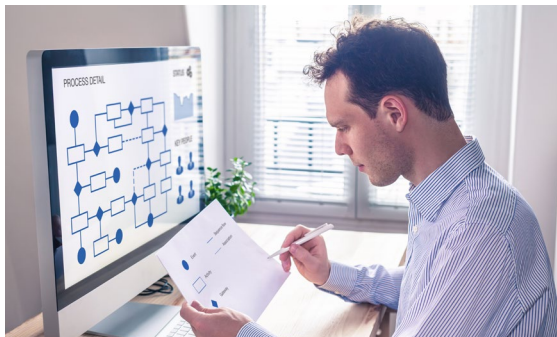


# Leveraging ERP for SMB Success: A 5-Step Guide for Small and Midsize Manufacturers

In this e-book, we'll discuss how SMBs are gaining an edge in the Manufacturing industry through enterprise resource planning (ERP) software. From advantageous deployment options to game-changing functionality, you'll learn how to implement an ERP solution that will help your organization reach its long-term goals.



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# 1 Determine Your ERP Hosting Needs

**Small and midsize businesses (SMBs) in the manufacturing industry are used to having to do more with less. When you're up against larger companies that have more capital and more manpower, resourcefulness can be the key to thriving in a competitive marketplace.**

This same principle applies when looking to adopt an ERP system. Of course, you'll need a software that provides the functionality needed to support your business. But you'll also need to consider your business's ability to support this new system. Do you have the infrastructure, bandwidth and budget to manage the data storage, security and networking needs of a complex software system?

Whether you're ready to build out your server room or would rather focus your energies on your core business, cloud-based ERP systems offer the flexibility to help you optimize your resources and create a solution that's right for your organization.

## What is Cloud ERP?

With a cloud-based ERP system, your software runs on a shared computing resource, and your users access the system via the internet. This shared resource, or "cloud," can be hosted on-premise at your company or off-site by a service provider.

There are many reasons for an SMB to consider a cloud-based ERP system. Perhaps at the top of the list is workforce mobility. The ability to access the system via the web supports your employees' capacity to do business anytime, anywhere - when they are away from their desks, at a secondary facility or on a client visit. And it allows workers from all departments to tap into the same system, ensuring the up-to-date information and streamlined communications that allow your operations to become more efficient and your organization to remain competitive.

## Three Flexible Ways to Adopt

The draw of cloud-based ERP is rooted in its flexibility. Here are three easy ways you might choose to adopt the cloud.

*Hosting an ERP system on the cloud gives SMBs the flexibility to do what they do best: make the most of their resources to maintain an edge in the game.*



### 1. SAAS

In the software as a service (SaaS) model, your cloud ERP system is hosted and managed by a service provider, allowing your users to access the system via the internet simultaneously. Under this arrangement, an SMB does not need to audit and potentially build out its infrastructure because all equipment is located in an off-site data center managed by the service provider. All that's required is a paid subscription and an internet connection for your organization to gain access to your data and application. For smaller businesses, a SaaS-based cloud ERP system can be desirable due to its minimized commitment – and often minimized costs.



### 2. PRIVATE CLOUD

For SMBs that have invested or plan to invest in a strong IT infrastructure, a cloud-based ERP system can be run on a private network. In this arrangement, virtualized resources are privately purchased and used solely by your organization. These resources are then managed by your in-house technical staff. Using a private cloud-based system allows SMBs to maintain stronger control of their data by managing it through their own resources.

This approach might also be preferred by businesses with stricter regulatory requirements. As an example, a medical device manufacturer needs to comply with FDA regulations requiring a single tenant cloud infrastructure. This means that the company's data needs to be housed on a single server, which is not shared with anyone else. In that case, a private cloud, hosted by either the company or an outside service provider, would make the most sense.



### 3. BLENDED APPROACH

For those who would like to control a portion of their data or make use of their existing infrastructure without overloading it, a blended approach allows organizations to leverage both private and public cloud resources. The benefit of this arrangement is that SMBs can tackle a segment of their management and storage needs behind their own firewall while getting back-up capacity from a service provider as needed (e.g., when the organization experiences growth).

## Which Cloud is Right for Me?

Hosting an ERP system on the cloud gives SMBs the flexibility to do what they do best: make the most of their resources to maintain an edge in the game. Whether you are an IT powerhouse ready to launch ERP on your private cloud, a niche manufacturer looking to enhance workforce mobility with a SaaS provider or fall somewhere in between, cloud-based ERP is ready to meet you where you are – and help you stay nimble in the years ahead.

