

Acme Manufacturing Status Report

Acme Manufacturing is identified as a small/medium enterprise employing 150 staff members. Based on its classification, several assumptions could be made such as the following:

- Financial stability refers to a firm's ability to meet its obligations despite adverse situations, (Mazars,2021). Despite contributing to the economies of emerging economies, SMEs historically faced challenges such as; constrained access to funds, shortage of skilled labour, infrastructure deficits, and strong competition among other challenges which affected their financial status and stability. (Mbatha & Ngibe,2017).
- Alongside the lack of skilled labour, this implies that SMEs also have limited access to the technological capabilities required to compete with other industry players.
- Inadequate strategic planning is one of the factors undermining SME success implying that the organizational structure of such firms is likely to be inadequate to meet its future growth goals. (Hangraeni & Sinamo, 2021).
- Lastly,the research notes that SMEs have a high risk profile due to the challenges involved in describing the risks within their business model. (Page, 2016).

Hence, the implementation of an enterprise resource planning system for Acme Manufacturing is contemplated amid these assumptions that are in the absence of contrary information.

- ❖ Business risks of SMEs: Among multiple risks that the firm may need to overcome include: strategic risk, security risk and business interruption risks. (Crowe,2020):
 - Most SMEs lack formalized decision-making processes, increasing strategic risks. With shifting external and internal environments, addressing this risk involves strategically preparing for transitions through research and planning. Continuous improvement addresses this risk. business interruption risk occurs due to the effects of unforeseen circumstances including natural disasters, supply chain issues, and pandemics.
 - Overreliance on primary plans and failing to provide contingencies expose SMEs to interruption risks (Crowe, 2020). These risks can be mitigated by creating business continuity plans that help SMEs respond to crises and minimize the impact of interruptions.
 - SMEs face increasing exposure to cybersecurity risks which occasion disruption, financial loss, and reputational damage. Formalizing risk management and incident response processes is required to mitigate cybersecurity risk and limit downtime.

Considerations For Proper ERP Selection

For effective ERP selection, each option has its upside and downside.

- ⇒ The commercial ERP alternative offers well-tested and established systems which provide adequate solutions for firms. However, they also have a restrictive cost aspect. The \$100K software purchase and \$50K support package introduce a cost that may not be practical for an SME. There are also significant costs associated with installation.
- ⇒ On the other hand, open-source ERP is increasingly popular because there is no need for installation; users can link their systems to the ERP. Vibrant community support also ensures that problems can easily be addressed. Besides, open-source ERP supports more diverse platforms (Baggott,2019). However, the community support may fail to offer solutions to challenges leading users to become stuck.
- ⇒ Data issues could also inconvenience the company and create costly problems. Due to its open-source approach, bugs are not addressed.(Baggott,2019)
- ⇒ Therefore, an in-house solution presents a cheap alternative with available in-house support. The legacy system would be efficient for firm-specific tasks, to create continuity in business operations, and create a familiar system that provides all the benefits of ERP.
- ⇒ The users may, however, experience compatibility problems, functionality issues, costly maintenance, and greater exposure to security vulnerabilities (Vlad, 2021). As technology changes, old interfaces may be redundant, and replacing the system could prove problematic.

Reference List

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