

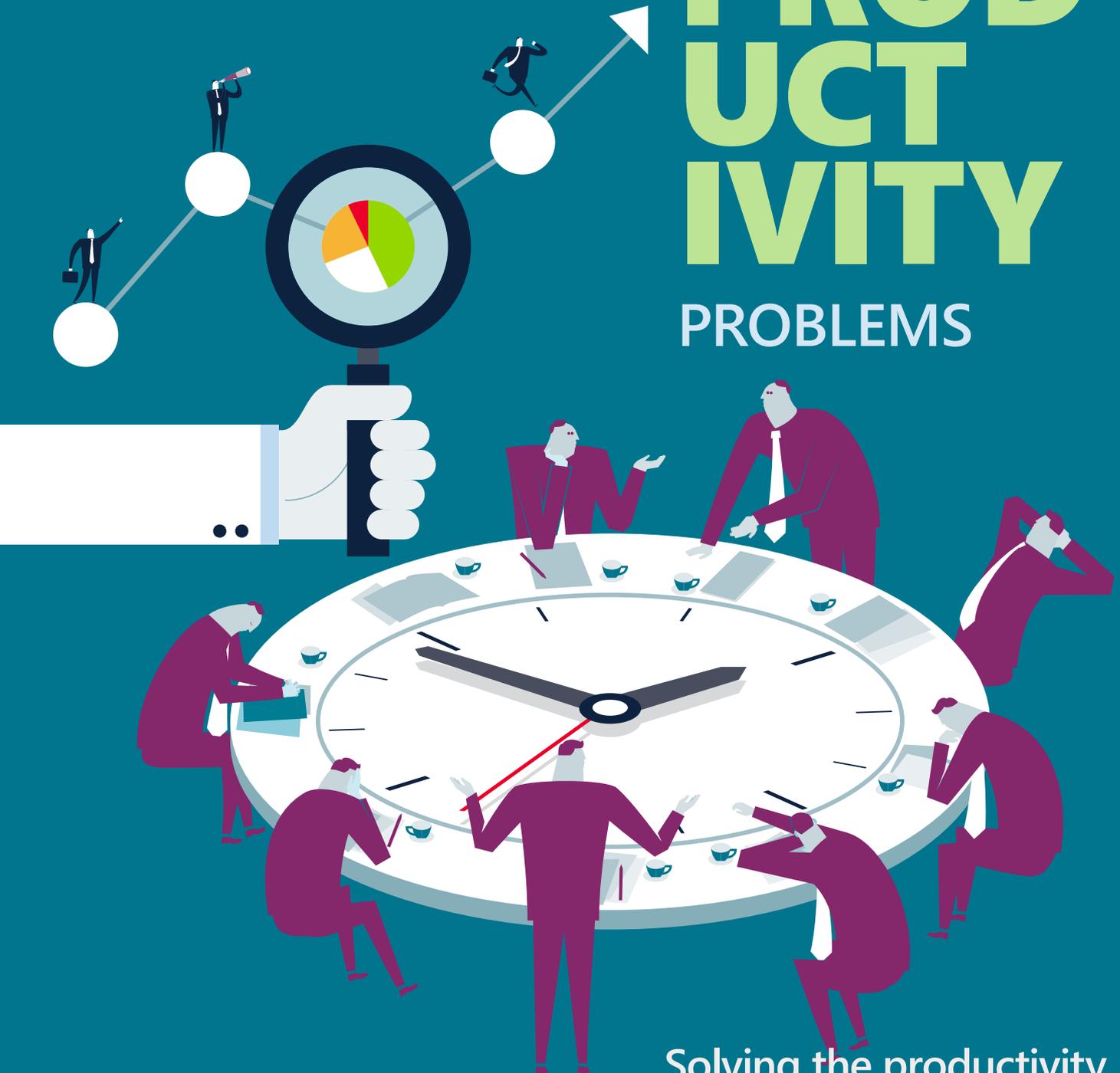
# 13

# TELL-TALE SIGNS

*You've got*

# PROD UCT IVITY

# PROBLEMS



Solving the productivity puzzle for SME's in Manufacturing & Distribution with ERP

The government is fond of referring to Britain's '**productivity puzzle**' - and it's a catchy phrase for sure. However, as the subject has occupied the minds of politicians, business leaders, economists and commentators for decades, it's a puzzle that should surely have been solved long ago.

