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COMPLIMENTARY WHITE PAPER

What is
ERP
& the
5 steps
to
choosing
the right one
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In the fast-moving, competitive construction industry a dilemma is often faced. You know there are some aspects of your business that could operate more efficiently however taking the time to look at how to remove these inefficiencies takes valuable time and resources away from current works. This article has been compiled to give you a no-fuss explanation of exactly what an ERP system is and steps to follow to ensure you choose the right system and vendor, the first time around.

What is ERP?

ERP stands for Enterprise Resource Planning. ERP is a software system that facilitates the flow of information across your entire enterprise. Therefore, all your business functions, whether in the same building or the other side of the world, have access to comprehensive, accurate information in real time. Further, ERP integrates and streamlines business processes, making your organisation more efficient, and more accurate, plus allowing for informed business decisions to be made quickly.

Why would my company want an ERP?

Integration is central to the appeal of ERP. Rather than using standalone software applications for business functions, ERP integrates them all for increased productivity, accuracy and, in turn, profitability. ERP chains together the processes involved with financials, projects, customer relationship management, manufacturing, human resources, marketing, supply chain management and data warehouse with one central database repository and one computer platform.

What benefit would my company gain?

The benefits your company will achieve from successfully implementing an ERP are vast. The principle benefit is control. Others include productivity, revenue and profitability increases, cost and risk reductions plus global decision optimisation. These benefits stem from the ERP removing duplication, synchronising workflow, and producing more information available in real-time and in a standardised format.

Who uses ERP systems?

ERP used to be primarily for large multi-nationals (MNCs). This is no longer the case however as more and more small and medium companies (SMEs) discover the benefits of ERP. ERP allows SMEs to maintain their ability to react to changing industry conditions faster than MNCs while also achieving efficiencies that were never before possible. Of course, as supply and demand go hand-in-hand, there are also now many ERP vendors who have developed systems specifically for SMEs that deliver them these benefits at an affordable price.

So, how do I pick the right one?

As the ERP system you choose to implement will have tremendous impact on your business for many years, the decision of which vendor to partner with is of strategic importance to your organisation. Having seen the right vendors and the wrong vendors chosen for many different companies in the Australian construction industry over the past 20 years, we have developed a five step program to follow to ensure you choose the vendor that will see your company reach its fullest potential.

ERP systems see duplication removed, processes streamlined and are commonly upgraded annually or bi-annually to ensure their customers are ahead of their competition.

“If you follow these steps, 20 years of experience has told us that you should be on the right track”

Step 1.

Review your processes.

Document your current business processes, where you think issues lie, what you particularly do not want to change and where the opportunities for improvement lie. These processes can then be used in the search for your software vendor as they form a checklist against which vendors can demonstrate their software’s capabilities in the context of your business. Further, if any of your current business systems provide your company with a competitive advantage, it is important for new software packages to align with these current processes or to do so with minimal customisation.

Step 2.

List of requirements.

Create a comprehensive and prioritised list of functions your organisation is looking for the ERP system to perform. To be most effective, this list should have input from end users about what they need in their roles as well as input from management and executives. The list developed can then be used as a basis on which you review software vendors as the system you choose should be able to handle everything on your list.

Step 3.

Understand the full costs involved.

The right system will see your company achieve significant return-on-investment over time. However, to best forecast your desired return-on-investment, all associated costs must be known. Sales representatives often downplay the costs of an ERP system through the sales cycle, however it is essential to know all costs before the software decision is made rather than after you are already committed. Costs to ask about may include implementation, upgrades, maintenance and support costs. In relation to the implementation it is important also to have a clear definition of the scope and methodology.

Step 4.

Look for industry and country specific vendors.

If you are competing in the Australian construction industry, it is usually recommended you look for a vendor with a track record of success with this particular market. As you well know, the construction industry has its own peculiarities that differ from other industries. To get the most out of your system, your vendor must not just think they know your industry, they need to live and breathe your industry.

Step 5.

Seek objective advice from independent sources.

Sales people from every software company will almost always tell you they have the best product for your company. For this reason, it is recommended you talk to people who have worked with each of the systems in your final short list and see how they performed for their organisations. This is a necessary step to validate what the sales people are telling you to be true about their products. Some companies may even hire an ERP consultant to manage the project of choosing the right vendor on their behalf..

If you follow these steps, 20 years of experience has told us that you should be on the right track to finding the software vendor that will most effectively see your company reach its full potential.

For more information on choosing the right ERP vendor for your construction company contact LEVESYS on +61 7 3004 6100 or at info@levesys.com.