

How Does ERP/Business Automation Save Money?

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There is much discussion on just how much is saved by using [ERP or business automation](#). Here are a few of the areas that are big money savers and even revenue generators.

Most companies have a mix of several software applications to manage the daily operations. Applications such as [QuickBooks](#) (which the Toolbox interfaces or talks to), [Microsoft Excel](#), [Access](#), [Word](#), and [PowerPoint](#), [Adobe Acrobat](#), and other programs that all work to organize an enterprise, no matter how big or small. This system of many technologies works well if everyone in the company knows how to use the various software packages and if file versions are correct. How many times have we all been working on a Word or Excel file only to find that someone else is also working on the file and our work is all for naught. It is a significant cost savings for everyone to be working with the same data and information and to update these files in real-time. There are many stories about loss of income due to human error. One of my strongest impressions came from a situation in a local excavation company. The weather was hot and muggy that day and the site supervisor opened his truck windows and a very important gravel invoice blew out the window. That invoice was for \$100,000. That was \$100,000 that was not invoiced to the customer (the accounting department only invoices for the amount that is backed up by paper), so the gravel company was not paid for over 60 days as the excavation company was not aware they owed the gravel company because the paper invoice was no where to be found. This compounded the problem even more as the gravel bill included monthly interest charges of 2.5% per month. The story further erodes as the excavation company's customer did not agree to pay the back charges for the gravel and the excavation company was out \$105,000. The size of the error was not common for the excavation company, but it was one of many that could have been avoided by using an ERP system. If a properly configured ERP system was in place the site supervisor would have never had a piece of paper, but the gravel company would have emailed the invoice or better yet would have entered the invoice into the ERP system directly and the invoice would have distributed electronically to the accounting department to be included in the final invoice. The customer would not receive any nasty surprises, the gravel company would be paid on time (may even be a bonus for early payment), and the site supervisor would not have to sweat the loss of revenue to the company.

Manufacturing and service companies need the ability to calculate gross profit and other Key Performance Indicators (KPI) in order to stay on top of shrinking profit margins. The companies also need to be able to make the most profit from their products and services and in most cases with shipping and handling, transportation, packaging, materials costs, labor costs, and other expenses it is difficult to isolate the performance of a person, product, or other business center without employing consultants to maintain spreadsheets and databases that produce these reports. An [ERP](#) system is designed to provide you an up to the minute reporting of your KPI's. The cost of consultants and the maintenance of the reporting system alone is more than covered by the Jobsite Toolbox analytical features.

When a company gets to a certain size the workflow has to be smooth or the company will reach a point of stagnation in the process. When people are waiting for their colleagues to finish a task or project before they can proceed, that costs the company by the minute for lost productivity. When a company has too many orders or support requests coming into the company in bunches, the company will not be able to keep up and will not be able to satisfy their customers. One example of this was a company that provided support for their software. Before they implemented an enterprise wide support system they were fielding calls the "old way" when they were small and had few customers. As the customer base increased, the price of the software solution increased, and the product matured, the calls started to mount up for not just one or two customers, but all customers. One day the CEO and COO of the company were having dinner with one of their favorite clients and it was revealed to the executives there were several outstanding and critical issues that were unresolved. After the awkward and embarrassing situation of not knowing all the issues and not being able to comment on the state of the support, it was determined to install a system right as soon as possible. The system was installed and now the CEO and COO can check on the support status of all the customers and each of their issues prior to a meeting with the customer. How does that save you money? A customer support system integrated into the [ERP](#) system ensures that everyone in the company is on a level playing field and everyone can search the archives to see how problems and cases were resolved, this simply saves time and effort and expense. Not to mention that the company got a much needed boost in credibility with the tools that helps them to appear as professional as they possible can.

In conclusion I have to say that I only discussed three ways to save money, albeit each of the three are big issues. The point is that there are literally hundreds of processes in a company of any size and if there is an ERP system in place to automate those processes, nothing will be missed and you will save money in many areas. I liked the attitude of Ian Reid of Finning Canada (www.finning.ca) when he was talking about injuries on the job. When he first came to take over the presidency of Finning Ian was told by many in the company that injuries in the workplace were just a way of life. Ian refused to believe this way of thinking and has managed to reduce injury in the workplace by over 90%, his goal is zero injuries. It is resolve like Ian's that also ensures a company's profitability and efficiency. An [ERP](#) system properly installed and embedded in the company culture is the best way I can think of to achieve more with the resources at hand. Think like a big company and use the tools they use and you will succeed. It takes leadership and an unwavering faith in the process to make anything succeed.

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