

The COO and ERP Solutions

ERP Selection and Deployment from The Chief of Operations Perspective

Today's COOs of manufacturing and distribution companies are faced with a critical dichotomy, particularly in small to mid-sized organizations. Does their ERP solution provide the required intelligence, and at the same time, support expanding operational demands, with flexibility to address the continual decreasing time for "speed-to-market" requirements? Moreover, at the core, is their ERP maintaining an operational structure that delivers profitability and supports customer satisfaction?





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Background

Businesses never stand still and its boundaries are constantly challenged. Faster business cycles in manufacturing and distribution translate to requirements for faster end-to-end production and shipping schedules, plant automation, continuous supplier evaluation and an ever-present eye on competitive threats. Unlike executives or managers responsible for just one specific area, the COO is responsible for all areas of operations and must maintain a multi-focus perspective as a way of life. They must have strong technology capabilities that deliver near-instantaneous flexibility to meet these changing circumstances.

A great example of one of these many dichotomies faced by the COO is in supply chain optimization. Careful, ongoing decision-making is needed to continuously evaluate supply sources against multiple converging factors such as pervasive cost, reliability, on-time deliveries, tracking and sourcing capabilities, and even geo-political considerations. Industry trends, like "green" manufacturing, cultural concerns or biases regarding sourcing, meet time-honored requirements to operate lean and cost-effectively.

So how does the right ERP solution support COOs when faced with these seemingly opposing needs? Here are just a few of the benefits that accrue from having the ERP solution that is right for your business:

- **End-to-End Visibility** – Of all key fundamentals including capacity, sourcing/supplies, inventory service/support obligations, operations, status reporting and financials.
- **Agile Decision-Making** – Providing defined intelligence enabling leadership to act on all critical information quickly and with favorable profit and cost ramifications.
- **Customer/Market Responsiveness** – Quickly identify actionable trends, operational issues, sales or service opportunities.
- **Business Process Automation** – Removing manual processes and inserting standardized Key-Performance-Indicators (KPIs) can be the difference between running in the black or finding yourself in the red. Providing a practical approach to leverage today's technology and product evolution processes, delivering effective insight into the business' performance and growth.
- **Auditable Compliance** – Manage ever-changing governmental, industry and financial regulations, including customer and partner requirements, with a range of legal or regulatory reporting, to product recalls, to adherence to contract terms.

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How COOs Help Their Business to Meet Changing Needs

10 Reasons to Consider a New ERP Solution

COOs require an ERP solution that delivers efficiencies, supports growth initiatives that shrink business cycles and contributes significantly to business performance:

- 1. Agility, Agility, Agility** – COOs can't control the future, but they can purposefully choose an ERP Partner that can manage change and evolving business circumstances.
- 2. Functional Collaboration** – The right ERP solution will break down structural barriers and avoid functional silos. Siloed processes disjoin information, becoming a silent killer of efficiency and ultimately will diminish profitability. Disconnected business systems will bury you in hierarchy, reduce visibility, delay critical decision-making and contribute to operational bottlenecks.
- 3. Automation** – Forward-thinking leadership demands systems that deliver Business Process Automation. Without this cornerstone, non-automated workflows contribute to repetitive manual processes that are both time wasters and error magnets. Great ERP solutions provide vetted tracking capabilities that support compliance with industry, governmental/health and accounting mandates, thus delivering improved visibility and margins.
- 4. Innovative Technologies** – Exciting new IT capabilities continually emerge that can be game-changers for manufacturers and distributors, such as cloud, mobile, machine learning and the Internet of Things (IoT). These technologies help COOs uncover hidden data and meaningful analytics in a more efficient and accurate manner. ERP solutions can capture the strength of Big Data and connect the IoT into critical operations. Leading-edge tech companies are already pursuing innovations embedded into ERP that can give COOs a real competitive edge.
- 5. Identification of Budget Busters vs. Opportunity** – It's easy for any ERP system to report forensically on what items killed an operational budget, or delay critically needed production capabilities, or postpone time-sensitive product launches. What today's effective COOs are demanding are systems that project time/resource allocations accurately and identify the advantages and consequences of making changes.
- 6. Partner Advantages** – One of the most critical areas for achieving better operational controls is tighter integration to key strategic partners. There are multiple points of connection and opportunity through a well-integrated ERP system.
- 7. Do-It-Yourself Customization Mentality** – Today's best ERP companies give customers the ability to tailor the applications they are using, by role, by function, by geography, without core re-engineering. Power users can easily move fields and underlying data to improve their operational requirements.
- 8. Strategic Alerts** – The ever-growing volumes of data is often making it harder - not easier - for companies without efficient, current analytic technologies to identify critical operational output and trends. Analytic-embedded ERP solutions allow COOs to set parameters to see potential problems and react more quickly.
- 9. Customer Service Edge** – Most COOs place operational efficiencies that touch customers at or near the top of their priority list. ERP systems can deliver key data to both understanding and predicting customer behavior for both retention and up-selling initiatives. Customer Relationship Management (CRM) capabilities extend insight into all areas of customer interaction.
- 10. Evolving Beyond 'Good Enough'** – Complacency with current systems is the enemy of operational progression. It's not enough for today's businesses to have repetitive or manual processes that work; the short-term adjustment to a new ERP solution is worth the long-term operational benefits in broader areas of capability and efficiency.

