Enterprise Resource Planning [ERP] Solution

ERP : Definition

✓ ERP is a set of integrated business applications, or modules which carry out common business functions such as general ledger, accounting, or order management.

✓ IT software that integrates business activities across an enterprise

What is ERP?

- ERP is short for enterprise resource planning.
- An ERP system is an attempt to integrate all functions across a company to a single computer system that can serve all those functions' specific needs.
- Support business through optimizing, maintaining, and tracking business functions.
- From product planning, parts purchasing, inventory control, and product distribution, to order tracking.

Evolution /History of ERP

▶ 1960's - Systems Just for Inventory Control

▶ 1970's - MRP – Material Requirement Planning
   (Inventory with material planning & procurement),
   MMAS-Material Management and Accounting System.

▶ 1980's - MRP II – Manufacturing Resources Planning
   (Extended MRP to shop floor & distribution Mgnt.)

▶ Mid 1990's - ERP – Enterprise Resource Planning
   (Covering all the activities of an Enterprise)

Components OF ERP!

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- ## Accounting and Finance
  - This gathers and manage financial data and financial processes from various functional departments and generates valuable financial reports such as balance sheet, general ledger; trial balance and quarterly financial statements.

- ## Human Resources
  - This component maintains a employee database containing information about employees contact information, salarydetails, attendance, performance evaluation and promotion details.
  - This component helps the management to make use of the employees best talent.

Components OF ERP!

- Manufacturing
  - This component provides the information needed for the manufacturing process to take place.

  - It contains number of manufacturing methods, so that the organization can choose the best which fits for them

  - Bills of Material, Scheduling, Capacity, Workflow Management, Quality Control, Cost Management, Manufacturing Process, Manufacturing Projects, Manufacturing Flow.

Components OF ERP!

Projects Management

- Project management is the discipline of planning, organizing, motivating, and controlling resources to achieve specific goals.
- Costing, Billing, Time and Expense, Activity Management

- ## Customer Relationship Management
  - Involves managing all aspects of a customer's relationship with an organization to increase customer loyalty and retention and an organization's profitability.
  - Sales and Marketing, Commissions, Service, Customer Contact and Call Center support.

Components OF ERP!

- **Supply Chain Management**

- Supply Chain Management (SCM), sometimes referred to as logistics, improves the flow of materials through an organization by managing planning, scheduling, procurement, and fulfillment, to maximize customer satisfaction and profitability.

Major Things for ERP Implementation :

- Flexibility of software system upgrades
- Availability of internal technical knowledge and resources
- Education and training
- Need an outside consultant
- Implementation strategy and execution

Advantage of ERP

- Business Integration
- Improved customer service and order fulfillment
- Improved communication with suppliers and customers.
- One common system - less duplication, more efficient.
- Reduce inventory.
- Saves enormous time and effort in data entry.
- Improved business performance.

Disadvantages of ERP

- High Software cost
- Consulting Fees.
- Forced change of processes.
- Very complex software
- Lack of trained people
- Not Internet-ready

Conclusion

- ERP is a key backbone application for companies in a fast changing industry.

- The risks in an ERP implementation are usually outweighed by the benefits.

- ERP is recommended in an organization not only because the advantages outnumber the disadvantages but also by keeping in mind the ways to overcome the disadvantages. An organization has to correctly weigh the advantages and disadvantages of ERP before going for them