

Manufacturing Practices Newsletter

The Monthly Journal of Making the Most of Your ERP System—January 2011



PO Box 3805
Alpharetta, GA 30023
O. 770-772-6894
F. 678-528-7459
mike.roman@manufacturingpractices.com
www.manufacturingpractices.com



Exploring “Cloud” software opportunities

The last “big push” for ERP Systems came on the Eve of the “Y2K” predictions that everything software would no longer work after December 31, 1999. Of course, there was a big disappointment when the world didn’t fall to pieces. Today, a number of firms still use the ERP packages implemented during this panic period. Some of those companies have begun to replace their ERP Systems. Prior to 2000, companies replaced business management systems every six to eight years. How has ERP changed since the year 2000? The real answer is the “Cloud”. With the advent of the phenomenon, a number of ERP software vendors raced to present their offering on a platform that reduces the Information Technology footprint in a firm. “Cloud ERP” can mean many things, depending on whom you ask. “Software as a Service” (SaaS) is an offering that “hosts” the ERP System off premises. A recent webinar from Aberdeen Group and Plex Systems discussed the advantages of the SaaS approach. Here is a link to our website to launch the webinar.

[Plex Systems & Aberdeen Group Webinar](#)



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ABOUT US

Manufacturing Practices, Inc. is a management consulting firm that assists clients with ERP activities:

- We educate organizations to reduce the risk associated with ERP Selection & Implementation
- We assist organizations to select the ERP System that best fits their business processes
- We support the integration of the ERP System into the business during ERP implementation
- We guide organizations to find additional values in their current ERP System
- We promote growth from good to great
- We are software independent and owe no allegiance to any ERP Vendor. With several decades of success, we are experts at providing client support during the difficult transition into using a new business management system

WHAT DISTINGUISHES YOUR COMPANY FROM THE COMPETITION?

In the real world, your competitors can hire the same people you do, buy the same materials you do and, unless you build your own equipment (which could be a competitive advantage), buy the same machines you do. The quality of products produced is the variable. Quality depends on how consistently users perform the proper actions throughout the supply chain and on the superiority of the materials used in the production process. The same is true for an ERP System; but there, the software becomes the machines and the procedures become the material.

The methodology an organization uses defines the business culture. The manner in which people perform their activities makes organizations unique. Many organizations tinker with improvement activities; they try to hire better people or buy materials and machines at lower costs or even chase lower costs by outsourcing or moving to low-cost countries **but** organizational methods and business culture can create the competitive advantage. For those advantages to take root, silos of information cannot exist in an organization. Silos of information prevent proper information flow throughout an organization. ERP Systems are integrated business management systems. Information must flow seamlessly through the organization to ensure that the ERP System functions properly.

During an ERP implementation, Manufacturing Practices consultants spend the greatest amount of their time educating the client team members about why Silos of Information are counter-productive in an organization. It is not an easy sell, because for users to feel comfortable about using new methods, they have to get a 'good feeling' that the new methods will work at least as well, if not better, than their current processes. That hard sell exists for three reasons:

1. Emotions overrule logical thought
2. Education takes a lot of effort on the part of the one receiving the education to be effective
3. Rule number 1 exists

There are a small number of steps our consultants use to assist clients to deploy an effective ERP System. They center on making company data "Public" within the organization. For information to be "Public", people in an organization must understand that the data they put into the ERP System serves their 'internal' customer. Nevertheless, before this can work, Manufacturing Practices consultants:

1. Educate the client about what an ERP System will do **To** and **For** an organization
2. Educate the client to understand who their customer is
3. Educate the client to understand that both the internal and the external "customer" is King

The process requires dedication from both management and users. New thinking methods facilitate the removal of information silos, if it did not, silos would not exist in the first place. Removing the information silos goes a long way toward making you a force in the marketplace.

EYE ON IT

What is the Perfect Spaghetti Sauce?

What is the Perfect Mustard?

What is the Perfect ERP System?

Are you asking the right questions?

View Malcolm Gladwell as he speaks on "[Spaghetti Sauce](#)".

Now, read why we think this is an important presentation "[There is no Perfect Spaghetti Sauce](#)"

Are you preparing or are you now in a search of an ERP System for your business? Here are the right questions to ask your organization to learn if they are ready to begin to look for an ERP System. Review our [ERP Readiness Assessment](#)

While we are talking about asking the right questions, is there additional value that might exist in your current ERP System if you are not using a module or not using some modules as well as you could. [Review our ERP System Utilization Assessment](#) and see if additional ROI exists in your ERP System deployment.



EYE ON IT

Where is ERP headed in the next few years? Like us, Yogi Berra has seen the future and says, "[The Future Ain't What It Used to Be](#)"

Are you prepared for that step? How well does your company use your ERP System? If you are not sure, try our assessment tools!

