

# MAKING THE NUMBERS ADD UP

Choosing the right accounts solution for your manufacturing business is vital to ensure long-term success

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**M**ost, if not all of your company's departments will be affected by the selection of a new manufacturing system, so it's important to ensure that the selected solution meets the needs of the many, not the few. That means you need to ensure that heads of each and every department affected are actively involved in this process.

However, the decision-making process is not as clear-cut as it might first appear. There are some common traps that many companies consistently fall foul of:

#### The blinkered consultant

If the selection/implementation process is led by the finance department then they will often involve consultants who focus mainly on that area, and they may not have a full understanding of other departments' needs. One such example was an existing 123insight user that was told by a consultant that they should consider an ERP system with fully integrated accounts. They'd been using 123insight for nearly five years but were told that moving to an integrated solution would 'take them to the next level'. One year, a lot of heartache and over £100,000 later and the system still wasn't working correctly. The final nail in the coffin was a stock take that resulted in duplicated serial numbers. They returned immediately to 123insight, adding an interface to Sage 50 accounts, which subsequently met all of their needs. It's worth noting that they were only able to return to 123insight because of the low monthly subscription – if they'd had to choose another system they would have had to spend a similar amount, with no guarantee of success.

#### The safe bet

There are several companies that are best known for their accounting products that also offer manufacturing software. As the saying goes, 'No-one ever got fired for buying IBM'; however, just because a brand may be seen as a market-leader in one sector it does not necessarily follow that their

offerings – whether in manufacturing or accounting – will be suitable for you.

A study showcased in *Computer Weekly* magazine, published in February 2018, stated that businesses have less than a 50% chance of an SAP software implementation succeeding. The survey of 113 individuals across 105 companies (<https://bit.ly/2PbkloW>) found that just over a third (36%) felt their SAP project kept to its original plan and under half (48%) said their project failed to achieve business objectives.

#### The imposed system

During a company acquisition the parent company may choose to impose their own accounts and/or manufacturing systems on the acquired company, often not understanding that the needs of the two companies may differ significantly. This is a significant factor in why some businesses fail after acquisition – not because enough investment wasn't made or that the business was failing anyway, but because the business was forced to implement a system that simply could not deliver what they needed.

#### Inter-departmental friction

There is often the most tension historically between finance and other departments when implementing a manufacturing system, because the financial aspect is often seen as the most important requirement. This issue is compounded by the fact that many ERP systems are accounts-led, leading to a system being selected because it meets all the finance



**Inset: Martin Bailey, marketing manager at 123 Insight**

department's requirements and is seen to be an all-encompassing system. We've talked with production staff at prospective companies that have said that 123insight is a perfect fit for their business, only for them to be overruled by the financial director choosing an accounting system with a 'bolt-on' manufacturing product that we simply know will not deliver.

**What does the term 'integrated accounts' even mean?**

Usually, a vendor that has an MRP/ERP system where accounts is provided as part of the product brand will refer to it as 'integrated'. It may be that the product started out as one (e.g. accounts) and grew over time, often through acquisition, to include the other. When a vendor buys a software company in order to integrate the product into their own it tends to be a mixed-bag. As a standalone product it may well have been strong, but there are many horror stories of disjointed interfaces and functionality that does not cross over between key areas of the software.

However, integration does not have to be between two products from the same supplier. Many systems – both MRP and accounts – are designed to allow simple and easy data exchange. In fact, any system that did not offer such facilities would be 'dead in the water'. Customers expect systems to be able to play nicely with each other, and it's often seen as a commercial consideration that only benefits the vendor when connectivity and functionality that should be simple is blocked. Apple's 'walled garden' is a prime example, with many apps unable to offer the same functionality available in their Android equivalent because of restrictions that Apple places on the operating system.

**What 'integration' do I really need?**

This is the real 'nuts and bolts' of it. Your sales and purchasing departments need to know information such as credit limits, accounts on stop, outstanding invoices and payments made for both customers and suppliers. Staff may need to be able to quickly make decisions such as 'can I take this order?' or 'am I able to order these parts?'. It may also be important for your despatch department to have visibility of a customer's status, as the situation may have changed since the order was placed. 123insight's accounts connectivity options provides tight integration with popular accounts systems such as Sage 50/ Sage 200, Access Dimensions and Xero and allows sophisticated rules to be created, providing warnings or aborting transactions based on credit status. This ensures that you can choose the best accounts system for your company's needs without compromising on your manufacturing system.

**Do I really need that level of integration?**

Smaller companies often feel that the fully integrated solution is akin to using a sledgehammer to crack a nut. Perhaps they have several licences of accounts software or their business is structured in such a way that financial controls are not necessary within the MRP software itself. Then, your only consideration is ensuring that information is in sync between the two systems – namely the sales and purchase ledgers.

This in itself should not be a major undertaking: after all, the data you are passing across systems should be similar.

However, there are certain considerations. There may (read: should) be levels of security to protect data from possible corruption during import from MRP to accounts, so you need to ensure that any data is validated and logged during import.

**How do you choose?**

All of these points go to reinforce the mantra that 'best in class is the best'. Choosing a system that ticks all the boxes for some departments but that is mediocre at best for others is false economy. While you will probably resolve many of the problems that you set out to resolve you will almost certainly create new ones in other areas.

Different accounting packages have different strengths. Depending on your business, some will be more suitable than others. For example, for companies using multi-currency and operating in different countries the selected system must be able to come with different taxation laws.

**Covering all the bases**

While your manufacturing software provides a backbone for your business, it's the financial software that controls the lifeblood. How you choose your manufacturing and accounting systems will depend on which direction you are coming from. Maybe you are happy with your accounting system and looking to implement MRP for the first time, but are wondering if you need something all-encompassing. Or perhaps you've outgrown your existing accounts software and are not sure whether replacing like-for-like is going to stunt growth further down the line. 123insight has all of the bases covered. 



**Read the full article at: [www.123insight.com](http://www.123insight.com)**

