

If Cash is King, Then ERP is Queen

Posted At : February 9, 2007 1:08 PM | Posted By : Tom West

Related Categories: VGT Technologies Inc., Business Process Management (BPM), ERP, Tony Perkins, Rafe Needleman, Collaboration Products, Tom's_Blog

If Cash is King, Then ERP is Queen

As a small business guy myself I can tell you without the shadow of a doubt the only reason I can continue is because I've had enough cash to pay my bills. I was moved to write these thoughts down and to expand on the thoughts after reading [Tony Perkin's latest Blog](#). I was first introduced to Tony's media group after [Rafe Needleman](#) joined [AlwaysOn](#) for a short period of time. Rafe wrote up one of our ventures, VGT Technologies, a few years ago and I think he has moved on to other pursuits outside of journalism.

To run out of money is to go out of business. That boils things down to a very simple focus and businesses need to find a way to keep on top of the cash flow.

I say what better way to keep on top of your business than to record every transaction, save it in your database or data warehouse, and then provide the tools to be able to instantly analysis and report your current status. Most companies have a series of spreadsheets, Word documents, and even Access databases. That is the first stage of organization and when a company is ready to grow, the company will install an ERP system. Your ERP system tells you where your business stands at all times.

The point of this Blog is to explain how an [ERP](#) system accelerates your cash flow and focuses the actions of the Enterprise on cash flow and all of this without losing your humanity and essence of your company.

- Contracts created automatically and instantly simply cut time out of the sales cycle. Remember that you enter the information into the data warehouse once and all paperwork is created with a mouse click.
- Scheduling tools ensure you that you will complete the project within the parameters of the contract, getting paid as soon as you are complete.
- Job management tools help the sales people to stay on top of the sale from start to finish, further ensuring payment. Customer's may feel neglected if their sales representative is no longer in the loop, [ERP](#) ensures that the relationships are left intact.
- Direct connection to the people in the field using handheld computers also speeds up the process of invoicing. As the person finishes a task, job, or contract then the person submits the invoice number and assurance that the job was completed and it is ready for inspection and/or the next step in the process. The incentive for the folks in the field doing the work to use the handheld system is their cash flow is also accelerated because they will get paid faster due to the streamlined invoicing process.

I think it is also important to talk about cash flow reporting and how an [ERP](#) system will change your life forever.

- KPI reports, where is the money coming from and how long does it take to collect the money? These are important questions to ask, particularly when cash flow has dried up and we need to find where we get cash to pay the bills.
- Milestone reporting is critical as we need to know when we can expect to collect, how much we can expect to collect, and our track record of meeting milestone dates.

In summary, as the business gets bigger the tools to manage the business need to be up to the task and that includes cash management. Having to manage cash never goes away, it just gets more challenging so it is best to get a [solid system](#) you can rely on and get it as fast as you can afford to do so. Manage what you have, manage the process of bringing it in, and keep track of it all so you can continually get better.

Tom West, Technical Toolboxes Canada, Ltd., twest@ttoolboxes.ca, +1 403 235-3495 x201, www.ttoolboxes.ca, Skype: [twest1960](#)