



10 CRITICAL CONSIDERATIONS FOR SELECTING RUBBER AND PLASTIC ERP SOFTWARE

INTRODUCTION

The ERP software selection process is not an easy one for companies in any industry. Simply put, software selection can make or break your company. The selection and implementation of this software can be one of the most tedious and costly tasks that your company takes on which is why it's extremely important that your company's ERP selection process is done correctly. For your selection process to be successful, you must have a firm understanding of factors such as your company's budget, people involved, system requirements, and the time and resources required for the process.

No matter how big or small your company is, your ERP system must provide functionality to meet all business needs and streamline all of your business processes from one single database to increase process efficiencies, reduce operating costs, and increase profitability. ERP systems can make rubber and plastic manufacturing companies more competitive and profitable if used correctly. The contrast between the success and failure of an ERP system begins as early as the selection process. If a company chooses the wrong ERP system, the results could be devastating financially.

When it comes to ERP selection and implementation for rubber and plastics manufacturers, it seems that the same common mistakes are made repeatedly. This white paper will provide insight for your company's selection process and provide you with information on some of the potentially fatal blunders that could weaken your final decision if you do not take them into consideration.

[#1 Thinking Long Term](#)

As mentioned before, the selection and implementation of an ERP system is an expensive and important process. Often, a company will make a quick and uneducated decision on an ERP system because those who work for the company were only thinking of the short-term cost and benefits. Usually, the system ends up failing and costing the company millions of dollars.

For example, in 2004, information technology giant Hewlett-Packard lost \$160 million due to a failed ERP implementation. This was more than five times what the estimated cost of the project was. A long-term approach to the selection and implementation process may have saved the company millions of dollars. Other well-known companies such as Nike Inc. and The Hershey Company have lost millions of dollars in the past due to ERP implementation failures as well.

Long-term planning will most likely avoid a costly mistake. It is important to select a system that meets your needs now, but also has the flexibility and scalability to grow and change with you in the future.

Taking a long-term approach to ERP selection and implementation can help ensure the success of your system and help your company thrive.

Also, if both you and your ERP system vendor are dedicated to a long-term partnership, a successful ERP selection and implementation is almost guaranteed for rubber and plastic manufacturers that will last for many years down the road.

[#2 Seek Input From Leaders Across the Company](#)

Before making a final decision, it is imperative that you seek input from people within your company as well as those in the rubber and plastic manufacturing industry that have gone through the ERP selection and implementation process previously.

Internally, it is important that you consult a number of key individuals before deciding on an ERP system.

[Executives](#)

It is important to consult company executives before making any important business decision. In the case of ERP selection, it is no different. Company executives can provide a long-term vision of the company that will be vital for making a decision on an ERP system.

Getting executives behind an ERP project also helps get others in the company behind it as well. If top-level executives are behind this process, there will be a trickle-down effect, and company adoption rates will increase rapidly.

Be sure to seek out the assistance of your company's chief executive officer, president, and/or chief financial officer, among other key executives.

Managers

Line managers representing each of your company's divisions as well as managers from other areas of the business, such as customer support, finance, etc. should be a part of the selection process as well to ensure their departmental needs are met.

Information Technology Department

Your IT staff will be especially knowledgeable about the company's technological infrastructure, which will help you ensure that the ERP systems you are considering will fit into the overall technology strategy and integrate with other critical systems. Seek their input so they can immediately tell you which systems will work, and which will surely be a failure for your company if eventually selected.

#3 Create a List of Your Company's Requirements

According to a recent ERP study, the top reason ERP system projects fail is because of incomplete system requirements. To avoid this happening to you, it's critical that you create an extensive list of all of your company's must-have requirements for an ERP system.

After speaking with company executives, managers, and the IT department, you should be able to easily gauge company requirements to pull together an extensive checklist to help guide you in your search for the best-fit system.

After this list is created, you must evaluate all requirements on the list and see which ERP system in consideration will have that functionality to meet business needs. This will most likely help narrow down the process if you have multiple ERP systems in consideration.

However, there is no single ERP system out there that will meet every need of every business. Additional customization, development, or third party integrations may be necessary to get the full functionality you are looking for. Additional work like this should be kept to a minimum, but is a viable option.

It may also be wise to create a list of the things your company wishes to change with the implementation of an ERP system. If a certain system in consideration will not help achieve these changes, you'll want to ditch it.