Back in 1998, Treasury Secretary Stephen Byers pledged that increasing manufacturing productivity would be a central focus of the Department of Trade and Industry in the year ahead.

Successive Chancellors have made similar promises, but nothing has happened, and the most recent data from the Office for National Statistics showed UK output per hour running around 20% behind the other members of the G7; Canada, France, Germany, Italy, Japan and the US.

There was optimism that the government's Manufacturing Advisory Service (MAS) could be a catalyst for improvement, by parachuting experienced advisors into companies, which needed support and guidance.

Unfortunately, MAS has now itself become a casualty of austerity, which sits rather oddly with the Chancellor's repeated promises to 'rebalance' the economy away from financial services.

So, with no help forthcoming from central government, it's clear that individual manufacturers have to tackle the problem by themselves, but that's easier for some than others.

Not all manufacturers suffer from low productivity, but it's easy to identify the signs.

Here are 13 tell-tale signs you've got productivity problems and questions to help you realise that you need to change.

1. Fire-fighting prevents you getting to the strategic
2. Your business processes have to change as often as your underwear
3. Your business system is sending you insane
4. Your fingers are so crossed they hurt
5. You're just delaying the inevitable change
6. You don't know where your time goes but it always goes too fast
7. You trust your instinct more than your numbers
8. When you get a new customer, your existing ones suffer
9. Your business is built around key individuals not good systems
10. The exchange rate changes by 10% and you can't easily quantify its impact
11. Good people are increasingly hard to keep
12. You are suffering from too many sleepless nights
13. You are constantly focused on what doesn't work



"With Microsoft Dynamics NAV we have a much shorter lead time – we can now respond to orders inside **a week** – whilst our competition still have up to a 17 week lead time."

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*Jeremy Gallen*  
*Engineering Director, Ingimex*



## 1

## Fire-fighting prevents you getting to the strategic

Being able to quickly understand what's gone wrong in your organisation by cataloguing the cause or source of issues allows you to focus on the areas that will get the biggest payback – as well as freeing up time to focus on the things that will strategically transform your business.

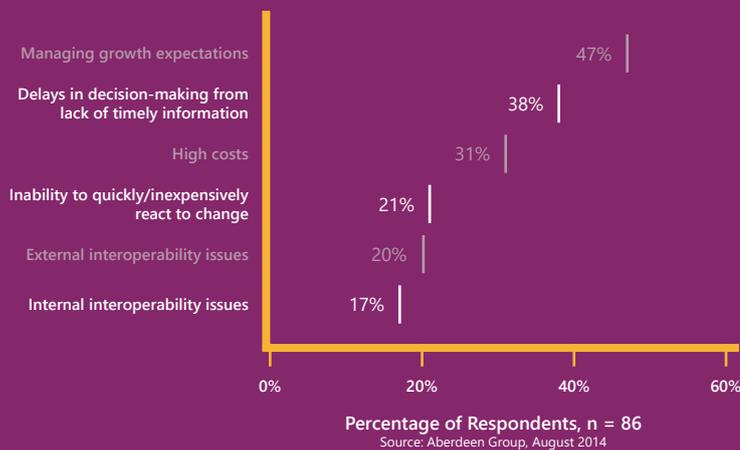
For example, logging all customer complaints with a reason code means that you can tackle the root cause, either internally or externally, with no possible excuses getting in the way.

Having a defined process for resolution for everything from a price query to a

quality issue means disputes get resolved quicker, the customer ends up more impressed because you handled it so well and you get paid quicker – that's a win-win all round. It also ensures customers recognise that your systems are robust and are less likely to try to take advantage.

Reliable, repeatable processes for issue resolution improves customer service, drives up productivity with clear roles and responsibilities and means less times spent fire-fighting so you and your management team can strategically plan your business's future.

### Manufacturers Challenged with the Lack of True Visibility



2

## Your business processes have to change as often as your underwear

We have all spent enough time in enough businesses to recognise 'reaction management'. What's gone wrong today is the biggest issue ever and everything has to be changed to make sure it doesn't ever happen again. Until tomorrow when a different issue comes to a head.

Paradoxically, the more you re-design your processes to try and engineer out every last screw up, the more complex they will become and the less consistently they will be followed. It's linked with fire-fighting too and if your business systems are not fit for purpose then chances are however hard you and your staff try, those issues are going to keep coming thick and fast.

