ERP software selection guide for small businesses

In modern times, changes are happening in the world of business and technology at the speed of light. These global changes have had a positive impact on businesses of all sizes, creating equal and fair opportunities for all of them. Tremendous growth and rapid advancements on all the fronts have meant that the world has become a small marketplace. With many countries opening up their economy for investments and at the same time making it easier for their companies to expand business overseas in this era of globalization, even the smaller businesses have opportunities like never before. They are venturing into territories where only the big boys of corporate world had access previously.

On the technological front too, the changes have happened at a brisk pace. Enterprise Resource Planning (ERP) software, long-standing allies of the organizations in this fiercely-competitive era of business, too have evolved with time and become compatible to the needs of modern-day businesses. With breakthrough success in areas such as cloud computing, mobility, and analytics along with significant progress on other fronts, the ERP software vendors these days offer increased functionality at a lower cost. This has opened the doors of contemporary ERP system for the enterprises of all sizes, ending the exclusivity of large-scale companies on these software.

This development is particularly important for small-scale businesses, as due to these changes on the business and technology front, they have been able to foray into a territory never explored before. With the backing of modern ERP solutions, small businesses are now entering markets earlier dominated by big companies. Though the competition has intensified and the market has become a crowded place, but the companies are doing well to beat the competition and stay afloat with the help of an ERP, which has empowered them with faster-time-to-market, effective R&D and product development, access to real-time data etc. to sustain in this age of competition.

Another significant change that has happened in recent years is that the ERP is now available for businesses of all sizes. Originally created for larger businesses, the modern ERPs are helping small businesses to act and compete like the large-scale businesses. The small companies are consolidating their position in the market with the help of right IT platform, which enables them to increase efficiency and productivity and allows faster and accurate decision-making.

Amidst all this, the ERP vendors continue to enhance the capabilities of their products keeping pace with the current technological trends. They continue to maintain ERP's position as the most-trusted partners for businesses of all sizes in their quest to streamline the operations, improve productivity & efficiency, and grow profits. In this case study, we'll look at how ERP has become an indispensable part of businesses of all sizes in today's economy, its benefits for small businesses, how to assess a small business' need for an ERP, and factors to be considered while selecting an ERP solution.

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Modern-day ERP

Before moving ahead, it is essential to understand what an ERP is. An ERP is a business management software loaded with a set of integrated applications that allow a business to collect, store, manage and interpret data from their different business activities, thus enabling business' overall smooth functioning. An integrated solution, ERPs have over-the-years helped organizations get rid of disparate systems and processes to bring the entire data on a single database.

A traditional ERP software, also known as on-premises ERP, has a database that resides on an onsite server and hardware. In case of a Cloud ERP — the modern version of ERP which currently dominates the ERP landscape — the software and its data is managed centrally at a remote datacenter (Internet "cloud") by the ERP vendor and accessed by customers through a Web browser. Cloud ERP is considered more useful for small and medium-scale businesses because of its lower pricing and bear minimum hardware requirements. At the same time, a Cloud ERP gives small businesses a sense of security on the data front, with its security requirements being more stringent.

Today, where everything is going mobile, the next-generation ERP too has welcomed the new dynamic of mobile ERP and the competitive advantages it brings. In this age of digital transformation, access of ERP from a mobile device has become the lifeblood of the business. In addition, the ERPs these days come with a standard Business Intelligence (BI) and analytics feature, which can provide actual intelligent data that can be used to drive business decisions and strategy. Moreover, with advent of SAP Business One on HANA, simplicity and speed of processing has gone up many folds.

Needs & challenges of small businesses & how ERP can help meet them:

Just like any other business, small businesses too have their own share of challenges. In fact, they have a lot more to worry about, right from dealing with the competitors and ever-changing market trends to the day-to-day operations that keep the business going. That's precisely why small businesses need a specialized solution to deal with the aforementioned challenges. And that solution is ERP. Take a look:

1) Manual data processing: Most of the small businesses are still stuck in the primitive era of manual data-logging into spreadsheets. It is just not going to work in today's fast-paced business environment, where the competition is tougher & competitors fiercer. The reason is simple, manual data entry takes time and can be inaccurate too. These errors and time delays can be costly for your business.

