

ERP UNLOCKED: THE COMPLETE GUIDE FOR MANUFACTURERS READY TO SCALE



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In today's fast-paced market, small to mid-sized manufacturers face the daily challenge of managing every aspect of their business effectively. This balancing act can be overwhelming, and that's where Enterprise Resource Planning (ERP) systems come in. ERPs integrate processes, streamline operations, and provide invaluable insights that drive both efficiency and growth.

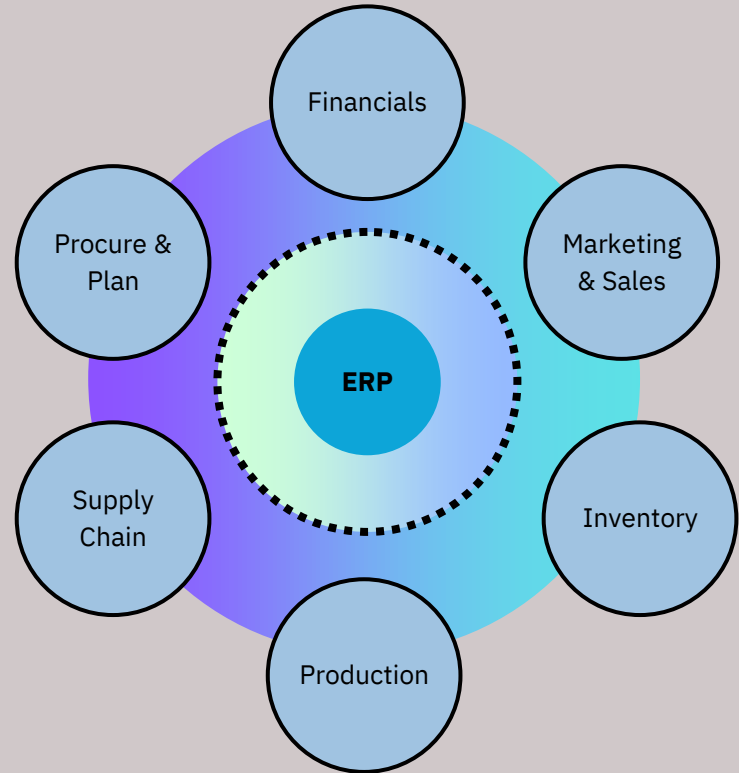
If you're still relying on outdated methods or disconnected systems, it's time to make a change. An ERP system isn't just a nice-to-have; it's a necessity for staying competitive. This guide will walk you through the essentials of ERP, from understanding its benefits to evaluating your readiness for implementation. Don't wait until inefficiencies cost you more than just time—start your ERP journey now and set your business up for success.

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What is an ERP System?

95% of businesses report significant improvements in their business processes after implementing an ERP.



Key Benefits of ERP

Improved Operational Efficiency

Enhanced Data Analysis & Reporting

Financial Oversight and Control

Enhanced Customer Service

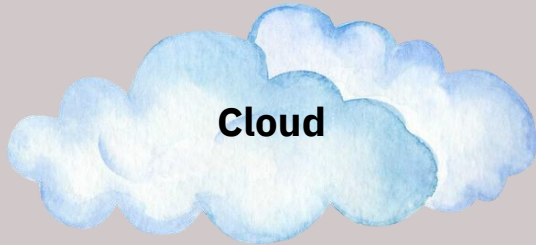
49% of businesses report
productivity increases across all
business processes after ERP
implementation

Different Levels or Tiers of ERP Solutions

As you might expect, ERP applications come in different sizes or tiers to cater to varying business needs, industries, and operational complexities. And yes, the pricing varies too. Here's a breakdown of ERP tiers:

Tier	Best Fit	Overview	Common Solutions
1	Large enterprises with complex, global operations	These systems are customizable, support large-scale operations, and include advanced features for financial management, supply chain planning, and human resources. They require significant investment and a dedicated IT team for maintenance.	SAP, Oracle, Microsoft Dynamics 365 Finance and Operations
2	Small to Midsized companies with industry specific needs or moderate operational complexity	For small to midsized companies, Tier 2 solutions offer a balance between advanced functionality and ease of use, with features tailored to specific industries such as manufacturing, retail, or healthcare. These systems are more affordable, easier to implement, and scalable, making them suitable for businesses that need a scalable solution to grow without extensive overhead	Microsoft Dynamics 365 Business Central, Sage X3, Epicor, Infor
3	Small businesses, start ups with most common requirements and less complex operational needs	Tier 3 ERP systems are for small businesses needing basic ERP functionality without customization. They are affordable and quick to implement but may become limited as companies grow. These systems focus on core functions like finance and inventory management but may lack full production or warehousing capabilities. A common risk is outgrowing the solution quickly and needing another investment.	Quickbooks Enterprise, Netsuite, Sage 50/100