[Click this link to review our tools](#)

ERP Vendor Profile—Plex Systems

Plex Systems, Inc., is the developer of Plex Online, a Software as a Service (SaaS) Cloud ERP solution for the manufacturing enterprise. Plex Online offers industry-leading features for virtually every department within a manufacturer, including Manufacturing Execution Systems (MES) and Quality Management Systems (QMS) for the shop floor, Supply Chain Management (SCM) for procurement, and Enterprise Resource Planning (ERP) for finance and management.

[Plex Online is the number one rated ERP solution as ranked by independent researchers at Aberdeen Group.](#)

As a Cloud ERP solution, Plex Online is delivered over the Internet via industry-leading safety and security. The cloud provides the computing power to run the solution, which is available to users "on demand" via affordable subscription pricing. Plex Online Cloud ERP is noteworthy for its agile development methodology— or "rapid application development"— for a continuously enhanced solution. Manufacturers cut IT costs by avoiding complex and expensive upgrades. Additional benefits include rapidly evolving, automatically updated versions and features; no costly hardware; no complex version control;

no large capital outlay; and enhanced data security and safety.

Plex Online's comprehensive coverage delivers a "shop floor to top floor" view of a manufacturer's operations, enabling management to run its business at maximum efficiency. Founded in 1995, Plex Systems is headquartered in Auburn Hills, Michigan, with customers around the globe.

Learn more at www.plex.com



A special statement from [Mark Symonds](#), Plex Systems President and CEO

Plex Systems, Inc., is excited about the opportunity to present Plex Systems through Manufacturing Practices. As CEO and President of Plex Systems, I'm proud to lead an expert team that develops the number one ranked ERP solution for manufacturers— [Plex Online Cloud ERP](#).

Manufacturers are entering a new business era with upticks in activity in an increasingly competitive global economy.

It's important for manufacturing companies to use technology that lets them achieve complete process visibility. The key is to meet stringent quality, delivery and cost requirements while minimizing IT resources.

Plex Online Cloud ERP offers comprehensive traceability; quality and supply chain management; electronic document management; inventory management; integrated financials; production; shop floor control; and many other features.

As a Software as a Service (SaaS) solution, manufacturers benefit from reduced up-front cash outlay, reduced burden on the IT department and, for small and mid-size companies, access to a sophisticated software application that they might not have been able to afford otherwise.

It's an exciting time to be a manufacturer, especially considering recent news from the Institute for Supply Management showing that manufacturing continues to expand. [Learn more about Plex Online at the Plex Systems Resource Center.](#)



Partner Consultant's Corner by Don Schwerzler

Building Infrastructure in a Family Business

Building infrastructure is a common "on-going" strategy we see in most successful family business.

A family business that wants to grow in size and profitability will not be able to accomplish those goals, in today's highly competitive business environment, without an ongoing strategy to constantly update and improve their infrastructure.

When MRP systems first started to evolve as a business management tool, we began to get calls from family businesses about the problems they were having with their MRP systems. Known for our work with operations management issues in family businesses, we seemed to be a likely source for help.

What we generally found was that the problem was not with the MRP system but with the operations management "system" (or lack thereof) of the family business. The family business entrepreneur was told (sold) on the idea that the MRP technology would solve all their problems – but for many family businesses struggling with their MRP system implementation, that simply did not happen.

Many family business owners would finally give up on MRP and throw out the "half-way installed" new system and go back to the way things were being done previously. Their memory is that the MRP experience was a major failure in terms of time and money. In fact many reported that MRP had caused them to lose control of their family business.

The problem today with ERP technology is similar to what family businesses experienced with MRP – the hope that there was a short cut to building infrastructure in the family business. The problem is that they are putting the cart in front of the horse.

For ERP technology to work well for a family business, the first step is to make sure that every element of the business is being run EFFICIENTLY and that the logic of the business has been systematized and formalized (business plans, production scheduling, inventory management, sales & marketing, finance and accounting).

That done - then use ERP technology to improve the EFFECTIVENESS of the family business.

Our advice to family business entrepreneurs interested in improving the infrastructure of their business – locate an ERP "agnostic", an ERP expert that is not associated with a particular ERP system – and have them do an ERP Audit of your business to what can be done to make your business more efficient - and then get their help in identifying what ERP system would work best for your family business.

Today, ERP technology is better and more affordable than ever. ERP can be a smart investment – a highly effective management tool for creating infrastructure in a family business. Just make sure you are dealing with the issues in the proper sequence.

Don Schwerzler

has been studying and advising family business entrepreneurs for more than 40 years and is the founder of the Family Business Institute. Their web site, www.family-business-experts.com is the highest ranked, full service family business resource on the Internet.

Contact Don at familybizexperts@earthlink.net



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