The result – everyone chasing around in ever decreasing circles!

Break the cycle and properly engineer a process supported by a business system that enforces consistency while making it obvious what's required. The change will be tough, but the productivity results will be spectacular.

"Leaders saw a **14%** improvement in operational costs as a result of ERP."

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*ERP for the SMB, single modern technology as a platform for growth*

*Aberdeen Group, 2016*

"We've got real-time financial reporting and stock visibility, and we now have full P & L capability for each customer which is something we never had before. We can now make **better investment**, pricing, customer and management decisions because of all of this."

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*Gary Smith  
Managing Director, Bounce Foods*

## 3

## Your business system is driving you insane

The old saying contends that the definition of insanity is '*doing the same thing over and over again and expecting different results*'.

If your business system doesn't run as smoothly as you like, or won't deliver the information and analysis you need, what are you going to do to change that? Yes, you could employ that extra person to operate the convoluted workarounds it needs. The trouble is, why would they put up with the stress and bother when they can go work elsewhere – at other organisations with systems that are easier to use and work to support the business. Employing that extra person is also another drag on your overall productivity.

Why not tackle the root cause rather than the symptom?



## 4

## Your fingers are so crossed they hurt

Are you forced to make statements that you hope are true because if you didn't your customers would walk? Do you make promises with little but experience and gut instinct backing them up? And when inevitably you're found out, and forced to apologise, doesn't that hurt? Doesn't that make it hard to maintain the relationship? Would you accept a colleague who consistently told you the

wrong information or just plain failed to answer your question?

Without a single, integrated business system visibility of stock, manufacturing progress or expected delivery times etc. can be difficult to establish – without lots of checking and double-checking – making it hard to respond quickly and reliably to customer demands. Juggling changes to orders and their impact on other

customer commitments is almost impossible.

Take away the pain of constantly crossed fingers with a business system that delivers a real-time view of all your business operations, removes all that checking and re-checking information with colleagues and its drain on their productivity and be confident in the customer promises you make.

## 5

## You're just delaying the inevitable change

Okay, your business can survive with the system you have now. It's done quite well up till now despite its shortcomings. It's not your idea of perfect though is it?

While you could live with it you know it's only going to get worse as the business grows and customers' expectations get ever higher. So, when are you going to change to one that is truly what your business needs?

Won't doing that today be easier than in a couple of years' time when you are a bigger organisation with more clients? Won't you get a return on the investment quicker the sooner those productivity improvements kick in? Won't having a system that supports the business allow you to focus on growing rather than surviving?



## You don't know where your time goes but it always goes too fast

Does it get to the end of the day before you start that task list you brought to work as 'must do's'? Are there too many processes in your organisation where you have to be consulted rather than just happening? Do your growing numbers of staff make communication and co-ordination tougher?

Your current ways of working are just not scalable anymore! How do you change the cycle and get your business ready for the next level?

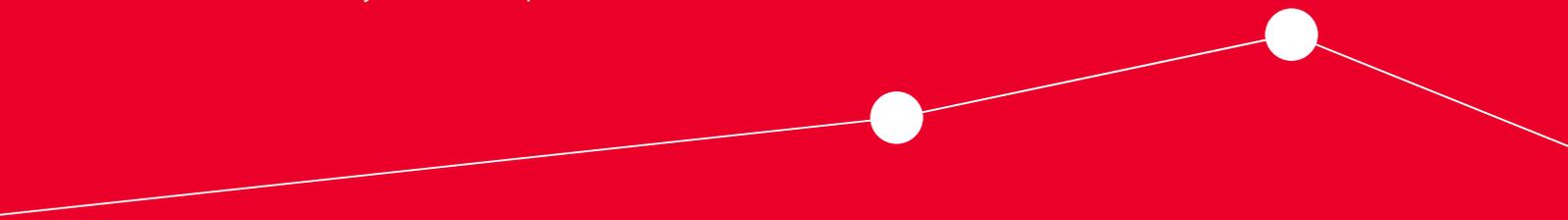
Modern business systems enable you to work anywhere on any device to improve

personal productivity. They make it possible to complete simple, but important authorisation tasks such as signing off purchase orders, whilst on the move. In-built audio and video conference calling from your choice of mobile device means it's easy to keep in contact and keep up-to-date.

And access to your key business information on your mobile or tablet means never having to keep a customer waiting while you check things back with the office.

