

## **ERP integration can help SMEs expand business reach**

While Indian SMEs usually overlook the benefits of ERP citing ERP software being beyond their budgets as the reason, it is beyond doubt that ERP implementation can improve a company's performance manifold. My feeling is that despite the fact that penetration of IT in SMEs is much below its potential, they are now slowly waking up to the importance of adoption of IT tools in their operations and are realizing the necessity of setting up intra and inter-office networks.

Considering the current market realities, SMEs today need to understand that with ERP software they can not only systematically arrange and assimilate all systems of entering data and processes, but also understand and adapt to retailers' business requirements and thus respond faster and frequently to product orders from retailers.

Adapting to changes in the multilateral trading system and for the management to know what is happening in the organization is of utmost importance and ERP implementation can help businesses achieve cost control and low working capital as also integrate latest technologies to remain competitive for survival.

I strongly feel that by proper ERP integration, businesses can expect far-reaching results like reduced working capital requirements and improved customer service. They can also reduce purchase costs considerably and bring in more clarity and accountability throughout the organization.

Having said that, several SMEs and even big businesses were unable to reap the benefits of ERP implementation. When I tried to comprehend the reasons for the failure of these companies, I found that lack of visible top management support or commitment and poor ERP package selection were the key reasons for their failure.

But all said and done, it goes without saying that implementation of ERP in businesses will not only act as a complete business software solution, but will also help companies to expand their reach of business quickly.

Last but not the least; ERP is an investment and not a cost. The investment will pay for itself.

## Did you know you can profit from ERP?

While SMEs are slowly waking up to the fact that adoption of IT tools in their operations can make them more competitive, the penetration of IT in SMEs is much below its potential. In many cases it is seen that buyers are required to automate order entries and their status and companies that are unable to provide this information have a significant disadvantage.

Though SMEs usually shy away from integrating new IT tools in their operations, they are however fast realizing the necessity of setting up intra and inter-office networks, reliable IT infrastructure and the value of Enterprise Resource Planning (ERP) and software products. They are now becoming aware that machinery with the latest technologies available to them which in turn utilize IT in areas like production monitoring, quality monitoring, quality control, etc. can streamline things and do away with unnecessary flab.

Since the Indian market after a couple of months of slowdown is growing again, every company will want to take advantage of the existing market dynamics to grow rapidly. For this, they have to learn from their earlier mistakes and all the same adopt new technologies. Indian SMEs are growing at a rapid pace and to fuel this bullish trend they need a software package to manage their growth.

SMEs today need ERP products to expand their business quickly, compete better in the Indian and global markets. In the absence of an ERP system, an SME may find itself with many software applications that cannot communicate effectively with one another. ERP systems allow inventory levels to be kept at maximum efficiency and aid the company in becoming more profitable. They also eliminate the problem of synchronizing changes between multiple systems, be it finance, marketing and sales, human resource, and manufacturing applications.

However, most SMEs are still wary of the benefits of ERP. Although ERP can act as a complete business software solution, companies in this sector feel that most ERP software are beyond their budgets, thus overlooking a vital fact that the advantages of ERP integration far outweigh the expense. Moreover, the downward movement of costs of hardware has made ERP packages more affordable.

Since the main objective of any ERP software is to systematically arrange and assimilate all the systems of entering data and processes, as related to business, SMEs can do away with challenges like adapting to changes in the multilateral trading system, reviewing internal business processes to confront from market forces, understanding and adapting to retailers' business requirements, developing strategic alliances with retailers, and fast and frequent responses to product orders from retailers.

The call of the day is to equip oneself with modern technologies and business processes like ERP solutions that can further provide unlimited access to information and enable one's company to compete effectively.

Those who have integrated ERP software in their operations are already reaping the benefits and they will surely agree that ERP solutions have indeed changed the way they do business now. Without doubt ERP can significantly improve the productivity of the SME sector and thus go a long way to improve business activities.

### ***WHY ERP IN BUSINESSES:***

- To systematically arrange and assimilate all systems of entering data and processes
- To adapt to changes in the multilateral trading system
- For the management to know what is happening in the organization
- To achieve cost control and low working capital
- To integrate latest technologies to remain competitive and for survival
- To do away with geographical gaps and to develop strategic alliances
- To satisfy customers with high expectations
- To understand and adapt to retailers' business requirements
- To respond faster and frequently to product orders from retailers



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### *ADVANTAGES OF ERP IMPLEMENTATION IN COMPANIES:*

- To expand reach of business quickly
- To integrate financial information
- To integrate customer order information
- Standardizing and speeding up manufacturing
- Standardizing Human Resources Information
- Increasing productivity and quality levels
- ERP can act as a complete business software solution



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### ***REASONS FOR ERP IMPLEMENTATION FAILURE:***

- Lack of visible top management support or commitment
- Inability to identify functional requirements
- Poor ERP package selection and ill-advised cost cutting
- Inadequate resources or lack of time schedule
- Resistance of employees to change
- Lack of involvement by those responsible for implementation of ERP software
- Inadequate communication or arrogance
- Misfit of software with business processes
- Unrealistic expectations or benefits from ERP implementation
- Inadequate training and poor project design or management

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### ***ERP AND INDIAN SMEs:***

Penetration of IT in SMEs is much below its potential

SMEs feel ERP software are beyond their budgets

SMEs are slowly waking up to adoption of IT tools in their operations

SMEs are fast realising the necessity of setting up intra- and inter-office networks

SMEs are now using machinery with the latest technologies

SMEs are now utilizing IT in improving production, monitoring, quality control, etc

Indian SMEs are bullish in using software to manage growth

Downward movement of costs of hardware making ERP packages more affordable for SMEs

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***EXPECTED RESULTS FROM ERP INTEGRATION:***

Reduced working capital requirements

Improved customer service

Improved direct labour productivity and reduced obsolescence

Reduced purchase costs

More clarity and accountability throughout the organization

Reduced overtime and improved quality of life.

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