Optimizing the Supply Chain with the Use of ERP Software

Clients, consumers and an uncertain economic outlook are forcing manufacturers and supply chain owners to squeeze every last drop of efficiency from their operations. This white paper reviews current enterprise resource planning (ERP) software optimization features that can assist supply chain owners to improve their key metrics.

Whatever your supply chain looks like – from a single small-scale factory to multinational network it is most likely comprised of organized systems of people, technology and resources. Each of these critical cogs needs to be working at peak efficiency, but how do you achieve this, and how do you know when you've achieved it? There are a number of ways to improve supply chain optimization (SCO); here's a summary of what they are and how they can help move things forward for your business, your clients and your bottom line.

Supply Chain Optimization (SCO) Itself

Let's not overlook the seemingly obvious: SCO itself needs to be accepted as a force for good – one that can help drive profitability during a stagnant economic period and beyond. It is the essence of SCO to apply processes that will improve the operation of a supply chain in its entirety. SCO processes continuously analyze and monitor costs, time and quality, helping guide management to make decisions that maximize performance across the supply chain.

Planning Optimization

Accurately predicting what and how many items a business will be selling in the future is the supply chain sector's Holy Grail. ERP software can help forecast future demand, aiding production managers plan schedules and deliver products that flow to the customer without gathering dust in warehouses.

The challenge lies in choosing a technology that enables both current business processes and future technology requirements. By deploying an architected solution, integrated with an ERP system will consistently provide management with valid and reliable information on which to make business decisions. It also ensures data of much higher integrity that will correlate to statistics drawn from various functions and departments across time and space. The productivity and efficiency of enterprise information systems will greatly be enhanced due to its dedicated design and applications.

Manufacturing Optimization

Inefficient use of raw materials and the resulting costly wastage is a source of great pain for supply chain manufacturers, hampering further expansion, plant optimization and growth. Manufacturing optimization – known as 'Lean manufacturing' – aims to maximize customer value while minimizing waste, creating higher value from fewer and lower-cost resources.

Re-engineering traditional manufacturing methods through the use of Lean concepts results in a more collaborative supply chain, rapid order turnaround, streamlined deployment of resources, profitable contracts and greater customer satisfaction. In addition to raising quality levels and reducing costs, Lean manufacturing enables companies to realize significant improvements in cycle times (lead times), customer service (fill rates), throughput and inventory reduction.

To ensure a successful Lean strategy, manufacturers need real-time interoperability with their customers and suppliers and 360° inventory visibility across the entire enterprise. Once manufacturers have confidence in their delivery schedules, they can ship from multiple warehouses without keeping all finished good items in each location. In addition, sales people can be confident in their ability to quote more accurate promise dates. Once the order has shipped, customers should have the ability to track its shipment status.

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Enterprise software can assist in making information, decisions and materials flow faster throughout an organization. This will enable the company to successfully implement a demand or "pull" strategy and respond quickly to customer orders or adjust to changes in customer demand and market competitive conditions.

Inventory Optimization

Your inventory is a balance sheet asset, so stock should be kept to the lowest levels while simultaneously guarding against out-of-stocks. Enterprise resource planning (ERP) software can help you minimize cash tied up in 'dead' stock and keep your inventory processes fast, fluid and efficient.

Using an ERP system to manage inventory will assist with a number of goals:

- Reduce the problem of excess inventory
- Achieve optimum levels of inventory
- Address issues of inventory losses and obsolescence
- Prevent interruptions to production
- Increase inventory visibility across the organization
- Improve procurement and replenishment processes
- Enable inventory to be managed at a more granular level
- Provide additional attributes to handle stock better – lead time, supply/demand variability, velocity

However, for inventory management to be properly done it's not just a system that is required - the organization also needs to have a level of functional and process maturity to ensure the system can be used effectively.

Look at the System as a Whole

Due to the complexity and diversity of modern supply chains, increasingly sophisticated processes are required to ensure total optimization. With the help of a robust, trustworthy ERP solution that takes in the wider view of the supply chain, planning cycles can be reduced, production scheduling enhanced, and the production and management of purchase orders automated.

However many businesses have approached an ERP project like someone designing and building a house without using the drawings and plans from the architect and builder – it makes it extremely difficult to visualize and understand the completed structure.

Adding a business process management component synchronized with the ERP system provides the visual perspective on the interaction and flow of processes and systems. This gives organizations a greater guarantee of a successful outcome.

Conclusion

Everyone accepts technology can help supply chain managers make the best decisions, but the software can only be as effective as the individuals who built it. Whether you have employed all or just one of the above approaches, you'll want to look for an ERP, demand forecasting or inventory system that's designed by a team that understands your business. Only then can your supply chain ever attain the accolade 'optimized'.

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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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