How ERP can help?

ERPs help integrate the data into a single system, which gives small businesses immediate access to key data like your financials, sales forecasts, inventory levels and a holistic view of their business operations in general, at any given time. This increases accuracy and empowers them with the information they need to do their jobs more effectively, thus improving the overall health of the business.

2) Intense competition: Any business, whether big or small, has to fend off the competition. However, unlike the big businesses, small businesses aren't really that prepared to take on the competition simply due to the limited resources or tools they have. They too need specialized tools to deal with the perennial threat of competition.

How ERP can help?

They need an ERP, which provides them with vital information that helps in reducing operational as well as administrative cost for their business. It also helps them monitor and control operations and make informed and wise decisions. An ERP streamlines the overall business processes, helps improve quality to retain the customer base and reduce the costs. In a nutshell, it helps small businesses become competition-ready.

3) Inaccurate scheduling: Efficient scheduling is the key to the success of small manufacturing businesses. And for efficient scheduling, data is the tool. Without using an ERP, a business can't have access to accurate data to plan the production schedules, which means the managers will have to spend lot of time preparing the schedules for the shop floor activities which will be more prone to errors.

How ERP can help?

An ERP will give them access to real-time data on demand and supply., which can help them with planning and efficient scheduling. Modern-day ERPs come loaded with the Material Requirement Planning (MRP) and Master Production Scheduling (MPS) functionalities, which allow you to utilize your time and resources optimally eliminating the chances of over- or under-supply.

4) Poor customer service: Business of any size cannot afford to neglect customer service, as it can be the difference between achieving weekly sales projections and falling short. If & when the small businesses start realizing this problem, it is time for them to think of a solution.

How ERP can help?

ERP solutions provide sales staff with access to instant data in order to make commitments that can be fulfilled well in time. This information also allows them to provide customers with accurate updates about delivery times and reduce cancelations and refunds plus increase repeat business.

5) Meeting quality and statutory guidelines: Meeting quality & statutory guidelines are as much a need for the small businesses as for the large-scale businesses, because a compliant business is more likely to keep the risk of fines, penalties and lawsuits at bay. Unlike the large companies, however, the small businesses find it difficult to meet the regulatory needs.

How ERP can help?

An ERP makes meeting quality and statutory guidelines easy. It provides visibility to the entire product flow, right from the procurement of materials for production to the supply of finished goods for supply, and makes it easy for the manufacturers to track the product, quickly create reports from it, and meet the regulatory guidelines.

Signs your small business needs an ERP:

1) No quick or easy access to data:

Real-time access to critical business data such as the material costs, inventory levels, order-specific details etc., is important for gaining valuable insights needed to run the business. This is something only an ERP can help you achieve. So if your manual tasks are slowing down the decision-making process, not giving you immediate access to data and reducing the overall productivity of the company, it is time to look for an ERP.

2) High bad debts & negative cash flow:

Keeping a tab on the debtors manually may result in high bad debts, for it will be virtually impossible for you to remind each one of your clients about the payment date. The failure to receive money on time will eventually result in negative cash flow, which means you will have to pay for the business using your own money or by taking loans. If this is the case with your business, it is time you go for an ERP which is readily available and can be accessed from anywhere.

3) Business documents generated manually:

If you are still preparing business documents such as customer quotes and invoices manually, investing a heavy amount of time in the process and also not being able to store them properly, it is time to make a move to ERP. A good ERP system will make it simple for you to maintain a standard template of your business documents. You will even be able to trace which documents you issued out when, no matter how long back it was.

4) High dependency on individuals:

When your business becomes heavily dependent on one or two key individuals and comes to a standstill state when they are not around, it is an alarming sign. Your business should never be overtly reliant on expertise and knowledge of few individuals, and must instead have standardized processes, so that they can be captured and able to be reproduced when it matters. This is again something which can be achieved only through an ERP.

