Do I Really Need ERP Software?

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Introduction

As a business owner or decision maker, Enterprise Resource Planning (or ERP) software might mean different things to you, depending on your prior experience or your general impression of how effective "business software" can be.

If you think ERP is just a code word for "fancy, expensive spreadsheet," though, think again — if ERP is a code word for anything, it's more like "secret sauce."

What is ERP software, exactly?

Before we convince you that you do, in fact, need an ERP solution, let's talk about what that entails.

If you aren't using an ERP solution, you're likely utilizing several other solutions to bridge the gaps that inevitably appear. Examples would be your CRM solution (even if that's just a notepad that your customer service reps use to take notes while they're on the phone), your sales order processing system, your inventory management method (if you use one — and we certainly hope you do), and your warehouse's pick-and-pack solution.

Simply put, ERP software takes all of those individual pieces and streamlines them into a seamless program that takes the guesswork out of your operations.

Order and Inventory Management Woes? There's an ERP for that.

Quick question: How and when do you know that your business made money?

If the answer isn't, "Whenever I make a sale," you've got some visibility issues.

One of the main focuses of an ERP worth investing in is visibility into all areas of your operations. And for the product-centric distribution company, we can't talk about visibility without talking about inventory management.

The importance of inventory management

Inventory management methods will vary from company to company, but they typically include facets such as purchasing, storing inventory, controlling how many goods you have for sale, and order fulfillment. Inventory management is what provides visibility into the performance of your company. Without it, you can't see where your product came from, where it is now, or where it's going. Powerful inventory management systems will provide even more information, such as when to reorder more of a specific item, meaningful information about inventory costs, and more.

You've got a spreadsheet for that, you say? How easy is it to maintain the spreadsheet, *and will that spreadsheet scale with your business?*

Companies trying to manage inventory using only Excel spreadsheets are running the risk of input errors, shipping mistakes, and poor inventory visibility. There's no getting around that.

Still on the fence about inventory management?

Some of the major benefits that proper inventory management provides are:

PERFECTED INVENTORY LEVELS
When you can predict when a product will sell, you'll know how much to order, as well as when and how to market the product to generate revenue. Instead of having cash tied up in the products stagnating on your shelves, you'll have cash available to invest in other areas of your business.

IMPROVED FORECASTING
Instead of planning purchasing decisions based on hunches and best guesses, strong inventory management platforms can actually offer accurate data — how much of a product you sold during your last sale, how many products you sold within a certain date range, which customers purchased it, how much these goods cost, and much more.

TIME SAVINGS THROUGH AUTOMATION
Inventory management and automation are a match made in heaven and will really allow you to *maximize your efficiency*. The best and most powerful inventory management programs will have automation capabilities built right into the application.

OMNICHANNEL SALES SUPPORT
Proper inventory management methods make streamlining the customer experience across multiple channels a much simpler process, putting customer satisfaction at the forefront.

INCREASED INVENTORY VISIBILITY
With good inventory management practices, it's possible to keep a closer eye on your stock, diminishing the chances for inventory levels to creep up to unhealthy levels, or for shrinkage of any kind to take place.

BETTER CUSTOMER RELATIONSHIPS
This is a big one. Inventory management might be more about taking care of products than people, but it will still help you see what your customers are ordering, when they order it, how much they spend, and more. Taking this information into account will help your sales and marketing teams communicate and market more effectively, as well as predict demand for product lines.

Order processing cranked into overdrive

Order processing goes hand-in-hand with inventory management when it comes to visibility into your business' efficiency and profitability.

Your order processing method needs to be efficient in order to keep the lights on and your customers happy. Here at SalesPad, one of the most common issues we hear about from companies looking to upgrade their ERP system is that they aren't able to process orders as smoothly as they'd like. An uptick in order processing efficiency is almost inevitably **one of the most dramatic improvements most businesses experience** once they implement the right ERP solution for their company.

Beyond efficiency, visibility into your company's sales pipeline (a natural result of order processing through the right ERP solutions) is a major advantage for key decision makers. How can you correctly allocate resources or determine a savvy reorder strategy if you don't know what's already in the queue, or what's coming behind that?

A quick note on ease of use

Strategies for providing visibility into the sales pipeline will vary between ERP solutions, but one of the most important elements, no matter the method, is ease-of-access for those who need it (and the ability to block access for those who don't). **Your ERP solution needs to be easy to use,** or you risk missing out on some of the benefits it provides.

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Think that your physical warehouse doesn't need virtual software? Think again.

Our seasoned consultants can pretty accurately determine a company's sorest pain point by the state of their warehouse. And boy, oh boy, have we seen some whoppers.

Let's get one thing clear right out of the gate: a clipboard (or ten of them) is not a warehouse management system. It's a stopgap.

And never the twain (should) part

If there's a software barrier between your sales department and your warehouse, that's a barrier to productivity. After all, your sales reps are selling what's currently in your warehouse — why keep the two separated by different management systems?

