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Selecting an ERP System

An ERP system can be an invaluable tool to manufacturing facilities and office operations seeking to better manage internal and external resources across departments and facilities. But with hundreds of software solutions on the market, narrowing your options to find the best fit for your own organization can be tough. To boot, a recent study showed that nearly 50 percent of ERP system launches end in disappointment. This is largely due to the fact that the ERP software market is so complex, but it also has a lot to do with how and why a system is deployed in the first place. Often, companies do not know how to best utilize their IT infrastructure to its fullest potential, or find that a lack of transparency during the implementation phase leads to challenges with user adoption over the long run. Other reasons may include a lack of understanding of company wide needs many focus on individual issues at the department level, without taking into account the needs of the entire organization as well as global issues with implementing solutions, training users, and enabling continuous improvement at multiple locations worldwide.

Yet despite the many concerns, the demand for ERP systems continues to rise. The fact is, the time is right for many companies to put a new system in place, as the market starts to bounce back and sales begin to grow. According to a recent survey, over 95% of companies plan some form of IT investment from now till the end of 2012. Steady access to relevant business data, better IT service management to improve business processes, and a consolidation of company wide ERP solutions are primary concerns for most companies today.



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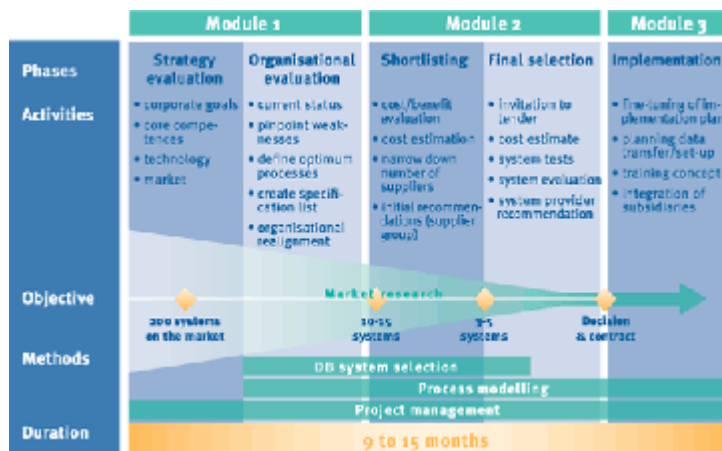
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With this in mind, it is more important than ever for manufacturers to make the right choice from the start, before thousands of dollars and hours are lost implementing the wrong solution. In fact, the implementation of an ERP solution should be the very last step in a 9-15 month process that includes not only determining and selecting the right system for your needs, but preparing your organization for change through strategic process modeling and project management. That may sound like a long time and a lot of activity, but considering the investment required to deploy and maintain an ERP system, it's absolutely essential to ensuring your long term success and ROI.

The key stages include:



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- **PHASE 1: STRATEGY EVALUATION.** Take a close look at your corporate goals and core competencies, the market in which you compete, and the technology you currently have in place. At this stage, you don't need to think about what an ERP system should be doing for you; it should be how a solution will be able to best capture and support your existing in-house business processes.
- **PHASE 2: ORGANIZATIONAL EVALUATION.** Speaking of in house business processes, how do yours measure up? This is the time to get a full understanding of your current status, including strengths and weaknesses with an eye towards defining specific areas of improvement and optimum processes. This should enable you to create a list of key specifications, and narrow down the field of the 200+ ERP systems currently on the market, to the 10-15 that may be best suited for your organizational needs.
- **PHASE 3: SHORTLISTING.** With a shorter list in hand, you can start to dig deeper into the functionality of each. Do a cost/benefit evaluation and cost estimation to further narrow your number of suppliers. Then, start talking. Get recommendations from colleagues and industry experts. Just remember that ultimately, what works best for someone else might not work best for you, so always keep your own specific requirements in mind.
- **PHASE 4: FINAL SELECTION.** By now, you should have a more consolidated list of your top 3-5 ERP vendors. That means it's time to really look under the hood. Provide each vendor with an invitation to tender to obtain a complete cost estimate, and conduct comprehensive testing and evaluation of each solution. Ultimately, this should be your last step towards making a decision and signing a contract.



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• PHASE 5: IMPLEMENTATION. You made it! With a solution selected, you're ready to find tune your implementation plan and really get to work. This phase may be the last but it may also be the most critical. Be systematic in planning the transfer and setup of your data, and take the time to thoroughly train every employee at every level of your organization on the new system. Start with a single department, then expand until every department and every subsidiary has completed the rollout. And don't forget about continuous improvement; encourage input from all members of your team on necessary tweaks and changes, and be prepared to do a full assessment of your solution regularly to make sure it is fully aligned with emerging business and market needs.

Let Ingenics help you assess and implement your next ERP system.
Contact us. contactICA@ingenics.com



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