Deployment Options: Cloud, On-Premise & Hybrid



Cloud ERP is hosted on the vendor's servers, accessible from any internet-connected device, and regularly updated. It offers several benefits:

- **Increased security:** Cloud-based applications from companies like Microsoft provide greater security than most small to mid-sized manufacturers can afford on their own.
- **Lower IT costs:** Only an internet connection is needed, with no servers to maintain or IT staff required. The software provider handles all technological complexities and disaster recovery.
- **No upgrades needed:** Updates and new features are automatically provided by the software publisher, keeping users on the most current release and avoiding costly upgrades.
- **Modern features:** Cloud applications enable remote work and include advanced features like AI and predictive analysis, which have become essential post-COVID.

80% of small to mid-sized businesses cite cloud ERP's flexibility and cost efficiency as primary reason for adoption.

On Premise



On-premise ERP is hosted on company-owned servers, giving businesses complete control over security and data. While control is a significant benefit, on-premise solutions are becoming outdated due to several downsides compared to cloud solutions:

- Security: Both physical and digital security are costly. Small to mid-sized manufacturers often lack the resources to stay ahead of sophisticated cyber threats.
- Upgrades: On-premise solutions require disruptive and expensive upgrades to gain new features.
- Costs: Running on-premise ERP requires in-house hardware, technical expertise, and expensive security measures. Licensing typically involves high upfront and annual costs.

With the rise of cloud solutions, these challenges make on-premise ERP less appealing.

Hybrid

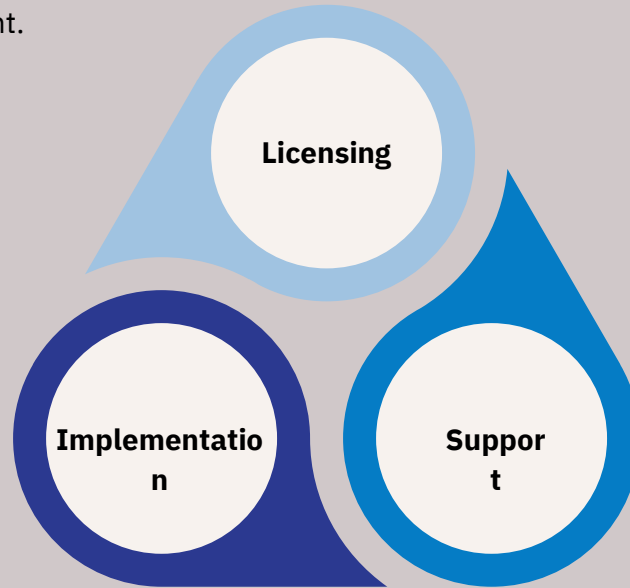
A hybrid model merges cloud and on-premise features, offering manufacturers with multiple locations the flexibility of cloud access and local control over key systems. This allows for scalability. However, most Tier 1 and Tier 2 solutions don't offer a hybrid model, which can make them more expensive.



160% increase in active and interest
in ERP specific vulnerabilities from
2016 - 2017

Understanding Total ERP Costs

To understand the cost of a new ERP solution, it's essential to know all the components involved. By understanding how the overall cost is calculated and the factors affecting it, you can maximize your investment.



Leaders can expect to spend 4 - 6% of revenue on a new ERP solution. For small manufacturers, it can feel daunting.



Licensing

Subscription Model allows you to pay for the licensing monthly or annually similar to renting the software. This is common in cloud based solutions.

- **Cost Basis:** Pricing typically depends on the number of users and license type
- **Benefits:** Lower initial expense, software updates are pushed automatically so you are always on the current release
- **What to expect:** \$70 - \$200 per user per month

Perpetual Model is the more traditional model where you buy a one time license granting indefinite access. Most seen with on premise installations, this has a higher up front cost and often adds annual maintenance fees.

