

Case Study: Lay the foundation, and then build the structure

SITUATION:

A client had recently purchased an ERP application for MS Access and requested help in implementing supply chain tracking, inventory, product cost, and purchasing functionality.

INTERVENTION:

The client was a start up and still in product development; hence there was no structure within which to implement the ERP functionality. The initial activity focused on creating the basic management system and business process flows to manage the order to remittance process. The key was to create a system that represented how the client wanted the process to work and reflected the reality of the supply chain. Another important factor was to keep the system minimally bureaucratic for the early stage of the company's development, yet flexible enough to evolve into a system compatible with future ISO-9000 certification.

Because the supply chain was relatively long (no manufacturing occurred in-house), the documentation required to pass from one component of the chain to another was critical to first pass success. A second activity created the process input/output maps for each segment of the manufacturing process. These maps represented the information, documentation, and material that were required to produce the desired result, along with the required deliverables. Creation of the documents was the client's responsibility.

Proper collection of manufacturing costs and yield effects was a primary requirement of the ERP implementation process. To establish a baseline, a spreadsheet cost model was created that accurately reflected all costs and yields. Mimicking the same process flow in the ERP software allowed the results to be compared with the cost model at interim and final points, and scrap procedures developed to create an accurate roll-up.

At this point, implementation of the ERP application moved forward. Procedures that resulted in accurate results were created and documented. The documentation was based on screen shots from the ERP application to facilitate successful execution without a high level of expertise in keeping with the flexibility needs of the client. In addition, the financial export functionality and accuracy was verified in three was Internet collaboration between Excel Consulting, the client, and the contracted accounting firm.

RESULT:

A basic supply chain management system implemented in the installed ERP system was completed in 2 months. The cost reports to the accounting function have been accurate after a few minor tweaks. The developed procedures have been validated, and when followed, produce correct results.

INSIGHT:

Software is a tool, not a solution. In particular with ERP systems, the underlying processes must be effective, documented, and appropriate for the enterprise. Then ERP implementation will result in a productivity enhancement rather than a monster around which the enterprise conforms. The software must work for the enterprise, not the other way around.