The success of an ERP deployment hinges on many factors, but starts with the CEO's vision. The type of CEO leadership needed for ERP selection, implementation and 'go live' launch is a function of quality time, not quantity time. It also is an exercise in organizational leadership convincing both line and staff employees of the importance of adhering to a proven set of deployment and training activities.

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Why COOs Are Actively Involved In ERP Selection and Deployment

Beyond these ten elements is an area of responsibility that is hard to quantify, but keeps many COOs on heightened alert. Ultimately, every COO is tasked with preserving strategic advantage. COOs who spend time thinking about ERP infrastructures that support a competitive advantage are going to be far more valuable to their organizations.

Further, in the ERP selection process COOs who do not have a strong view of the company's strategic vision and goals, and/or who do not contribute to the selection of core technology systems, like ERP, will put their company at the mercy of less scrupulous ERP vendors. These are the ERP vendors with giant footprints whose goal is to get companies to operate their business to conform to their ERP structure.

It is imperative for COOs to collaborate on the long-term vision and strategic direction for the company. While most ERP vendors have fairly strong features and functionality, it is the differences in areas like data integration and consolidation (which supports M&A activities), customization flexibility (which supports unique product or user role requirements), scalability, etc., that will make an immeasurable difference.

Beyond the standard activities like the number of ERP user seats, geographic reach, partner inclusion, source system data consolidation, etc., a careful pre-planning initiative should define:

- **Goals:** The core business needs that are not adequately addressed by technology and benchmarks that will measure and validate the success of a new technology deployment;
- **Fit/Customization:** How closely the ERP solution aligns to your current and future requirements, including integration needs and tailoring to "fit" your business model;
- **ROI/Cost Recoup:** The estimated ERP spend against projected future benefits; ERP for most companies is a requirement, not an optional spend. There is a broad range of difference in how fast ROI benefits accrue based on both the deployment strategy AND the vendor and partner selection. Do the homework – it will provide accountability later.

Advocating for an impactful but strenuous change like a new ERP deployment is not always embraced, and is often met with resistance by well-intentioned co-workers. The way that the introduction of any technology or software is handled can be unique to the culture of each company. Change management actions are a part of the ERP deployment process often led by COOs.

COO or Operations Manager leadership within the ERP deployment cycle is necessary to navigate the individual concerns of those involved in a new ERP system deployment. By taking a leadership role in collaboratively setting company objectives and facilitating change management thinking, COOs help companies to stay focused and committed to a positive and successful ERP solution outcome.

the cultural change that accompanies successful use of a new ERP solution.

Conclusion

In addition to change management, addressing supply chain issues and gaining full visibility into the supply chain ecosystem is an ongoing priority for both distributors and manufacturers. Everything from the sourcing of raw materials to the delivery of components, finished goods and services to customers is fundamental to today's business. Specifically for today's manufacturing executive, production scheduling, supply chain decisions, lot tracking, resource waste reduction are all additional key areas of focus. You will know it is past time to move to a scalable ERP solution when you find yourself saying, "Our system won't let us do that."

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The ERP Trajectory to Success – COO’s Responsibilities

Selection> Deployment> Launch

Benchmarking/ tracking ERP capabilities against operational goals and make system, staffing and resource adjustments as necessary to meet strategic goals



Scrutiny of ERP vendor selection to ensure that company goals/direction are not retrofitted to accommodate the ERP vendor’s capabilities



Allowance and planning to maintain operations as smooth as possible during the inevitable business disruption; change management training



Operational goal setting to align with both current and future needs

Your Global ERP Partner

About SYSPRO

SYSPRO software is an award-winning, best-of-breed Enterprise Resource Planning (ERP) software solution for cost-effective on-premise and cloud-based utilization. Industry analysts rank SYSPRO software among the finest, best-in-class enterprise resource planning solutions in the world. SYSPRO software's powerful features, simplicity of use, scalability, information visibility, analytic/reporting capabilities, business process and rapid deployment methodology are unmatched in its sector.

SYSPRO, formed in 1978, has earned the trust of thousands of companies globally. SYSPRO's ability to grow with its customers and its adherence to developing technology based on the needs of customers is why SYSPRO enjoys one of the highest customer retention rates in the industry.

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