#4 Look for Manufacturing-Specific Functionality

This may seem obvious, but some rubber and plastic manufacturers make the mistake of failing to ensure the ERP system they choose has the correct manufacturing functionality. Before selecting an ERP system, you must first determine if you are a process, discrete, or

mixed-mode manufacturer. When it comes to rubber and plastic, the difference can often be blurred.

ERP software designed for process manufacturers differs greatly from ERP designed for discrete or mixed-mode manufacturers.

Because discrete rubber and plastic products have a low volume and are extremely complex, an effective and flexible discrete manufacturing ERP system is required to improve quality and keep costs low. In process manufacturing, ERP software must be tailored to provide lot traceability, pricing, process batch control and reporting, and formulas and recipes, among other important functionality.

Mixed-mode manufacturers require ERP software that manages product traceability and raw material lead times, and improves forecast accuracy, as well as other key needs. In essence, they require a mix of features found in both process and discrete manufacturing ERP systems. However, only a handful of ERP systems like SYSPRO and Sage ERP X3 are available today for midmarket businesses that need to manage both process and discrete manufacturing operations in a single system.

After making the determination of which type of manufacturing your company does and the type of ERP software it requires, you can begin to make sure the ERP systems you have in consideration contain the functionality your company seeks for successful implementation.

While every company is different, many require the same basic functions in an ERP system. Some features you should look for when searching for manufacturing-specific ERP include:

- Shipment tracking
- Traceability
- Work center scheduling
- Audit management
- Plant maintenance
- Logistics
- Electronic Data Interchange (EDI)
- Inventory management
- Production scheduling
- Analysis and reporting
- Shop floor data collection
- Financial modules

Unlike generic ERP systems, industry-specific ERP is developed to specifically meet the requirements of those in the target industry (in this case, rubber and plastics manufacturing). If your company chooses a generic ERP system instead, customizations will need to be made to make sure the system meets your needs, which will likely cause longer implementation time and cost your company more money in the long-run.

#5 Realize the Importance of Vendor Selection

It is important to remember that selecting the right rubber and plastic manufacturing ERP software vendor is just as vital as choosing the ERP software itself. Before making a final decision, make certain the vendor has extensive experience in the rubber and plastic industry and can provide solid references that are willing to speak with you about their experience with the vendor in question.

Start the selection process by simply conducting an Internet search specifying your company's needs or reach out to industry peers and ask for a reference if they are happy with their current vendor. After conducting a search and sifting through the results, you should be able to narrow your findings down and come up with a short list of vendors that will potentially suit your needs.

After creating your list, it may be wise to schedule a short phone call with a product expert from all ERP vendors in consideration. These calls will give you a better idea of the vendor and the solutions it provides instead of simply relying on a brochure or something you read online.

#6 Talk With External Resources

It is important to also seek input from external references. Talk with industry individuals who work for a company that has already selected and implemented an ERP system. This will help you gauge which systems could work for your company, and which are likely to fail. If you are a member of an industry association, seek the help of other members as well before making a decision.

Finally, much like you may look at customer reviews before deciding to stay overnight at a hotel or eat at a restaurant, you will want to consider searching online for customer reviews of the ERP systems you are considering. Specifically, look for customer reviews from those in your industry to ensure the review applies directly to your company.

As you near your final selection, you should ask your ERP vendor for references in their industry, and then call them to ask some questions about the system and their selection process including:

- How is the system working?
- How is your experience with the vendor going?
- Would you refer this system to another company?
- Are you content with your choice?
- Why did you choose this system?
- What is the biggest problem you've faced?
- How would you rate your overall experience with the system?

#7 Consider Total Cost of Ownership (TCO)

Total cost of ownership (TCO) is a financial estimate intended to help buyers and owners determine the indirect and direct costs of a product or system, such as an ERP software system. Calculating the TCO for an ERP system is a key measurement of a company's return on investment (ROI).

The TCO calculation is especially important for comparing different ERP systems. Evaluate the TCO of each system in consideration extensively to ensure that the budget will be allocated enough for the implementation of the system. Your company could end up losing millions of dollars if you fail to do this.

When companies do not consider all of the costs while developing their budget, the price of the project can skyrocket, which will most likely create a huge problem. Effectively analyzing the TCO of each system in consideration will help you make an informed decision that will benefit your company.

