Pains and benefits

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Reasons for purchasing (buying)

- Pain

- Pain and vision distinction (difference)

- Searching for the pains depends on :
  - market segment
  - size of the company
  - ownership
  - position in SCM
  - position of the person

Reasons for purchasing (buying)

- dormant (latent) pain : it exists, but it is not presumed

Example : collecting money late, paying to early ->crippled cash-flow

Reasons for purchasing (buying)

- **real pain**
  - a real pain (lack, deficiency, shortage), which are wittingly admitted by the customer

Examples : high value of the stock(inventory), due date performance is low, laborious and not exact calculation of production cost…

Reasons for purchasing (buying)

- vision
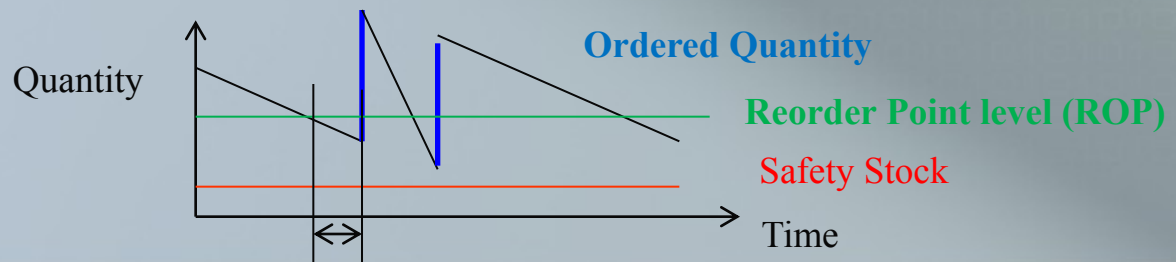 - particular (tangible) idea of the pain killer

Example : use of a good algorithm for replenishment planning replenishment …

	Type	No.	Action Message	Accept Action M...	Replenish... System	Description	Location Code	Original Quantity	Quantity	Unit of Measure
	Item	80214	Change ...	✔	Purchase	250MB Disks/2pack	BLUE	200	150	PCS
	Item	80214	New	✔	Purchase	250MB Disks/2pack	BLUE		100	PCS
	Item	80217	New	✔	Purchase	Power Supply Cable			30 000	PCS
▶	Item	80217	New	✔	Purchase	Power Supply Cable			70 000	PCS

DEFAULT Default Journal Batch - Req. Worksheet

Name . . . . DEFAULT

Quantity

Ordered Quantity

**Reorder Point level (ROP)**

Safety Stock

Time

If inventory level is below ROP, then replenishment is suggested

Creation of the pain chain

- **General pain :** difficult analysis reports from existing data

- **CEO view :** owners push me hard every week to supply results !!!!!

- **Inventory manager** : I cannot optimise manipulation movement !!!! **Do it immediately !!!!!!**

- **IT manager :** to get right data in right time I must transfer and modified a lot heterogeneous data in takes time and I am overloaded

Reasons for purchasing (buying)

- what is the reason for the change (buying) ?
- what do you expect for the new solution ?
- reason for investment to the solution ?
- what do you think will be improved the most ?
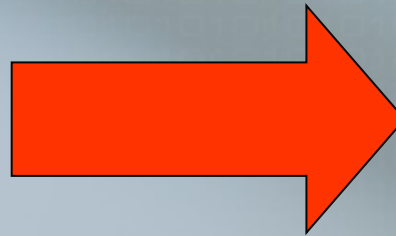
Pains in the information processing

- All what any competitors is doing could be easily copied anywhere all over the world

- You cannot duplicate culture (organization system, the way you manage people and relationship to information)

- The unique enterprise is specified first and foremost by access and links the people and information

- **Work on computer is not the same as a work with information** !!

Pains in the information processing

- manual /batch processing
- BAR code reader
- heterogeneous databases
- Homogeneous databases, XML ports,…
- uncertain information
- on-line data processing, automatic data integrity checking
- errors
- Total quality management (to avoid errors in the future)

Pains in the information processing

- shaky system
- Transaction processing , stable DB , automatic backups
- difficult implementation of add-ons, customization and upgrades
- Tools for upgrade top object oriented development tools
- complicated way of system usage
- Standard commands for every application –unique user environment
- too much IT managers
- Modern ERP requires less of standard IT guys and more IT guys understanding methods used to control enterprise processes
- High price/ low system performance
- Long term TCO (Total Cost of Ownership)
-

Pains in the financial management (accountancy)

- late access to information, difficulties in finding the reason why any entry (transaction) was created
- Navigation functions,workflow, dimension, Business Analytics, …
- comparing actual and expected is a foolish dream only
- Budget functionality, On-line data….
- difficulties in of applying (invoices<->payments)
- Functionality allowing manual or automatic apply using unique entry numbers and possibility easily un-apply recently wrongly applied entries