## 2

# Design a Cost-Effective ERP Solution

**Small and medium-sized businesses (SMBs) must often make forward-thinking investments to reach the next phase of growth. Whether it's launching a new service or venturing into an emerging market, savvy SMBs know there are ways to expand your business model without busting your budget.**

Likewise, a modern ERP system can support both synergy and momentum in a growing organization, but like every worthwhile investment, it comes at a cost. Fortunately, modular ERP systems allow small businesses to break down walls between data siloes, integrate operations and gain valuable business insights - without exhausting capital.

Here are three ways SMB manufacturers can remain cost-effective with modular ERP.

### 1. ONLY PAY FOR THE MODULES YOU NEED.

As a small or medium-sized manufacturer, your needs are different from not only those of a larger enterprise but also your competitors. Modular ERP systems allow you to customize a software package right-sized for your organization. For example, if you are supported by a marketing agency or outside call center, a customer relationship management (CRM) module may not be a must-have for your company, while supply chain and resource management modules may be essential. By adopting the right solution for your business, you can consolidate your financial data, customer information, sales numbers and more into a single resource - without incurring the expense of unneeded functions.

### 2. TAKE A PHASED APPROACH TO IMPLEMENTATION.

A significant portion of your software budget may be earmarked for ERP implementation. For this reason, among others, some organizations opt for a phased approach to implementation. This allows a basic ERP software package to be initially deployed and secondary features to be added in a second wave. This approach may be particularly effective for companies who would like to give their workforce an opportunity to learn the basics of the system before tackling additional complexity or for organizations who would rather split the cost over multiple quarters or fiscal years. Adopting a cloud-based ERP system that runs on a subscription model can also help keep costs in check.



*By adopting the right solution for your business, you can consolidate your financial data, customer information, sales numbers and more into a single resource - without incurring the expense of unneeded functions.*

### 3. GROW YOUR SOFTWARE WITH YOUR ORGANIZATION.

Most ERP software options have dozens of modules available, and the configuration you choose today may not be exactly what your business needs in the years ahead. A modular ERP system allows you to add modules as your business evolves and your organization grows. For instance, should your company acquire another small business, a more sophisticated bookkeeping module may be needed. Or, if you find that your company is moving into the next stage of development, such as a medical device firm now needing to comply with FDA regulations, a specific module might be required. The beauty of modular ERP is that it can help get you where you want to be.

# 3

## Work Smarter with Automated Workflows

**The priorities of SMB manufacturers differ from industry to industry. The requirements for a medical device manufacturer will be very different from those of a custom shipbuilder.**

However, one thing all SMBs require to remain competitive is the ability to pivot—be it for growth opportunities or market changes—as gracefully as the big guys. With an ERP system in place to help automate your workflows, you can streamline your day-to-day processes and position your company to adapt quickly and effectively.

Here are three benefits small and mid-sized manufacturers can gain in utilizing ERP workflow automation tools.

### 1. SIMPLIFIED COMMUNICATION.

Communication is key for competitive SMBs. In your company's early stages, unique project requirements and new workflows may be communicated through lengthy process documents, prolonged email strings or a series of team meetings. But as your operation grows and your capabilities expand, you will find that these solutions are not as effective as they used to be.

Using workflow automation tools in your ERP system helps move processes and process-related conversations to a centralized virtual platform. A given process can be built out step-by-step with notes added along the way. And if something unexpected comes up, the manager has the ability to pause or modify the workflow as part of the resolution. All this lends a new level of posterity, portability and transparency to your operations.

### 2. A BETTER USE OF YOUR WORKFORCE.

When it comes to the manufacturing business, the actual manufacturing process is only a fraction of the work that goes into delivering a product. Think of all the planning involved, all the handoffs and the checkpoints. What could your company do with all that time dedicated to logistics?

While no ERP system has an auto-pilot setting, ERP software can certainly help SMBs to automate administrative tasks by generating reports, facilitating quality checks and sending task reminders to keep procedures on track. This allows employees to remain organized and spend time on mission-critical tasks that utilize their expertise rather than getting stuck on a to-do list of paperwork and administrative activities.



*By building out workflows in a step-by-step format, assigning tasks to particular users and creating rules and conditions for certain actions, many manufacturers uncover redundancies in their operations they didn't know existed.*

### 3. STREAMLINED OPERATIONS - AND BUDGET.

If you've never had an opportunity to step back and deeply analyze your processes, an ERP system is the catalyst to help you do just that. By building out workflows in a step-by-step format, assigning tasks to particular users and creating rules and conditions for certain actions, many manufacturers uncover redundancies in their operations they didn't know existed.

ERP software is designed to help you make new, more efficient workflows - and stick to them. You'll know definitively when a task is completed, who completed it and when. You'll have the numbers in front of you, in real time. No more second-guessing or back-tracking when an unexpected error creeps in. Your ERP system can be configured to know your "normal" and alert you proactively when conditions are out of range. The result? A more streamlined workforce, fewer errors, and thus, a more controlled budget.