Before selecting ERP software, be sure to look at your budget and consider all potential costs of implementation, including:

- Maintenance
- Customization
- Cost of software
- Training
- Per user license costs
- IT personnel
- Cost of facilities
- Internal costs
- Support
- Upgrades
- Additional modules
- System enhancement
- Consultant fees
- Firewall software

#8 Evaluate all Options

Too often, rubber and plastic manufacturers will find and choose an ERP system that they are sure is the right one. However, they will do this before evaluating every option available to them.

In “Software Buying Trends,” a 2013 Capterra Report, it was found that 22% of companies surveyed purchased the first ERP system they looked at. This is an astonishingly high number, and shows that many companies are not thoroughly researching all of their options.

Rubber and plastic manufacturers must realize that one system does not fit all. Process, discrete, and mixed-mode manufacturing ERP systems all differ from one another. As mentioned before, each type of manufacturing method requires a customized ERP system.

For example, in discrete manufacturing for serialized products, each product has a different serial number, and that is how a discrete ERP system tracks them. In process manufacturing ERP, the system tracks products by a lot number, an identification number assigned to a specific quantity (or lot) of material from a single manufacturer. Mixed-mode manufacturers which are common in the rubber and plastics industry often need both methods of product tracking – serial number and lot number – as raw materials such as resins and ingredients will typically be lot tracked while the finished goods could be both lot and serial tracked. Companies that fabricate products from the raw materials of rubber and plastic will assemble, bend, drill, cut, and weld these materials into finished goods. These manufacturers often use a discrete ERP system such as Epicor ERP or Sage X3 ERP. These systems can handle the unique needs of rubber and plastic manufacturing companies and can also support some process manufacturing capabilities for companies that require the mixing and synthesizing of their materials.

Even if you are “positive” you’ve found the right ERP system, be sure you have explored other systems that could be a potential fit for your company before making a final decision in the selection process.

[#9 Create a Project Schedule](#)

Before making a final decision on which ERP software to use, it is important to create a project schedule that will display a plan of all the events and benchmarks your company plans to achieve through the selection and implementation of an ERP system.

Creating a project schedule will ensure that your company will find and implement an ERP system that meets your needs and wants.

Here are some of the stages you should include in your project schedule:

- Teams
- Goals and objectives (Smart, measurable, attainable, realistic, and time-bound)
- Communication points
- System tests
- Training
- Data conversion
- Implementation completion time
- Evaluation after implementation is completed

Creating a project schedule is important because it will keep things in order and help your rubber and plastic company gauge whether the chosen ERP system is effective in the end. Be sure the schedule is detailed extensively to avoid confusion within the company.

#10 Schedule a Demo

In 2013, one-third of ERP buyers did not even demo a system before selecting it, according to a survey by Capterra. This is a terrible mistake that could cost your company millions.

To avoid this costly blunder, schedule a demo with vendors to gain a better understanding of each system in consideration. The demonstration is as much about the system as it is about the vendor.

Usually, there are three types of demo options available: video demo, free trial, and vendor guided. Each option has its own pros and cons, so be sure to know which one will benefit your company the most.

No matter which option you choose, be sure to put together a demo team that represents different areas of your company that will sit in on the demo. Sit down with the entire team prior to the demo to create a list of the functions you wish to see demonstrated. This will ensure that you get the most out of the demo, and will help you decide if the ERP system is right for your company.

As mentioned before, taking a long-term approach and developing a long-term relationship with your ERP vendor will aid in internal adoption and increase the probability of a successful implementation of your chosen ERP system so it's important to find a vendor who can work well with your team, knows your industry, and has proven success with the ERP system you choose.

CONCLUSION

This may seem like a lot to do prior to selecting your ERP software. However, you'll be glad you took these steps into consideration when you're up and running on the right system and reaping the benefits it brings.

ERP system selection can be a long process and may even take several months before you've successfully selected the right ERP system and worked up an implementation plan, but don't let that give off the impression that it will not be worth your company's time. When successfully utilized, an ERP system can provide your rubber and plastic manufacturing company with a huge return on investment.

Begin planning right from the start and use the important considerations in this white paper to your advantage to ensure the successful selection and implementation of an ERP system to maximize the success of your business.

This white paper should only be the beginning of your research into the art of ERP system selection methodology. The more sources you seek online or elsewhere to increase your knowledge, the more likely your company is to have a successful ERP selection and implementation project.