3 Ways ERP Can Streamline Manufacturing for Small and Midsize Businesses

The list of reasons why small and midsize manufacturers might choose not to implement an enterprise resource planning (ERP) application is long and includes explanations such as a lack of IT resources, the belief that ERP is only for larger companies, and confidence that the organization has gotten this far without ERP so it can move well into the future without making the investment. The trouble is, organizations that have not yet moved to ERP and don't have any plans to do so in the future could find themselves missing out on capabilities that can help streamline the business and increase sales and profits.

ERP Helps Optimize Inventories
A major benefit of implementing ERP is the control it provides over manufacturing inventories. From materials required to manufacture a product to the end product itself, a good ERP application provides capabilities such as bills of materials, material tracking, and inventory management, each of which is a factor that a smaller manufacturer is probably managing by manual entry in a spreadsheet. Manual entry is prone to duplication and mistakes; introducing an ERP application can help reduce those duplications and inventory errors and automate inventory requirements so that materials always arrive just as they're needed rather than taking up space in a warehouse.

ERP Helps Manufacturers Anticipate Customer Demand
Another benefit of implementing ERP is that it can be used to collect and report data that point to trends in customer demand. When data are tracked manually and only historically, it's difficult to tell what levels of inventory are necessary from one season to the next. Sure, the business can make an educated guess based on the previous data, but those historical data don't account for current changes in the market.

Such a guess also doesn't account for deviations in customer history. For example, if one of your top clients goes out of business and you're working on strictly historical data, the result might be costly manufacturing overruns, but a manufacturing ERP application can alert you to significant changes in customer demand, both historically and in real-time, making it easier to more accurately anticipate future demand.

ERP Helps Automate Processes
If a process is definable and repeatable, then it should probably be automated. Many small and midsize manufacturing organizations are filled with small tasks that are both definable and repeatable, yet a human being is responsible for ensuring that those processes are complete. Unless there's a major reason why a person must perform these processes manually, they should be automated. A manufacturing ERP application can help your organization discover and automate the tasks that don't require human interaction. The hours saved through automation

can then be reinvested into the organization for projects that have more value, such as innovation.

In the past, ERP software was a capability to be relegated to small and midsize manufacturers' wish lists, but it's no longer a wish list item. To stay competitive, these smaller manufacturers need to invest in ERP to optimize inventories, anticipate customer demands, and automate processes, because it's only with these capabilities that a manufacturer can streamline processes and stay competitive.

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