function seamlessly.

Manufacturers should choose an ERP that meets most of their business requirements as is. It is granted, however, that a certain degree of customization could be necessary, as no ERP can fully satisfy every requirement. Let us look into various factors that need to be considered when selecting an ERP.



Industry Wide Functionalities

Look for an ERP that caters to most of your business functions by default so that major customization can be avoided, unless you are into niche product manufacturing that needs specialized controls.

If you are a metal fabricator, then the ERP should have quality control, shop-floor management, nesting integration, estimation and quoting, inventory control etc. If you are into automotive or aerospace industry, then compliance to ISO/TS 16949 (automotive) and AS9100 (aerospace) standards are mandatory along with material traceability, integrated EDI, lot management etc.

Advanced Analytics & Reporting

The success of any manufacturer hinges on how informed they are about their day-to-day customer orders, machine and labor availability, inventory levels, production status, cash flows, shop-floor health and much more. In order to have complete real-time visibility, the ERP should contain easily configurable dashboards, data visualization tools, and reports that can be accessed from any computing device anywhere.

In addition, the importance of a robust analytical system should not be overlooked as it provides valuable intelligence about your business operations and primes you to face business disruptions, volatile market conditions, customer demands etc.



Easy Customization

Every enterprise has a differentiating factor. While, most aspects can be handled easily with existing ERP functionalities, the rest may need a bit of customization - and the ERP should allow that without affecting its core functionality. The 'scale-up' approach of an ERP system ensures that you can build on its core capabilities and meet your objectives easily.



Universal Integration Capability

An ERP should be able to integrate with internal applications such as Customer Resource Management (CRM) and HR systems. It should also integrate with various third-party applications such as nesting, CAD/CAM design software, barcode and labeling technology, RFID tracking, shipping & logistics systems, machine monitoring systems, e-commerce store and much more.

Cloud and Mobility

In this age of advanced technology, an ERP should have the flexibility of being hosted on your premises, or on a public or private cloud. In addition, if you are opting for a web-based ERP, you have the flexibility of accessing it from anywhere, through a web browser, from any device such as laptops, desktops and hand-held devices. This significantly boosts your operations as you have real-time data at your fingertips all the time.



An ERP should grow along with you

While selecting an ERP, keep your organization's future state in mind so that when you grow, your ERP can easily scale up without major upgrades.



Keeping the bosses and higher management informed regarding the progress of the ERP project becomes paramount at every stage.

Keeping them informed involves a whole set of activities such as, educating them on the importance of an ERP and how will it transform the business. Also, sharing the contingencies involved, implementation plan, training plan and business continuity plan with them, will help to ensure that business operations do not suffer along the way.

‘Rome wasn’t built in a day’. Similarly, an ERP project takes a fair amount of time depending on the organization size, nature of manufacturing business, complexity of business processes & workflows, number of employees and much more.

Therefore, setting reasonable expectations regarding the timeline, return on investment (ROI), implementation results, and business performance with the senior management helps to ensure a smooth running of the implementation program.



Assemble the Core Team

Once you have management consensus, the first task is to identify the right candidates from the various departments who have requisite knowledge of their respective processes. The criteria for choosing your candidates should be based on their expertise, experience, and various skill-sets such as people management, project management, technology, conflict management, quick-learning, interaction etc.

Once the team is assembled, the next task is to distribute responsibilities to the team members and to be sure they are accountable for their respective targets/achievements. The team would consist of a healthy mixture of,

