Achieve Excellence And Make Better Decisions In 2013

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Complexity—particularly market complexity—is predicted to increase over the next three years. So to better manage processes and deliver operational improvements, organizations need to simplify the impact of this complexity and make better, more informed decisions. But to achieve operational excellence, organizations are going to need to fundamentally and fully exploit all information sources to reach the highest possible level of visibility and intelligence along the value chain.

The first step? Access to data. This includes the diagnosis and interpretation of this information and its application to the decision-making process. It’s important to note that this data must be current because although you need historic data to identify trends and make comparisons, “old” data may compromise your operational decisions, ultimately costing your business.

By analyzing real-time data throughout your organization, you can confidently identify areas of underperformance, production or supply-chain bottlenecks, and low-selling product lines. You’ll be able to find out about changes in customer orders, delays in raw material delivery, and revisions to your production completion schedule. That means you can react to situations that affect the services you provide.

To be operationally efficient, you need to ensure this information flows to relevant users. By automating and streamlining processes from department to department or person to person, you create a holistic, integrated decision-making environment, where you can make proactive operational decisions at every level of your business.

The result? Your company becomes more agile, and you increase the rate at which you can serve your customers and get products to market—giving you a stronger competitive position. If you become more agile and faster than your opponents, then growth should follow, and you'll continue along a circle of improvement that is fundamentally supported by visible, intelligent, and comprehensive business information.

Barriers to better decision-making.
The case for improved decision-making capabilities is clear. However, having the right tools is imperative, and technology is the fundamental tool to create the environments.

According to an IDC Study manufacturers see their existing IT—and, in particular, their ERP system—as one of the main barriers to effective decision-making (1). Traditionally a system of record stemming from the transactional financial system, many ERP systems that were purchased to support a '90s business model now seem rigid and inflexible, and often stand alone with little or no connectivity to other systems. This fragmentation means there's little or no data exchange or information flow due to an IT infrastructure that reflects the organizational structure.

Manufacturers with these types of systems often handle reconciliation through complex point-to-point integration, and manually create reports via spreadsheets or cumbersome add-on tools. Because of these information silos, companies often make decisions in isolation, with only a fraction of the data and intelligence they need to make accurate decisions that will ultimately affect the direction, growth, and success of their business.

Speed is now the basis for competition and manufacturers are required to react faster to changing business needs, customer demands, and shifts in the external market—analysis and interpretation is more important than ever. Reliable ERP systems are now the IT centerpiece of today's manufacturing organization and form the foundation of a decision-making environment.

What does a real-time decision-making environment look like?
By providing real-time operational data in the context of business processes, this environment allows employees—from the highest level of management to operational-level workers—to make better decisions.

Think of decision-making environments in terms of the "three Is":

- Instrumented—lets you capture information at any point of activity and make it available in real time
- Interconnected—allows information to seamlessly flow across departments, plants, partners, and customers
- Intelligent—provides real-time analysis against the most operational and strategic KPIs

You can only realize these environments as IT infrastructures evolve toward new technologies such as mobile, cloud computing, and social applications. At their core, outdated ERP systems need to be more user-centric than process-centric, offering modern collaborative tools to enhance and speed up situational responses.

The market evolves, new technologies support better decision-making. ERP development has now risen to the challenge and new ERP systems are being termed “next generation.” Better integration, improved workspaces and dashboards, and better reporting capabilities make them more personal, and they facilitate more flexible and efficient processes. New ERP systems are developed with technology that embraces what IDC Manufacturing Insights calls the four new IT forces: mobility, social technologies, big data analytics, and cloud computing (2). By embracing these new IT forces, ERP systems can deliver functionality while liberating and presenting the information needed to drive operationalexcellence.

ERP systems have evolved based on new requirements of modern IT users, who make purchases, collaborate, and communicate via online applications every day. The line between the style of systems you use in your personal life and in your business is now becoming blurred as demand for familiar “consumerized” technologies increases. Because of this ERP evolution, you can consume information quicker and from many sources, on the go or at your desk. You’ll be able to make decisions much more confidently based on morequalitative information.

In short, these technologies change the way you work. You receive information rather than having to seek it, and that’s a big difference. No longer will you have to spend unnecessary time and effort finding, reconciling, and analyzing information from many different sources. As any CIO will agree, far too much budget is spent on supporting connectivity in a fragmented infrastructure. The four IT forces simplify IT architecture, releasing budget for other technologies aligned to overall company strategy.

When you automatically receive relevant, real-time information in a meaningful format, you can make decisions quickly. When you’re notified that certain defined conditions have occurred, you can react, change direction, and even stop a particular course of action, choosing to invest time and money in initiatives that will help you achieve your business goals.

In the end, creating a decision-making environment is the catalyst to achieving operational excellence, increasing your rate of business, strengthening your competitive status, and positioning your organization for growth.

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1. Source: IDC Manufacturing Insights 2011 – No. 378

2. PierfrancescoManenti, “In Pursuit of Operational Excellence: Accelerating Business Change through Next Generation ERP,”IDC Manufacturing Insights (www.idc-mi.com [1]), January 2012.

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