# 4

## Incorporate Real-Time Data into Daily Decision-Making

**As an SMB manufacturer, you probably have deep expertise in your niche. You are well-versed with your market and know where you fit into the mix. Likewise, you know your company, its strengths and its weaknesses.**

But as good as your instincts may be, when it comes down to the numbers, there's nothing like cold hard facts to drive your decision-making. If you're not completely certain of how much inventory you need to get through the month, if sales quotes are the result of sophisticated guesswork and if spreadsheets feel like they are taking over your life – then, you'll want to read this.

Once fully and properly implemented, an ERP system can offer small and mid-sized manufacturers unprecedented insights into their daily operations. From operational hiccups to raw material inventories, ERP data allows company leaders to monitor performance across key functions in real time and make confident decisions in a timely manner. Here are three key areas where you'll see your investment pay off.

### 1. PRODUCTION

For SMBs, the ability to project accurate promise dates is critical. But when busy periods or scheduling changes occur, the risk of inefficiency and error can sky-rocket on the shop floor. Instead of manually dispatching work center updates, your ERP system makes it easy to implement a schedule change as soon as it happens and to shift work station priorities instantly. From there, managers can monitor jobs and be alerted to processes that may be trending unusually, so operations can pivot to address any issues. This kind of real-time visibility is essential to developing the agility today's customers expect from reliable manufacturers.



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### 2. INVENTORY

Monitoring shop floor activities electronically supports a manufacturer's ability to accurately project needed inventory levels. Having a window into real-time scheduling allows the front office to see the order in which inventory will be consumed. Rather than relying on an exported (read: obsolete) spreadsheet of production activities representing a subset of inventory needs, purchasing decisions can be based on comprehensive real-time production plans. For instance, this also allows purchasers to consider when the same parts may be needed for multiple jobs and whether bulk pricing should be pursued.

### 3. SALES

In today's competitive market, no manufacturer can afford to break its promises. Gaining insights into the real-life conditions of your shop floor can give SMB manufacturers a reality check on the types of projects and timelines that can be confidently managed. It can also ensure you get the job done in both your best- and worst-case scenarios. Your ERP system can help draw up "what-if" numbers for fluctuating conditions and define bottlenecks that are likely to present a challenge. Then, with all the facts in mind, you can draw up a delivery date that is achievable and a quote that is attractive even when circumstances are stacked against you.

## 5

# Plan and Verify Your Growth Strategy

**When your focus turns to growth as a small or midsize manufacturer, one of your first priorities is mitigating risk. We've already discussed how an ERP system can help strengthen your operations and keep your organization nimble when experiencing market shakeups. But how can ERP help SMB manufacturers prepare for a business shift they're initiating themselves?**

Whether your sights are set on deeper market penetration, introducing new services or priming your company for acquisition, your ERP system will allow you to not only assess your current state of affairs, but also forecast whether your strategy is likely to pay off in the long run.

### Increasing Market Share

Perhaps the first business growth strategy that comes to mind is increasing market share, by either ramping up presence in existing markets or expanding to new ones. Your ERP system can run sophisticated marketing and sales reports to help illuminate areas of opportunity. For example, these tools may be effective in weighing the pros and cons of an omnichannel strategy that incorporates a direct-to-consumer option or helps you establish an international presence. A more traditional tactic that can be effective in claiming new business is competitively discounting current services. Your ERP system can help run "what-if" scenarios and rule-based pricing schemes to help you evaluate current market trends before rolling out a new pricing structure.

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### Conclusion

Whatever your aspirations for growth as an SMB manufacturer, don't take a leap on instincts alone. Your ERP software provides the ultimate gut check. There's no way to see the future, but your ERP system can do the next best thing - prepare you for that future.

### Introducing New Capabilities

Offering innovative services and cutting-edge technologies can be essential to staying ahead in today's competitive manufacturing landscape - but big moves often require big investments. Fortunately, an ERP system can help forecast demand for specific services in various market sectors while considering the costs of labor, equipment and needed materials. Today's emerging manufacturing technologies range from robots and voice-activation assistants to 3D printing and environmentally friendly processes. Which, if any, of these services will see traction with your client base? Armed with insights from your ERP system, SMB manufacturers can confidently refresh their offerings to align with the needs of their customers.

### Establishing Partnerships or Preparing for M&A

If your goal is to merge with, be acquired by or otherwise partner with another company, then consider your ERP system a secret weapon. By leveraging your ERP system to streamline processes, create real-time data streams and increase transparency of your daily transactions, you are making your organization more attractive to potential collaborators. Your ERP system's automated workflows and high-level reporting make it easy to illustrate the value of your operations. Not only that, working with a modern ERP system also means a painless system integration is baked into the deal.



## About The Copley Consulting Group

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