- **Cost Basis:** Can be by module, user count or some combination of both. Also there's an annual maintenance fee
- **Benefits:** permanent access to the software
- **What to expect:** highly variable but often \$1,000 - \$5,000 per user

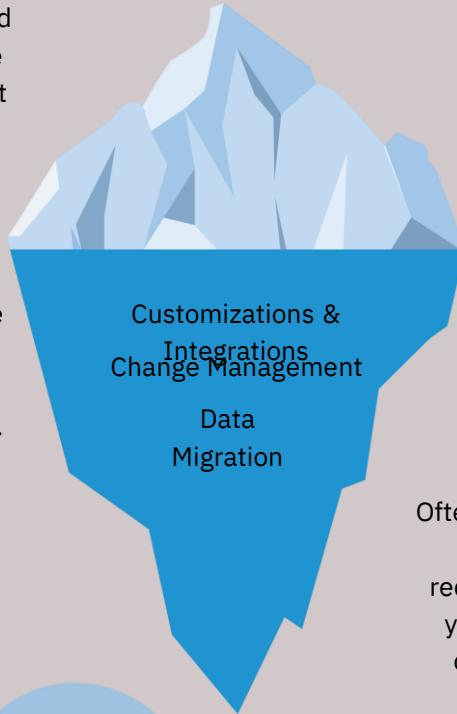
The total cost of ownership for cloud ERP is 50% lower than on premise solutions for small to mid-sized manufacturers.

Beyond Licensing: Total ERP Costs

Implementation fees vary based on scope, timeline and assistance needed from the consulting team. Fixed fee implementations are often helpful for cost management but are also stringent with no flexibility in approach.

Time & Commitment

Many companies underestimate the amount of time necessary for a truly successful implementation. There are tasks your partner can not do for you such as data cleansing, validations, training and testing. If your partner has to do more tasks for you, the costs will rise.



Ongoing support & maintenance can look straightforward on the surface. However, make sure you know the hidden costs that can come with SLAs, repeat requests, etc. Assure you have a clear approval policy in place before your team reaches out for help.

The Customization Conundrum

Often, users may not have a vision to see a different way of working the business and customizations are requested. Strong implementation partners will guide you through this but assure you don't unnecessarily customize the ERP when a basic business process adjustment would do just as well.

Setting your ERP Budget

Being realistic with your ERP budget is the first key to the success. Understand that you may have unforeseen costs if you don't plan appropriately. A common mistake is taking on too much too fast. A good partner can help you but be sure to consider these questions when setting your budget.

Fit

How will ERP fit in with your current workflows? More change will be more difficult so start small.

User Adoption

Your team's ability to adapt will be a significant factor. Again, slow change over time works best.

Features

What features/functions are must have vs nice to have? Start with the basics and add on.

Growth

Anticipate future requirements and how your growth will impact processes and system costs.

Manufacturing companies are the #1 most common users of ERP platforms

Top Challenges of ERP Implementations

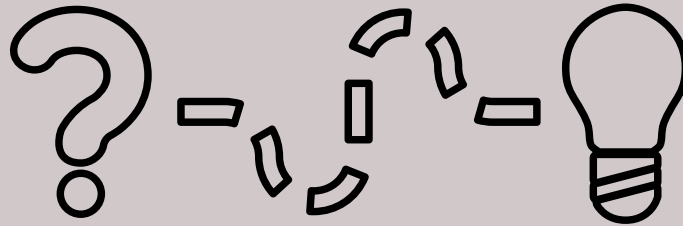
While ERP systems offer manufacturers significant benefits, implementing one isn't without its challenges. Understanding these potential hurdles and proactively addressing them can make a successful ERP rollout more achievable. With careful preparation, managed expectations, and the support of a trusted ERP partner, you can mitigate many of these challenges and set your business up for a smoother implementation.

Initial Costs

Mitigate with phased implementation and realistic budgeting

Timeline Delays

Mitigate with realistic resource commitments and clear project planning



Data Migration Issues

Mitigate with pre-implementation audits and data cleansing; only move what's necessary

User Adoption

Mitigate with a clear change management and training strategy

67% of manufacturers and distributors reported successful ERP implementations (compared to just 25-50% of companies in other industries).

