acs embrace
ERP Software

Is a new ERP System worth it? Here is a checklist to help you decide.

Use this checklist to help you make the choice that is right for your business.

You might be wondering why so many businesses make the move to a new ERP system considering the high costs and disruption it causes. They most likely view the decision differently from you, where instead of a cost, they see it as an investment that will make them money.

How do you know whether the same holds true for your business? We have compiled a self-evaluation checklist to help highlight the areas where a new system can make a big difference, to your bottom line, staff happiness, productivity and customer experience.

Your business has outgrown the current system

You know that you have outgrown your current system by assessing how much of your staff's work is done outside the core system and plugged into Excel. In time, more and more of the processes, data, reports and calculations are done in Excel. This is fine if you are starting your business, we all start somewhere, but is that where your business has ended up now, back on Excel?

Time wasted is substantial

In many organisations a significant amount of time is wasted on tasks which have a knock-on effect across the business. Issues to look out for:

- Duplicated effort – the same tasks or parts thereof being done by different people in different parts of the organisation e.g. data capturing.
- Manual capture – work being done outside the system, such as in excel or on forms which then have to be added to the system again.
- Bottlenecks – employees consistently waiting for other processes to be completed before they can perform their tasks.
- Consolidation tasks –these could include stock takes, balancing or capturing work performed outside the system having to be done more often and taking longer and longer due to a high number of associated problems.

As a quick calculation, consider the average rate per hour of the number of people affected by the bottleneck, duplication or manual capture.

- Let's say a **single** process is handled outside of the system and affects 20 people.
- Let's use a nominal monthly average salary of R32, 000 (staff cost of approx. R200/h) as the average across the 20 staff.

Below is a table highlighting the efficiency of automating that specific task, resulting in freeing up one hour per day, or 2 days per month, or one day per week, for each staff member affected by that one process.

Impact of Process Improvement using ERP		Cost / Efficiency saving per month		
Average staff cost	Affected Staff	1 hour per day	2 days per month	1 day per week
R 32 000/pm	20	**R 88 000**	**R 128 000**	**R64 000**

In practice it can be difficult to find such clear-cut optimisations, but it is not hard to imagine that across your organisation many such optimisations are possible. Each optimisation could have a knock-on effect, freeing up time for not only the staff directly involved, but staff relying on the outcomes of those optimised processes. When you start freeing up 1 day per week across multiple departments, it quickly becomes obvious that the cost of not getting a new system is extremely **high**.

These savings could mean a headcount reduction, or freeing up time to work on areas that add more value to your business.

If a subscription to a new ERP system will cost you less than the saving you would get through automation, then you are immediately making gains from the get go.

Employees rely on workarounds to do their jobs

Workarounds are not ideal. They are often undocumented and frustrating for staff, costing you time, money and staff satisfaction. Worst still, you need to identify those processes and ensure they are documented so that staff attrition doesn't cause a critical gap in knowledge.

It is difficult to gain insights into your business

Does your current system provide you with the reporting capability you need? Do you have full access to all the data that you need to make good decisions? Often data is spread across different systems, making it difficult to access, consolidate and glean real time accurate insights. In this day and age, you can be sure that your competitors have the tools that provide them with complete visibility into their business, enabling them to make data driven business decisions. Can you compete without those tools?

Routine tasks are cumbersome for your staff to complete

Simple tasks, such as creating a sales order, may require accessing multiple different applications or different areas of the system to complete. Ideally everything needed to perform the task should reside in one place to make it efficient. A bad user experience could mean the difference between 20 and 5 minutes per task, costing you a lot more than you realise.

# You don't feel in control of your business

This goes hand in hand with the ability to gain insights from your system. When too many processes are happening outside the system, it is difficult to get a handle on what is actually going on in your business. Are employees performing? Is data being lost? Did we lose customers because we didn't have stock, we didn't suggest an alternative, the price wasn't right, their order was overlooked, or we delivered inferior customer service. These are just some of the questions you could be wondering about. The costs are difficult to quantify when you don't have the information to quantify them. Often it is only when implementing a new system that companies realise just how restrictive their operating conditions were with their previous system.

Your employees are unhappy with the current system

If your employees are unhappy, they are not performing to their full potential. Often the system prevents them from utilising their skills, makes their job cumbersome, or simply eats up their time. If staff productivity increases by as little as 10%, imagine the benefits to your business.