Steps to choose the right software/vendor:

1) Self-analysis:

Any organization which aims to switch to an ERP must do a thorough self-analysis first. It involves getting a clear understanding of its business' needs, which the current system is not being able to fulfill. A SWOT analysis comes in handy, as it gives a good idea of organization's strengths and weaknesses, which in turn help in shortlisting ERP software that can prove to be the best fit for those needs. The organization should also set a fixed budget for the total process and try and not to exceed it.

2) Preparing/planning for the move:

Moving to an ERP from a legacy software isn't easy. There are a lot of things involved, which need to be meticulously planned. There needs to be a team in place to look after the project. This team should be thoroughly trained and must have all the requisite knowledge. Deadlines must be set and firmly worked upon. There should be alternate plans in place if in case the primary plan fails. Also, the team should be equipped enough to manage crisis/disasters, i.e. possible case of data loss, system failure or the implementation process going haywire.

3) Vendor short-listing:

This stage is about identifying which vendors best serve your requirements. Having identified your preferred software and platform (on premise or Cloud), you can go on to shortlist five or fewer vendors and products to evaluate. You must gather firsthand information about those potential vendors before proceeding to an in-depth vendor analysis. This can be done by talking to your professional contacts from the industry, who have worked with those vendors before, and also to the existing users. Take advice from multiple sources and validate them. In case you have shortlisted overseas vendors, ensure they check all the boxes mentioned in this blog.

4) Vendor analysis (demo, quotations):

The companies must then conduct an in-depth vendor analysis. There are multiple ways of doing it. They can either hire an ERP consultant or create an in-house vendor selection team, who can view the prospective vendors' demos and assess them on multiple parameters such as their industry and

technical expertise, functional knowledge, expertise in project management, background check, implementation strategies, Total Cost of Ownership (TCO), license fees, requisite tools and resources to fulfill the needs of the implementation, long-term support post implementation, future development roadmap, so on and so forth. The software you finalize should be flexible and also have scope to accommodate the latest trends like Artificial Intelligence (AI), Big Data Analysis, Internet of Things (IoT), etc. and other advancements.

5) Training/support has to be an ongoing process:

One of the important factors to be kept in mind before finalizing the vendor would be to ensure that you get continued, consistent and uninterrupted support from his end even after the implementation. Add training part too, if there's a new technology that is needed to be learned. Training, knowledge transfer and continued support are a major factor while selecting an ERP.

6) Final decision:

After considering the different types of criteria (functional, technical, financial, etc.), and going through the negotiation phase, you will be able to find one vendor that can not only provide you with the best software for your needs, but also will also implement it on time, within the budget, be able to fix bugs and answer all your queries promptly.

Conclusion:

Any business, be it large-scale, small-scale or medium-sized, needs an ERP solution. All the businesses have their specific challenges which they cannot deal with simply on their own. With changing technological and business landscape, it has become all the more important for the businesses to follow the guidelines, abide by regulations, maintain reports & documents, meet quality parameters, manage resources, cut down on costs, et al. This can only be achieved by standardization of their business processes, streamlined operations, effective waste management, etc., all of which is made possible by an ERP.

Moving to an ERP is a very crucial decision for any organization, given the amount of cost, time and other resources are involved in it. Hence, it must be taken after meticulous considerations. The four stages involved in ERP selection mentioned above most likely will help you succeed in finding the right ERP vendor match for your business. Remember, self-knowledge is necessary and the most important tip. It is only based on your own business' requirements that you can look for a vendor who can fulfil them. So, be updated with your business requirements and based on them, shortlist a few vendors, assess them thoroughly on different parameters as mentioned above, and then make the decision based on the review. Easy, isn't it?

If you are in the process of selecting a technological vendor for your company, we could be of a great help.

Who We Are:

BatchMaster Software is one of the market leaders in offering enterprise software solutions for the process manufacturing industries. With an in-depth industry analysis, we clearly understand the unique industry challenges and help them address those challenges through our industry-specific ERP solution.

more than
2500
Implementations

more than
40000
Users

more than
3000
Happy Customers

more than
30 Years of
Experience

more than
500
Employees

7 Offices
Worldwide

Don't lose your existing software; Integration available with:

SAP ®Business One | *Tally* | Microsoft Dynamics GP | sage

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