



THE DOS AND DON'TS OF ERP SOFTWARE SELECTION FOR INDUSTRIAL MANUFACTURERS



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Six things that all manufacturers and distributors should keep in mind as they seek to modernize their business systems.

With one solution for accounting, another for sales and yet another for inventory management, industrial manufacturers often wind up allocating entirely too much time and too many resources trying to piece all their data together. Add increased operational complexities, more sophisticated supply chains and more discerning customers to the mix, and it's clear why both manufacturers and distributors need unified business systems to support their multifaceted businesses.

Six Dos and Don'ts for Selecting ERP in Industrial Manufacturing and Distribution

More industrial manufacturing and distribution companies will be turning to technology to help them navigate the changes as efficiently and effectively as possible. Most of these initiatives will involve selecting a new ERP system—a process that shouldn't be rushed into or taken lightly.

Here are six dos and don'ts for industrial companies to keep in mind as they seek to transform their business systems.

- **Do have a clear understanding of the top two or three reasons that you're kicking the initiative off in the first place.** Different solutions deliver different levels of value, but there are generally only two or three drivers that will wind up making the technology investment worthwhile. Some of the more popular drivers for industrial companies include better supply chain optimization, lower inventory carrying costs, higher fulfillment rates, improved operational efficiency and higher customer service levels.
- **Don't go into it with a definitive start and end date in mind.** Modernizing business systems is a journey of continuous improvement, and not just a one-time event. For example, Meridian Business Services LLC, a NetSuite Solution provider, utilizes an approach that ranges from an "activation model"—one that is pretty much out-of-the-box—all the way up to very complex systems integrations. This allows the IT consultancy to minimize initial cost while also maximizing the user's long-term benefits.

- **Don't expect a single solution to solve all of your company's problems.** When implementing a new solution, start with a minimum viable configuration. For example, an HVAC manufacturer that's most interested in getting its financials under control can start with that particular NetSuite ERP module and then expand from there. Or a fastener distributor with a disjointed supply chain may want to focus first on shoring up that aspect of its business, and then "turn on" new functionalities as needed.
- **Do pick your leadership team from a cross-section of operating areas.** This will ensure that your technology choices positively impact multiple departments. A manufacturing firm's supply chain division, for example, will probably bring up operational issues that the C-suite wasn't even aware of.
- **Don't make decisions by consensus.** Solicit input from different departments and then use that information to make wise decisions, but don't expect a team of 20+ people to

agree on everything. If you're expecting a unanimous vote across all of those different managers and executives, it's just going to be a painful process for everyone.

- **Do keep an open mind when it comes to process flows.** This is particularly important when you're doing legacy software conversions. Be mindful of the fact that success is equated with good adaptation to the new software (rather than trying to fit everything into the same "boxes" that you've been using for the last 18 years). In place for a reason, NetSuite's leading practices have been proven by more than 19,000 customers that have adopted the software.

As the industrial manufacturing and distribution landscape continues to evolve, more companies will be turning to technology to help them navigate the changes as efficiently and effectively as possible. Most of these initiatives will involve selecting a new ERP—a process that should never be rushed or taken lightly.

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