ERP software provides an invaluable link between the sales and customer service departments and the warehouse, streamlining the entire selling process and eliminating the potential for errors along the way. The warehouse knows immediately when there's an order that needs to be taken care of, and sales reps or CSRs can access critical inventory information whenever they need it — even when they're on the phone with a customer.

The benefits of connecting your warehouse so closely to the rest of your operations are manifold — *we could go on and on,* but in the interest of brevity, let's turn to another benefit that ERP software can bring to a warehouse: barcoding.

Barcode now, benefit forever

Should you be barcoding your inventory? Odds are, the answer to that question is a resounding "Yes!"

Barcoding your inventory has a host of advantages — barcodes greatly improve your overall accuracy when fulfilling orders, tighten up your stock count practices (*stock counts using ERP software are pretty great, by the way*), and more.

If you deal with a large amount of inventory, barcoding is bound to help your overall warehouse functions. While it will take some dedication to implement a good barcoding system, the results are well worth the effort.

Keep those happy customers flocking back

Customer satisfaction is, of course, absolutely crucial to success, no matter what business you're in.

Because happy customers are so vital to your company's performance, it's critical to pay close attention to how your customer service representatives interact with your customers. Your CSRs are the voice of your company.

It's not enough to hire employees with great people skills, though — you also have to equip them with the tools they need to perform their job well. Good customer relationship software systems should be built into your ERP solution, and they should give your CSRs visibility into all of the data they need to ensure a successful interaction with the customer.

A user-friendly solution with quick-search features and relevant customer insights allows your CSRs to better serve customers by rapidly accessing important information about the customer while they're interacting with them. Such quick access to customer records can prevent those dreaded, "Wait, what company are you with?" moments when on the phone and enhance the customer's overall experience in a myriad of ways.

Customers will feel valued when your CSRs can not only promptly recognize them, but also quickly respond to their requests by utilizing the data that their CRM software provides them. And when your CRM solution is part and parcel of your ERP system (and not that notepad we referenced at the beginning of this ebook), your CSRs will quickly morph into superheroes, at least from the customer's perspective.

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Dive headfirst into all of your glorious data

Spreadsheets give you data, yes, but that data is usually annoyingly difficult to uncover and manipulate, and it isn't data that updates in real time. ERP solutions provide vast amounts of datasets that do update in real time, have no risk of input error, and, if the ERP solution is worth its salt, are far easier to work with than a spreadsheet or a separate software program that isn't plugged into your order and inventory management solution.

Reporting is the name of the game in the distribution business, and reporting requires data — lots of it. Effective reporting methods fuel your ability to make those critical decisions that will drive your company forward.

Reporting capabilities, though, are some of the most varied factors in individual ERP solutions, so they're very important to pay attention to when evaluating ERP software.

Most ERP solutions come with pre-configured reports. These can run the gamut from incredibly useful to a waste of space — just because it's an easy option doesn't mean that it's the right report for your company. Make sure that you thoroughly understand each pre-configured report in an ERP software before relying on it to make critical business decisions.

When looking at a pre-configured report in an ERP solution, some good questions to ask are:

- What are the parameters of the report, and can they be adjusted?
- What datasets is the report using?
- Is there other pertinent business data that isn't present in this report?
- Can I view the report in a different format, if needed (can I rearrange the columns or rows, or can I convert to a pie chart)?

These are just a few questions to get the ball rolling when you examine an out-of-the-box report. Use what you learn from these questions to interpret these reports correctly.

Beyond pre-configured reports, a quality ERP solution will give you the ability to create your own reports. The scope of your reporting capabilities is only limited by available datasets and your own creativity.

Every ERP solution will vary in how their user-built reports are designed and manipulated, and in how easy it is to create or modify datasets. This variability is one of the many reasons why it pays off to research different ERP solutions and *be prepared when it's time to demo your top picks.*

Creating and utilizing useful reports is a bit of an art form, but it's something that every product-centric manufacturing or distribution business needs to rely on when pushing for growth, and it's also something that an ERP solution will make infinitely easier.

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Distribution Operations. Transformed.

We rest our case.

There comes a time in every business' lifecycle when they have to face the facts and realize that it's time to invest in software that will carry them through to the next stage in their journey.

Graduating from a system of stopgaps, spreadsheets, clipboards, and sticky notes to a fully-fledged ERP solution is a rite of passage for a growing business, and it's also a very exciting time — your next milestone is on the horizon, and by outfitting yourself with the tools you need to get there, you'll find yourself setting your sights on that next mile marker before you know it.

Implementing an ERP solution is the best way to help you answer our original question: How do you know when you've made money? This is what an ERP system boils down to — it's an efficient way to find out what's going on within your company with only a few clicks. And in this fast-paced world of increasingly mobile technology, automation, and ecommerce, having this information at your fingertips can be the difference between success and failure.

We'd like to see the spreadsheet that can do all that.

To find out more about SalesPad's own solutions for both cloud-based and on-premises ERP systems, *reach out to your Client Account Manager!* We're eager to start a conversation with you on how SalesPad's ERP solutions can address each of the needs pointed out in this ebook, plus many more.