Pains in the financial management (accountancy)

- difficult analysis of the customer or vendor balances
- Flow field (calculated fields)
- unconvincing repairs of wrongly posted documents
- Necessity to generate corrective documents
- futile / doubled operations
- Integrated database- every record is written only once
- unequal load of the users during the period of one month
- Continuous accounting – decrease of number of the accountants and less stress during closing at the end of every period

Pains in the CRM, workflow and financial management (accounting)

- out-of-date information
- CRM directly connected of Sales, Purchase and Inventory
- processes such are Sales, Inventory, Manufacturing, Purchase and Accounting are not connected
- All above mentioned processes are connected
- out – of - date or wrong information about customers
- Questioners – evaluation of their profiles, connected to Sales
- rigidity of sales processes
- Tracking of the business opportunities, tasks and activities and follow up procedures
- difficult substitutability of sales people
- Work flow and better and flexible access to the information
- Non-existent   E-Shop
- Integration with Outlook, E-Shop application, B2B, B2C, document management

WIP

Posting Date	D...	Document...	G/L Accou...	Description	G...	G...	G...	Amount	B...
15.01.09		101006	2130	Direct Cost 1250 on 15.01.09				-0,35	G...
15.01.09		101006	2140	Direct Cost 1250 on 15.01.09				0,35	G...
15.01.09		101006	2130	Direct Cost 1250 on 15.01.09				-0,95	G...
15.01.09		101006	2140	Direct Cost 1250 on 15.01.09				0,95	G...
15.01.09		101006	2140	Direct Cost 1250 on 15.01.09				36,00	G...
15.01.09		101006	7791	Direct Cost 1250 on 15.01.09				-36,00	G...
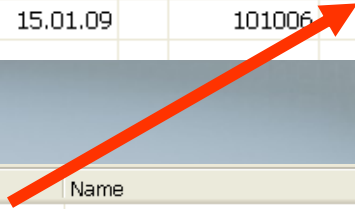
No.	Name	I...	A...	Totaling	G...	G...	G...	Net Change	Balance
2140	WIP Account, Finished goods	B...	P...					37,30	37,30

TH=Throughput=F(WIP)

Based on Little´s law
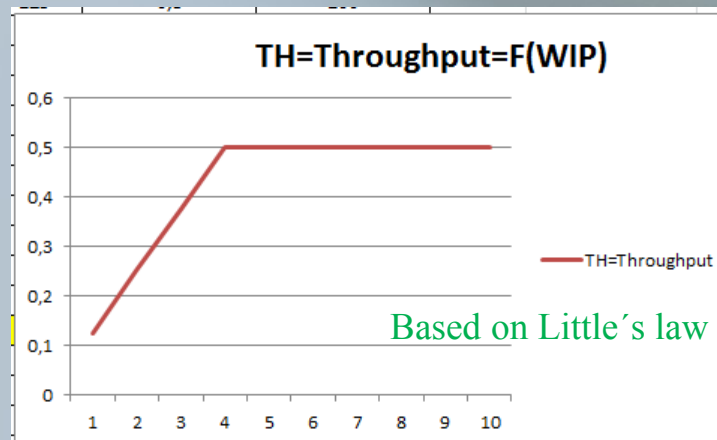
Pains in the manufacturing processes

- useless manual work spent to issue documents
- Automatic Data Capture, XML data ports, PDA, touch screens
- difficult planning/ changes in production
- **MPS** (Master Production Schedule), MRP-II, JIT and direct link to sales and production orders for direct planning from sales orders (netting), manual MRP, automatic suggestion of replenishment and automatic issuing of purchase orders
- difficulties in subcontracting management
- Subcontracting worksheet in MS Dynamics
- constrained capacities of resources in production
- Graphical planning tools, TOC application

