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Few shocking facts about ERP explained by Steve

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What ERP is:

Enterprise resource planning (ERP) system is basically the integration of various internal and external management departments across an entire organization like finance, accounting, manufacturing, sales and service, customer relationship management, human resource management, etc. An ERP based software application manages all this information and the flow throughout the organization.

ERP bridges the information gap across the organization. ERP provides for complete integration of systems not only across the departments in a company but also across the companies under the same management.

ERP systems and have evolved over the past decade to offer solution for the smaller and mid-sized businesses with respect to size and even business type. With all of the products to choose from, the difficulty knows which solution is right for your business. For smaller sized business an ERP solution should simplify information flow and provide timely availability of information with better communication all along the supply chain as well as between internal departments and business units. ERP systems being considered should have the capacity for a smaller sized company to get the system implemented and deployed yet have the muscle behind it with respect to robust features and scalability for future expansion and growth.

Benefits of ERP:

ERP does provide on-line formats for quickly entering and retrieving information rather reducing the concept of keeping paper documents. It also thus helps acquiring greater accuracy of information with detailed content, better presentation, etc. Customer response and following up has also been increased to a great extent. Better monitoring and quick resolution of queries. Although the company is having its branches in various remote locations and different countries, ERP can easily manage improving the supply-demand linkage. Improves International operations by supporting a variety of tax structures, invoicing schemes, multiple currencies, multiple period accounting and languages.

Cutting down ERP implementation cost:

In this economic environment, itâ€™s not surprising to see companies scrambling to lower costs all across the board, in every department. This challenging time has fortunately increased demand for ERP. As with any enterprise solution, the best way to lower implementation costs is to make sure you understand what your current businesses processes are currently, and what your business processes will look like, if all things go according to strategy, five years from now. Armed with this information you are more likely to choose an ERP solution that is a fit with your business. If your business, business processes, and industry are indeed aligned with the preconfigured business processes in your ERP software then you can pretty much guarantee that you can control the two most critical factors, cost and time. In reducing costs the 3 main areas that companies were able to cut costs were by are: 1) Providing transparency and visibility to business processes across the company, 2) Streamlining sales, customer service and back office functions such as accounting, finance, and administration, and 3) Optimizing current capacity which includes labor, plants and equipment, warehouse space, scheduling of staff, etc.

Selection of proper ERP system:

When looking for the best fit ERP, Enterprise Resource Planning, solution for your organization, itâ€™s important to know that features are only a third of the package, the other 2 factors to consider that are of equal weight, if not more, are the systemâ€™s technology and vendor. Consider that as technology innovations advance and performance bars are raised, so should your ERP systems. If your enterprise vendor is not on the cutting edge of technology innovations, you may not have a competitive solution or company for that matter in the long run. Look for the flexibility of your vendors and how they are adapting to and integrating with new technology advances that enter the marketplace. The majority of the cost of ERP purchases is in the system implementation, and deployment, not the cost of the software itself. Getting a successful ERP implementation accomplished depends on the ERP application that is chosen and on the strength of communication between the company and the ERP vendor and implementation consultants.

Deployment:

The software demo should make the system look easy and the salesperson should be prepared to answer even the complicated questions. Getting the system implemented and deployed is a key to a successful ERP software investment, so be sure that you know what the timeline is for getting the system up a running in your specific organization. Make sure that you challenge the timeline given to you by your salesperson and the resources required on your end to make a successful implementation happen. Customer referrals are also important for every aspect of choosing an ERP vendor, not just for implementation feedback but reviews for product ease of use, deployment, training, support, and anything else you can think of are critical. Make sure you get referrals from companies that are in your same industry and with a similar size to make an apple to apples comparison. Also make sure to ask if they would go with the same vendor again.

Failure of an ERP system:

The key issue to ERP deployment failures is the lack of awareness of organizations and company managers of how integrated and important strategically and operationally the enterprise system is to an organization. Because of this misunderstanding, companies will not dedicate the appropriate resources and personnel to the implementation team and the problems start from there. Lower level employees may have a very good understanding of their respective areas of expertise, but they may not be aware of the companyâ€™s short and long term strategic goals, which are critical to a successful ERP selection and implementation. The reverse situation, however, can also contribute to an unsuccessful implementation.

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Steve - About Author:
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