Assessing ERP Readiness

Before diving into ERP implementation, it's crucial to assess your company's readiness to adopt this technology.

Here are the core questions to consider:

Do you have a clear vision?

Are your team and leadership on board?

Do you have the right resources?

You have a data readiness plan?

If you answered no to any of these, don't panic. A strong implementation partner can help you assure you are ready before you begin. At Elliott Clark Consulting, we provide a free readiness assessment to help you out.

* ARE *
* YOU *
* Ready? *

Choosing the Right ERP

Selecting the right ERP system involves understanding your business's unique needs, budget constraints, and growth objectives.

Here are some key factors to consider:



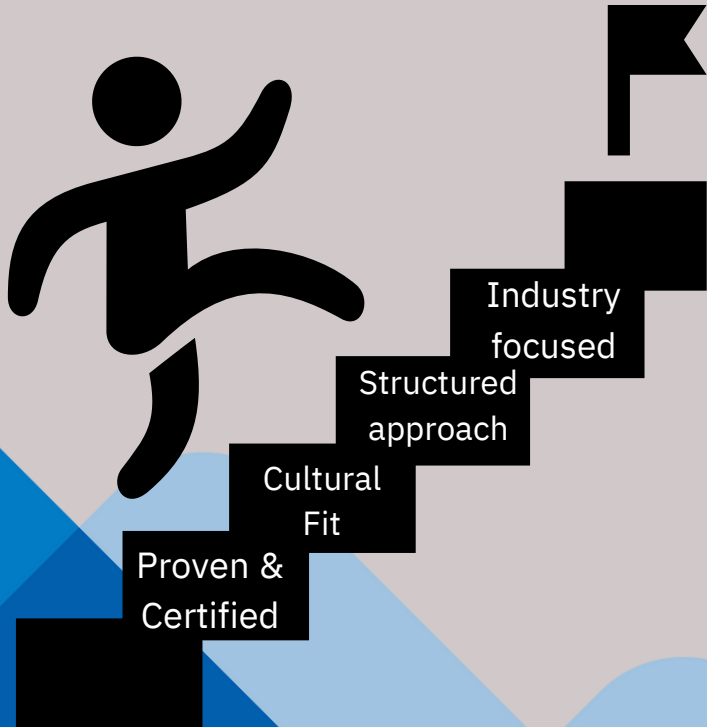
Industry Focus

Ease of Use

Scalability

Core Functions

Choosing the Right ERP Partner



Selecting the right ERP partner is critical to the success of your implementation. A trusted partner should have a proven track record in your industry, deep expertise in ERP systems, and a structured approach to guiding you through the process.

Look for a partner who offers transparent communication, tailored solutions for your specific needs, and ongoing support beyond implementation. Assess their experience with businesses of your size and their ability to manage challenges such as data migration, training, and customization.

The right partner doesn't just deliver a system—they ensure it becomes a valuable tool for your growth.

Get help for your ERP implementation from Elliott Clark Consulting

ERP implementation is an intensive, high-stakes process requiring strategic guidance. Elliott Clark Consulting specializes in helping manufacturers find and implement ERP solutions that fit their unique needs, ensuring your system is tailored for success and growth. Our approach is hands-on, offering support from initial readiness assessment through full implementation.



Elliott Clark
helped us
get it right.

How Elliott Clark Consulting Can Help You:

- **Readiness Assessment:** Are you even ready for an ERP? Our assessments can help assure your success before you start.
- **Requirements Assessment:** We evaluate your specific requirements and identify ERP solutions that fit your operations.
- **Implementation and Customization:** We manage every aspect of implementation, customizing modules and workflows to match your production needs.
- **Training and Ongoing Support:** Our comprehensive training ensures your team understands how to maximize ERP benefits. We also offer continued support to help you optimize ERP usage.
- **Optimization and Future Planning:** Post-implementation, we provide strategies for improving ERP usage as your business grows, ensuring you get the most value from your investment.

References

All statistical information gathered from various respected consulting publications neutral from the software publishers.

Panorama Consulting Solutions, 2023

IDC, 2023

Aberdeen Group, 2022

Deloitte, 2023

Gartner 2023

Grand view Research, 2023

Additional Information:

[Glossary of ERP Terms](#)

[Consulting Clarity Blog](#)

[Elliott Clark Readiness Assessment](#)

[Dynamics Power Play Blog](#)



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