3 Fallacies That Keep Small Manufacturers From Embracing New Technology

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Many small manufacturers believe that business technology is something for larger companies only — it has a reputation of being too costly and disruptive. This simply isn't true. To bust this myth, we must first clear up common misconceptions, and below are the three most common ones we see in our daily work with small manufacturers and wholesale distributors.

1) There's no technology expressly designed for my business

Simply put, many small manufacturers and wholesale distributors have no idea that business software exists that is not only tailored for them, but also affordable. Traditionally, enterprise resource planning (ERP) and other technology solutions targeted large companies, and these solutions were often too complex or costly to make sense for a smaller business. Today, however, software is available that offers ERP-like functionality that can be easily implemented at a price that makes more sense. In other words, it's now possible for a business of any size to find a software solution that better aligns their business and financial information, enabling them to more effectively manage the many moving parts of the business. And, thanks to ease of delivery of operation enabled by "the cloud," smaller businesses can proactively manage their businesses from anywhere, anytime.

The problem isn't a lack of technology and solutions available to smaller businesses; it's a lack of awareness. We as an industry must do a much better job of publicizing that solutions do indeed exist and creating widespread awareness of the many financial benefits of adoption.

2) Business technology is too costly

Seven out of 10 small manufacturers and wholesalers think that ERP (or ERP-like) software is too costly. This fact jumped out in a recent survey we did with SMB Group. Because of cost — and for some a lack of clear benefits — only 19 percent of those surveyed plan to evaluate ERP or ERP-like technologies in the next 12 months. That's far too few. But can you blame a business for not taking time to test drive technology if they "know" it's too expensive? That would be a foolish waste of time.

But having technology that makes your business better and your life easier isn't too costly. In fact, thanks to the cloud, you can pay as little as a few hundred dollars a month for visibility that could potentially net you thousands, all while spending less time trying to diagnose business problems (or find opportunities) and, for some, spending less time at work. Let's consider what the cloud offers: no expensive hardware to purchase, a flexible, all-inclusive monthly subscription and new capabilities added when they're available. None of these screams "high cost," and what you get from the nominal investment is insights about your financial performance, tips to improve efficiency and opportunities for growth, which may have once been complex, but is now accessible — and affordable, even for a sole proprietorship.

3) Business technology is too complex to implement

If you can log into a Gmail account, you can log in to a business software account. Thanks again to the cloud, accessing business software can be as easy as entering a password into a web or mobile browser. Sure, some set-up is required to connect the various parts of your business, but none of this requires an IT department or expensive consulting support. Most businesses that start using ERP-like technology are up-and-running within a week. Shortly thereafter you'll be comfortable enough to start asking questions about your business that are easily answered by opening simple screens that have be pre-configured to give you the right data at the right time. The toughest part of technology is pulling lots of data into useful formats that can be interpreted quickly, and the software basically takes care of this part. The data — your data — is all of the sudden there for you to use. That's far from complex, unless, of course, you start enjoying having such visibility into your business that you begin to test new things, including pulling your accountant in to jointly think of new ways to grow your business.

The bottom line

Misconceptions can often hold us back from doing what's best for us. And what's best for businesses is certainly greater visibility; and without that visibility it's impossible to realize whatever dreams you have for your particular business. It follows then that businesses without technology are incurring unnecessary costs and enduring undue complexity. That's ironic, because cost and complexity are two of the primary misconceptions that prevent many companies from NOT taking the leap.

The last misconception, that no company has cared enough to design technology

for the “little guy” is perhaps the easiest to fix, thanks to publications such as Manufacturing Business Technology that give folks like me an opportunity to clear the air. But we also understand that there are certainly more than three things that may be holding you back from taking your business into the so-called cloud. Whatever those reasons are, share them openly here and in other industry communities, because only in dialogue can we overcome natural resistance to change. Let’s address as many misconceptions as we can as quickly as possible so that you can soon capitalize on all the benefits that are only a few clicks away.

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