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10 Operational Efficiencies All Growing Product-Centric Businesses Need for Success

Introduction:

No matter the particulars of your product-centric business — whether you're primarily a distributor of finished goods, or you work closely with third-party vendors to assemble complex products, or you deal mostly with business-to-business transactions — there are certain key elements that your ERP solution needs in order for your business to survive and thrive.

These operational efficiencies are the oil in your ERP engine. They're what will carry you further than the competition and facilitate growth as your business continues to evolve.

Whether you're a seasoned operations manager looking to evaluate your current ERP solution or you're just starting with your research on how to take your warehouse to the next level, the following list of operational efficiencies to consider will provide valuable insight into what you should be looking for in an ERP solution.

Efficient and effective inventory management

First things first — there is a big difference between tracking and managing inventory, and if your ERP solution doesn't allow you to effectively manage your inventory, that's a big sign that you need to be considering a change.

The key differences between tracking and managing inventory can be summed up in the following ways:

- Tracking inventory is all about seeing quantities, and it doesn't provide meaningful information about inventory cost.

- Tracking inventory usually provides an "estimated cost," generated by whatever number you input into your system, and does not reflect the actual, or "physical," cost of your inventory.

- Managing inventory allows you to see your inventory cost stack and cost layers and *gives you LIFO/FIFO data.*

- Managing inventory provides in-depth information regarding true cost, individual sales transactions, sales trends, and more, which are necessary for forecasting future growth.

Essentially, the only question that tracking inventory answers is, "How much of my product do I have?" With this process, there's no readily available data that tells you what you paid for that item, or what it's costing you by sitting on your warehouse shelves.

Managing inventory, however, gives you access to this information. By effectively managing your inventory, you're able to make more informed decisions about your pricing, purchasing, warehouse management, and more.

Some businesses are able to function just fine by only tracking inventory. However, these key distinctions between tracking and managing can spell either growing or plateauing for your company's sales and profits, so make sure you're using the method that's best for the future growth of your business.

Intuitive item creation, editing, and entry

Your inventory has the potential to be one of the most complicated elements of your business. Depending on the nature of what you sell, you could be dealing with a high SKU count, items that need to be sent offsite to be assembled, kits or bundles (more on that later), and more.

For a product-centric business to be successful, you need easy access to inventory item details, and you need to be able to create or edit those items just as easily. For example, let's say that you decide to start purchasing one of your items from a new vendor. How easy is it for you to update information such as pricing, SKUs, or warehouse location in your ERP software? You need to reevaluate your ERP system if the answer is anything more complex than, "It's a piece of cake!"

Along these same lines, adding an inventory item, even a complex one such as a kitted item or an item that requires outsourced work, needs to be a simple, intuitive process. Time spent wrestling with software that complicates adding items to an order is time wasted.

Access to kits or bundles

Sometimes the items that you're selling aren't as straightforward as you'd like them to be. If you sell hats, they're pretty easy to describe and price. It's either a baseball hat, a beanie, or maybe a fedora, and price is easily calculated.

If you sell products that are a little more complex, though, such as made-to-order computers, it's not so simple. What first seemed like a "simple" finished product is actually a combination of many different parts — there are different hard drives, amounts of RAM, processors, and other parts to a computer that make it a fairly difficult item to price and sell.

Such items are best managed and sold as kits (sometimes called bundles). Kitting or bundling allows you to create an inventory item that is a combination of other inventory items, plus options like labor and other intangibles. By selling your items in this way, pricing is much easier to determine, and keeping track of all the different parts of the whole is simplified.

You might think you don't need the ability to use kits or bundles, but it's a feature that could make a big difference in your operational efficiency. Take a close look at your inventory and determine whether or not this potentially vital feature is something that's missing from your current software setup.

Simple reorder point determination

Before you can sell your inventory, you've got to purchase it. How do you determine when it's *time to restock your shelves*, though, and how much to purchase at a time?

The answer to both of these questions is found by calculating your reorder points. There are a few different methods behind determining reorder points, but the main goal of each is to help you identify the "magic number" of inventory items you need on-hand in order to strike a balance between having enough stock for your customers and not wasting precious warehouse space.

The right ERP solution will offer you tools to help you determine your reorder points — all you should have to do is plug in the numbers. Resources such as these need to be readily available to your operations team, as they play a crucial role in facilitating growth for your business.

Multiple location support

When it comes to location support in ERP systems, the more, the merrier. Even if your business can easily fit all of its inventory into one warehouse currently, you've got to keep the future in mind when it comes to choosing operational business software.

One thing your ERP solution should never do regarding multiple location support (or anything else) is stand in the way of progress. Your solution needs to scale with you and, ideally, act as a key factor in your growth.