Touch Screen application
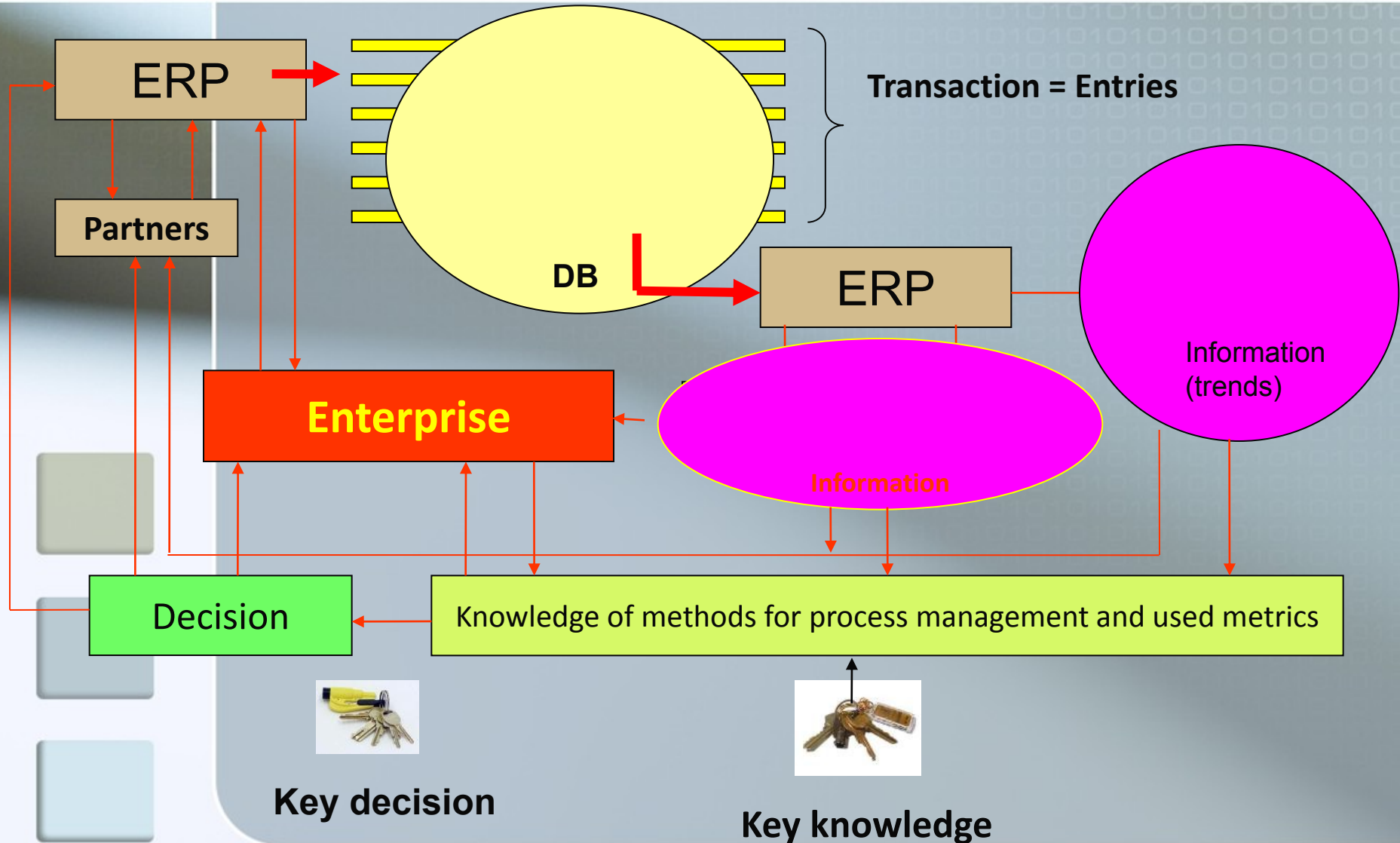
Master Production Schedule

Graphical planning

Pains in purchasing and inventory

- Processes such as Purchase-Inventory-Production-Accounting are no connected internally
- Dynamic tracking
- A huge volume of stock (value , quantity)
- Use of appropriate reordering policies, properly setup of safety stock, netting, prognosis (forecasts)
- Purchase is not flexible
- EDI, automatic price generation, use of substitutions and cross references
- Insufficient information about vendors
- CRM
- Futile purchases/payments
- Workflow and operation approve, netting, use of modifiers on the Item card
- Difficult stock (inventory) management in different places
- Use of location, bins and responsibility centers

Pains in Inventory Management and Purchase

- Not even workload of purchasers
- CRM, activities, tasks, business opportunities, priorities
- E-Shop does not work or such a solution does not exist
- Biz Talk
- Difficulties in item tracking (lots, serial numbers, warranty expiration)
- Item tracking functionality of MS Dynamics
- Virtual stock (CD catalogues) does not exist
- Non-stock Items functionality

Simplified diagram of ERP usage

Transaction = Entries

ERP

Partners

DB

ERP

Information (trends)

Enterprise

Information

Decision

Knowledge of methods for process management and used metrics

Key decision

Key knowledge

Others

- Change log
- Inter-company posting (More companies)
- Business Notification
- Menu modified by users e
- Responsibility centres
- User Portal – Internet / Intranet
- Commerce Portal – B2C
- Commerce Gateway – B2B
- OLAP + Business Analytics

Thanks a lot for your attention

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