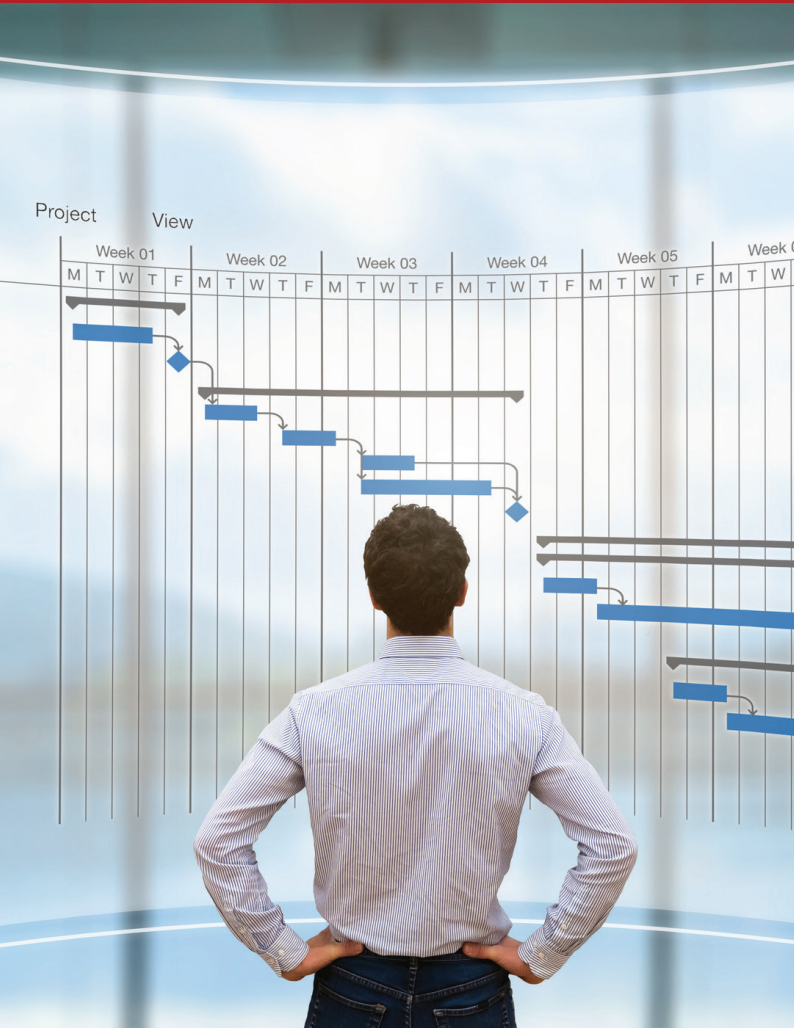


Supervising Executive

overseeing the entire implementation and validating key decisions made by the rest of the team. The executive will constantly interact with the ERP vendor's management team to get regular project-level updates, oversee & approve financial and contractual agreements etc.

Process Experts

who ideally will come from various departments, and are experts in their respective department operations and business processes. They will have the responsibility of ensuring that the ERP software is properly implemented within their department to meet specific requirements. Thus, they will interact with the ERP vendor experts to automate existing business processes and operations.



Project Manager

ERP implementation usually involves multiple departments, personnel and liaising with the ERP vendor over a set period of time. Therefore, to ensure that the project runs smoothly with minimal delays, assigning the role of a project manager to the best-fit individual is absolutely vital.

The project manager will coordinate with multiple stakeholders and lead periodic status meetings to track key deliverables and decisions.

The project manager will also need to ensure the team's activities are conducted as precisely as possible, and results are tracked for speedy response to unseen issues that may crop up. Constant tracking and corrective measures will speed up implementation and also increase its effectiveness manifold.

ERP projects require a high level of planning and synchronization between departments and employee levels. The implementation team should start with creating a detailed roadmap that takes into account various factors such as,

- ▶ Scope of the ERP implementation depending on the organization & operations size.
- ▶ Current business processes & manufacturing workflows that are both manual and automated.
- ▶ Existing infrastructure levels and the need to upgrade to new ones.
- ▶ Existing employee strength, their respective roles, skills etc.
- ▶ Key areas that will get impacted due to the implementation.
- ▶ Potential risks, both internal and external, that will affect the implementation.
- ▶ Approximate total implementation time.
- ▶ Business as Usual (BAU) plan to ensure that day-to-day operations don't get disrupted by the implementation.



The plan should outline clear roles, responsibilities, and outcomes for both business and technical teams responsible for implementing their respective ERP modules within their department. It should also include pre-agreed milestones that will be revisited at regular intervals. This will help ensure that teams won't deviate from the plan and immediate corrective measures can be taken if deviation does occur.

The implementation plan would create an all-round transparency of the project throughout the organization across employee competency levels. This will help foresee the potential risks, so preventive steps can be taken proactively.

The biggest impact of an ERP implementation is seen on personnel, as manual processes are automated and long-running processes in each department get eliminated or drastically modified. This can impact employee mindset and their perceived roles within the organization. They suddenly get insecure because of these rapid changes and start doubting their job-role, capability and job-security. Therefore, concrete steps must be initiated to help them understand the importance of the implementation and why their participation is equally critical to its success.



Identify the Most Affected

The first step is identifying personnel who will be impacted by this change the most. These personnel would be handling tasks in the shop-floor, assembly-line, procurement department, accounts department etc., and the ERP implementation might hit their day-to-day tasks the hardest. Identifying them and collating their existing job-roles and tasks they handle combined with outlining their new role/task post implementation - will drastically decrease their resistance to change.