When demoing a new ERP solution, ask about other customers who use this software. How many warehouses do they maintain? How many employees use the software? How many SKUs does it support? Are there data limitations? These are only some of the *many questions* to ask when evaluating whether or not a given ERP solution has what it takes to keep up with you and your company.
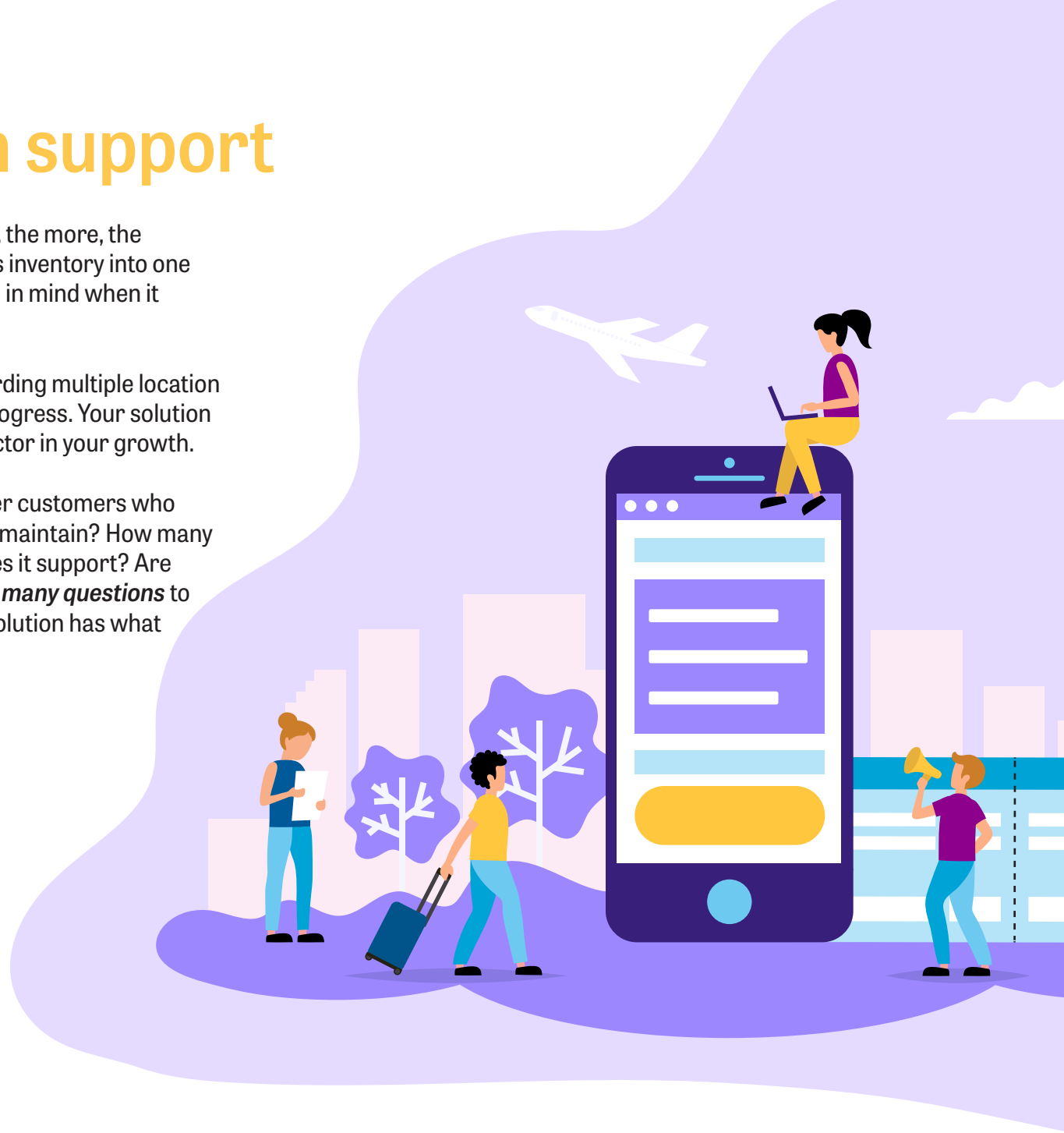
Smart CRM capabilities

Now, this may seem like we're stating the obvious (and we are), but your customers are the lifeblood of your business. If they aren't happy, your business is going to stagnate, or worse.

Powerful CRM capabilities will elevate your business's performance and keep those happy, satisfied customers coming back for more. So what are the hallmarks of a smart, efficient CRM setup?