The system is slow

Slow systems carry a hefty price tag for your business. If you have ever waited for assistance in a bank, home affairs, or even some retail outlets, you will have considered how much these sluggish systems are costing everyone. Slow systems can affect your business' reputation, and cost you money. The speed could also be a key contributor to employee satisfaction. Slow systems have a negative effect on productivity, customer service, employee satisfaction and your business' reputation.
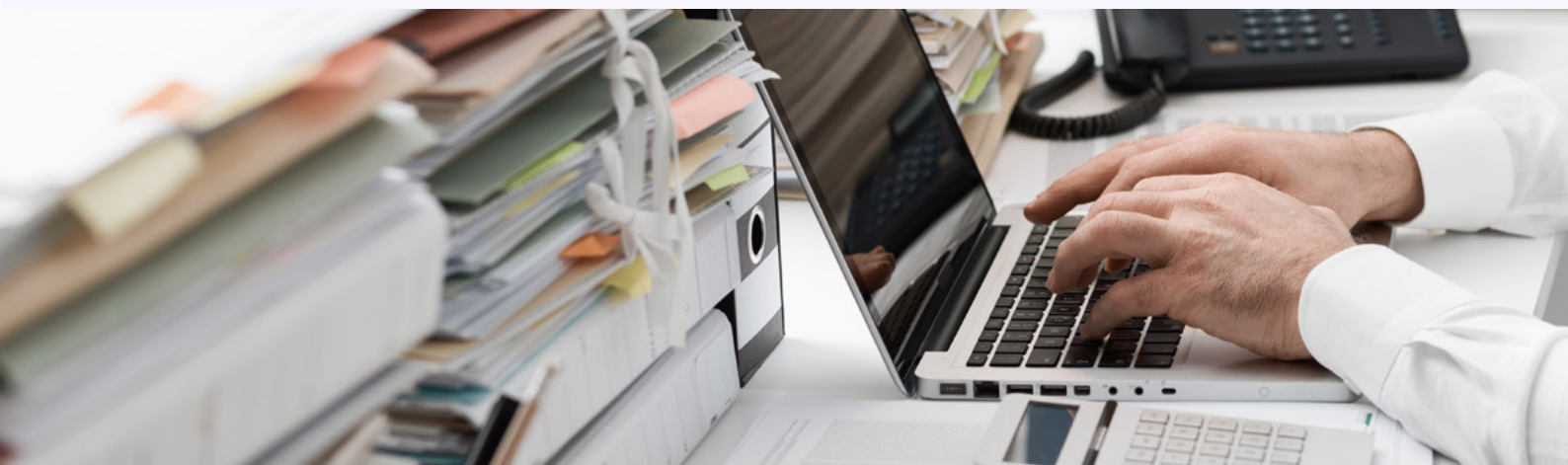
IT costs are high

If your IT costs are high, it may be worth considering a move to a cloud-based system. The cost savings are significant, as well as the many benefits:

- Data is backed up in multiple locations and considerably safer than an on-premise server.
- Data centres are highly secure meaning theft or tampering is less likely.
- Acquire extra space in your premises where your server infrastructure was.
- Save on electricity costs for both the servers and air-conditioning units.
- Eliminate the need for highly skilled IT staff responsible for maintaining those servers.
- You don't have to worry about firewalls, anti-viruses, ransomware attacks, denial of service attacks, etc.

System uptime is low and unreliable

If your system is not reliable, and does not deliver a 98+% uptime, then this could be a key reason to change. Unreliable systems result in lost productivity, employee frustration, customer dissatisfaction and will ultimately negatively impact your business' reputation.

Your system is not purpose fit for your business

If you are using a system designed for a different industry to yours, then your industry specific needs are not being met. You won't have access to all the features and tools you need to effectively manage, control and grow your business. You will probably have many cumbersome workarounds to contend with, and new staff will have difficulty learning to use the system. A system, purpose built for your industry, taking best practises into account, will deliver significant benefits as well as a competitive edge.

You experience 8 or more of the following problems

Some of these problems touch on aspects already covered but collectively they should give you a good idea of how much benefit a new system could offer.

Problem	Yes	No
Are you finding it difficult to compete in your marketplace?		
Do you need to grow or change faster?		
Do you have an increased time to market?		
Do you need a new competitive advantage?		
Are you having sleepless nights because of business pressures?		
Are you feeling constrained and limited by your current software?		
Do you have limited reporting and limited access to information?		
Is reconciling your financials taking increasingly longer?		
Do you have different software in different departments?		
Is it difficult to see information from multiple branches or multiple companies?		
Are there increased back orders and inaccurate sales forecasts?		
Are you duplicating information and experiencing bottlenecks?		
Do you have multiple spreadsheets and lots of different information?		
Do you have inventory problems?		
Are you fighting uphill battles with your stock ordering or shrinkage costs?		
Do you have an increase in staff dissatisfaction and staff turnover?		
Do you have an increase in customer dissatisfaction and customer turnover?		
Do you have outdated business practices?		
Are you duplicating work?		
Total		

If you answered Yes to 8 or more, then it's time to release your business to its full potential with a new ERP.

Are these the only points to consider when deciding whether a new ERP system is worth it? There are other factors to take into account of course. Factors such as the required business effort from your staff to participate in business process interviews and the initial implementation costs of the new system. These things need to be balanced, but the first step is to realise and acknowledge that a new system may be just what you need.

In today's volatile global and local trading environments can you really afford to have your business's ERP system hinder your businesses success? Of course not.

Cloud accessibility, accurate data, one source of truth, business transparency, drill down functionality, easy reporting, real time and end-to-end automation, are no longer optional extras, they are foundational building blocks needed to compete. The business of the future is built on the flexibility, automation and competitive advantage it can leverage today.