Frequent Communication

The second most important step is to communicate with them. Not once, not twice but constantly. A continuous engagement throughout the implementation works wonders and they will not only feel welcomed into the change, but also feel that they are an integral & important part of it.

In this process, they are made to understand why the organization needs an ERP and how will it benefit the employees first and later the organization. They need to be made to understand that ERP automation will not affect their jobs but give them an opportunity to learn something new, become more productive, efficient and improve their career.

Also, there would be definite cases where an employee would be non-cooperative and complaining, not attend key meetings or not provide key information or resources that would be required for the implementation. In such cases, getting to the bottom of the behavior would help zero in on the exact reason, with the help of a meaningful conversation.



Monitoring and Improvement

An ERP implementation is time-bound and hurdles should be minimized. Continuous monitoring of implementation phases, employee behavior, change results etc. will help in proactive detection of issues; and will facilitate their timely fix.



Involve Employees in ERP Implementation

Your employees are the best experts when it comes to workflow and business processes as they have worked it day in and day out, and are able to provide useful insights. Make them a part of this implementation. This will bolster their confidence, give them a sense of importance, and help them begin to see themselves on a common mission toward achieving a successful ERP implementation.

Also, the team should be led by a capable senior executive or manager who not only understands the requirements thoroughly and solves organizational and technical hurdles - but who can also relate to employee sentiments and the sensitivity of the entire process. This greatly improves the odds of a successful implementation

Personnel Training

There are instances when employees are not tech-savvy and find it difficult to understand the entire concept of an ERP and why it is getting implemented in the first place. Moreover, during the communication and engagement stage, they are overwhelmed with the huge amount of information given to them and just switch off for the rest of the part. This proves to be counterproductive and you might lose out on a good human resource whose inputs might be critical.



To tackle this, adequate training should be provided to such employees. Apart from the general information about the ERP and its associated technology, they should be taught the new way of operating their respective operations and processes. Other employees who are tech-savvy can be roped in to create quality training content to seamlessly train others and hand-hold them.

In a nutshell, every employee who might get affected needs to be adequately trained on the new way of operations, ERP and associated technology. There should be mockup operations where they get a hands-on approach that will highlight the need to improve their skills.

Similarly, senior executives can be trained to track key deliverables within their respective departments during the ERP implementation and guide their staff to ensure that implementation milestones are achieved on time.

An ERP implementation is a project of huge magnitude with in-depth planning that goes into it - along with the involvement of the entire organization and the ERP vendor. During the implementation, the maximum efforts and focus are given to ensure it is successfully completed. However, it is important to understand that the real work begins post implementation when the entire organization starts working with the integrated ERP system.

As day one progresses with the new ERP system, factory personnel, senior executives and top management are bound to face ERP related issues and the subsequent business disruptions that needs to be dealt with immediately. Much of this can be avoided, however, if a robust post-implementation plan is in place even before the implementation has begun. Let us see at what a post implementation planning should consist of.



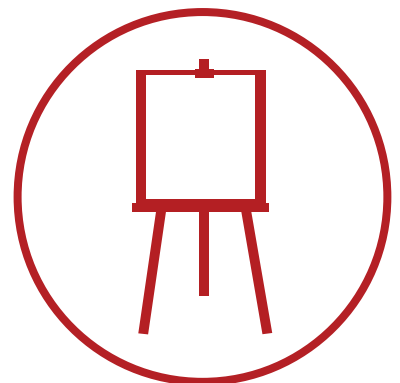
Post-Implementation Process Audit

A post implementation audit is done after the ERP is implemented throughout the organization and new business processes are well in place. An audit is absolutely critical to find out what worked during an implementation and what didn't along with the reasons. An audit ensures that you,

- ▶ Compare the implementation plan and achieved results to find out what went right or not as per the plan
- ▶ Investigate in case of deviations and derive steps to correct them
- ▶ List down enhancements for future evolution of the ERP within the organization
- ▶ Derive comprehensive training plan to promote learning and ERP adoption
- ▶ Realize complete potential and strategic benefits from the ERP for quicker ROI

Regular Trainings

As the ERP evolves with the organization's growing business management needs, its employees also need that upgrade to keep up with the integrated system. Therefore, any upgrade within the ERP, business processes and workflows should be included in the regular training program plan. This will quicken ERP adoption among the employees and reduce business disruptions.





Robust Documentation

An ERP implementation involves introduction of new software, business processes and workflows. For floor personnel who have limited IT background & knowledge, it can be difficult to adjust to new working methods.