- Ready access to up-to-date customer information, including shipping and billing addresses, assigned sales reps, tax information, and any other pertinent data
- Thorough records of customer interactions, such as email exchanges, phone calls, or visits with sales reps
- Easily obtained transaction history, complete with information on each item purchased
- Options for rewarding customers with special pricing, discounts, or other exclusive perks

Having all of this data at your fingertips will help you meet and exceed your customers' expectations. Today's customers are a savvy bunch — they expect, and rightly so, a quick, well-informed response to any inquiry, and they expect the entire interaction to proceed without unnecessary delays.

The right CRM capabilities will wow your customers with your dedication to providing them with top-notch service, and will bring your company's operations to the next level.

Easy and fast reporting

A gut feeling that your operations are humming along just swimmingly isn't good enough — you need the numbers to prove it.

Your ERP solution needs to support easy report generation. Pulling data should be as simple as just a few clicks. If it isn't, that's another sign that it's time to start evaluating your options.

Don't settle for only pre-built reports, either. Almost any ERP solution will offer a handful of pre-configured report options, and most will be fairly useful. If you're limited by those options, though, you're going to run into trouble down the road. Situations change and new questions arise. Your ERP solution should offer you tools that allow you to pull a wide variety of customizable reports across all of your data sets.

Accurate, reliable reports don't just reassure you that your operations are running smoothly — they inform your decisions going forward. You need to be able to trust the data that you see in your reports. If you're pulling data from multiple platforms (say, from different ecommerce storefronts), are you confident that this data doesn't conflict with itself?

Integrating different sources of data for your reports can be tricky. Make sure that your operational software suite *includes a solution* that guarantees that all of the data you pull is always up-to-date and accurate.

Customizable security profiles

You know what they say: a chain is only as strong as its weakest link.

Not everyone in your company should have access to the same data. Your warehouse employees don't need to see customer history or item pricing data, and your customer service reps probably don't need to have vendor contact or sales performance information.

In an ideal world, no one would abuse access to information they didn't require, but sadly, we don't live in an ideal world. With data such as customer payment information and company revenue numbers on the line, you need to be certain that you can control who has access to what within your operations software.

Verify that your ERP solution makes it easy to configure security parameters for different user groups. You should be able to assign certain levels of security to user groups depending on their needs, and it should be easy to adjust those securities, should you need to.

Visibility into the sales pipeline

Just as you should be able to easily determine your reorder points, you should be able to *peek into the sales pipeline* to see what's coming next. In the world of efficient inventory operations, it's all about inventory flowing in and out, and being ready for the both the highs and lows (hopefully there are more highs, though).

A lot of this visibility into what's happening with inventory sales will come through workflow, which we'll cover next, but what's not handled by workflow is covered by transparency across departments. If you're running your operations from an ERP solution that is able to tackle sales and customer service responsibilities as well, access to crucial information becomes easier across the board.

If security profiles are configured correctly (see our previous section), the warehouse will be able to see what's coming down the sales pipeline without having access to too much information. When everyone is on the same page because they're all working from the same reliable ERP solution, you can rest easy knowing that the warehouse is not going to be surprised by a huge, unexpected order.

Workflow you can trust

The final consideration we want to bring to your attention is a big one: workflow you can trust.

Workflow, in SalesPad's eyes, is a powerful flowchart that allows you to efficiently process sales documents. *The perfect workflow* has the power to transform your business operations. This sounds dramatic, but it's true.

By laying out a clear, defined path for each and every sales document, workflows provide that crucial visibility into the sales pipeline that we talked about in the previous section. Workflows allow anyone from warehouse foreman to the CEO to quickly check in on the status of any order in the system, all with just a few clicks.

When your business processes (or workflows) are fully contained within your ERP solution, you can rest assured that all paperwork is always up-to-date, and that everyone involved has access to what they need to get their job done correctly and efficiently. And with highly customizable workflows that offer conditions and rules you can apply to further refine your processes, your efficiency as an operations manager is really only limited by your creativity.

In conclusion

No business is ever running at 100% efficiency — no matter how tight your operations, how creative your workflows, how accurate your reporting, or how dialed in your reorder points, there is always room for improvement. But by paying close attention to these 10 considerations, you're well on your way to ensuring peak business performance.

What's most important in your dedicated pursuit of efficient operations for your product-centric business is the toolset available to you. Without the right ERP solution at your side, you're going to hit a wall sooner or later. Make sure you're regularly evaluating your ERP setup to ensure that it's facilitating growth, not hampering it.

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To learn more about SalesPad's ERP options, *reach out to us!* We offer solutions for both cloud-based and on-premises ERP operations, and we'd love to start a conversation with you.

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