During the time the ERP stays a part of the organization, many people who were a part of the implementation process would have left the company or moved to different departments, thereby leaving a big knowledge gap. Also, post-implementation, the support from the ERP vendor would be limited as per the contractual agreement. Therefore, to tackle any major issues, a comprehensive documentation needs to be prepared during the implementation.

The documentation should involve detailed Standard Operating Procedures (SOPs), technical details, a detailed software help guide, instructional videos/webinars and much more. These resources will make life easier for the entire workforce of the organization as they will have a ready reckoner to refer to at all times.

Most importantly, the documentation should also contain key processes and decisions taken during the implementation phase so that it can be used to further evolve the ERP system and elongate its shelf life within the organization.

Frequent Maintenance

Just like manufacturing equipment and machines need regular maintenance to prevent breakdowns and idle time, even ERP systems and applications need regular maintenance in the form of software updates and bug fixes. These software updates can be reactive and proactive based on the bugs identified by the manufacturer and proposed enhancements required in the ERP. Both ERP vendor and the manufacturer would need to come up with a scheduled software release plan to ensure that business does not get disrupted owing to a software update gone wrong. Also, a detailed training plan will also





ERP Evolution Planning

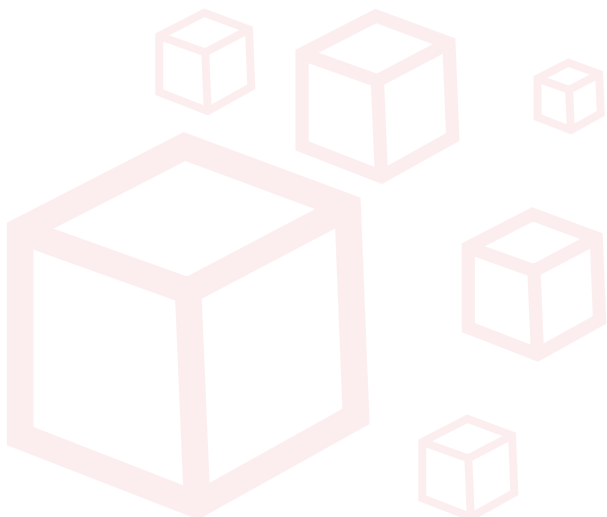
Evolution of the ERP software should be an integral part of the post implementation plan. As the manufacturer looks to expand their operations and scale up their business, they would want the ERP to adapt to their growth and changing operational structure. A robust product roadmap should be in place to tackle the ever growing needs of the organization and the ERP vendor should be an integral part of this.

Don't forget the Business as Usual (BAU)

ERP implementation is a time-consuming activity involving much of the organization's time, manpower and resources. Small & medium manufacturers who do not have a large manpower strength must not forego their regular business operations as their organization depends on every customer order that is delivered on time. Therefore, it can be a challenge for them to juggle between regular operations and ERP implementation.

Accepting help from the ERP vendor will help provide the core team people with enough available time to devote to their usual business operations and to the implementation also. The rest will concentrate on regular business operations and only pitch in when their respective department goes under the ERP transformation.

However, the implementation will force most everyone to be 'on their toes' most of the time. The one consolation, however, would be that this will last for only a short period of time.



An ERP implementation isn't a frequent occurrence, especially in a Small & Medium manufacturing enterprise. Therefore, for the entire organization, it is a learning experience as they will have to be hands-on with every activity during the transformation phase. Every person in the organization will have something new to do post implementation that will only help them grow in their careers. An implementation success would mean enhanced business processes, automated workflows, more production capacity, more customer orders, streamlined production, new job roles, skill enhancement and increased compensation/incentives.

About OmegaCube

Since 1999, OmegaCube has delivered enterprise-class ERP software for our customers with a single focus,

"No two companies operate exactly the same and they need flexibility in their systems in order to maintain their competitive edge".

You know your business inside-out and would definitely want your ERP software to treat you in a manner you like, and not exactly as it treats your competitor. Our flagship product, OmegaCube ERP seamlessly adapts to your business. With best industry practices built into the product, coupled with extreme flexibility,

OmegaCube ERP can do things better than you currently do and at the same time, adapt to what you do best. This has helped our customers from diverse industries, realize their strategic goals such as, workflow automation, centralized operations, cost reduction, increase in production, knowledge centralization, and effective resource & manpower utilization. Our strong expertise in advanced ERP technology coupled with immense manufacturing & distribution knowledge allows us to deliver quality enterprise solutions that help you gain competitive edge in the market and achieve your business goals.

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