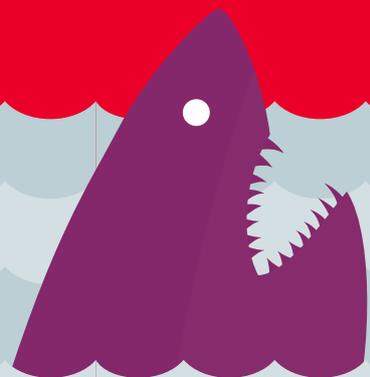
Across the organisation easy to set up workflow means you can empower staff to confidently support your customers knowing they are following the correct procedures with all the checks and balances working behind the scenes.

Look at a new business system as the key to increasing productivity, improving customer service and future proofing your business to make more time for you!



"Between **20% and 40%** of spreadsheets contain **errors**; the more spreadsheets floating around a company, therefore, the more **fecund** the breeding ground for mistakes."

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*Thomas Davenport  
Harvard Business Review, 2007*



## 7

## You trust your instinct more than your numbers

Do you feel that *'my system tells me lies'* as one of our customers put it? Do you know that the totals and reports your systems give you are often wrong? Do you have to spend considerable time double-checking and cross-checking the information it gives you before you trust it? Is that a great use of precisely the resource that could be growing the business if it wasn't consistently tied up putting things right?

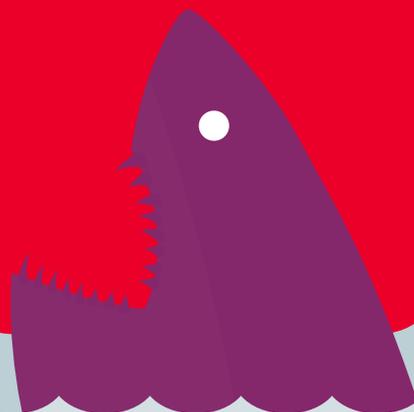
If you run your business based on the intelligence you gain by walking round and talking to people, rather than what should be the quantifiable numbers your system gives you, then you are taking a risk. What happens when the business grows to the point where you don't know everything about every customer?

What's more, if those numbers have to be checked then chances are you get them too late to actually

make sensible decisions. Business is hard enough without steering your small yacht as if it's a super tanker. You should be able to look numbers up in seconds from wherever you are and set informed priorities for productivity and growth.

Your staff should be able to see and react without your involvement. Make *'ignorance as an excuse'* obsolete right across your organisation. Make sure your people have a tool that helps them in their job and puts information at their fingertips.

If your most important customer rang and tried to place *'a must have tomorrow'* order for an item where your system said you only had one left, would you actually get someone to check it's there first? If not, then congratulations! If you had to check, then you need to talk to us.



"Dynamics NAV gives us what we need today but with the capability to extend as we **expand as a business.**"

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*Luke Morgan  
Commercial Manager, Nantwich Cheese*

## 8

### When you get a new customer, your existing ones suffer

So, you worked really hard to land that big new account, taken from your key competitor and your business life doesn't get any more positive this right? Then you get kicked in the gut after finding that one of your existing accounts has defected back for reasons you didn't have a clue about. Back to square one despite all that time and effort.

To ask the tough question (a bit late I know), how did you win that new account? Was it by putting your most experienced people onto it? Before that, they weren't sat around twiddling their thumbs right? No, of course not, they were looking after your existing customers.

And when they weren't available, that customer had to deal with less experienced, or worse still, newbie staff! What's the natural reaction when service suffered or things went wrong? Yes, that's right, the customer felt unimportant (and the new account manager didn't have the right information to recognise that's what they were thinking) and took their business to somewhere it is valued!

The answer? Put in systems that allow more less experienced people to deal with the normal day to day requirements and save your superstars for the level of query that needs them. Enable systems that mean that the customer gets the same answers whoever they talk to. Make it so that when one person deals with a customer query everyone else knows that they have - without reading through a super cluttered inbox first. Most of all give your customer the impression that they are valued regardless of they speak to – with everyone on same page information wise.



"Organisations with a customer centric ERP enjoy an **83%** customer **satisfaction** rate, on average."

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*Customer Centric ERP  
Aberdeen Group, 2014*

"All our system interactions are **quicker**; information goes in once and is available to all, **instantaneously**."

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*Anton Dreyer, Jura Products*

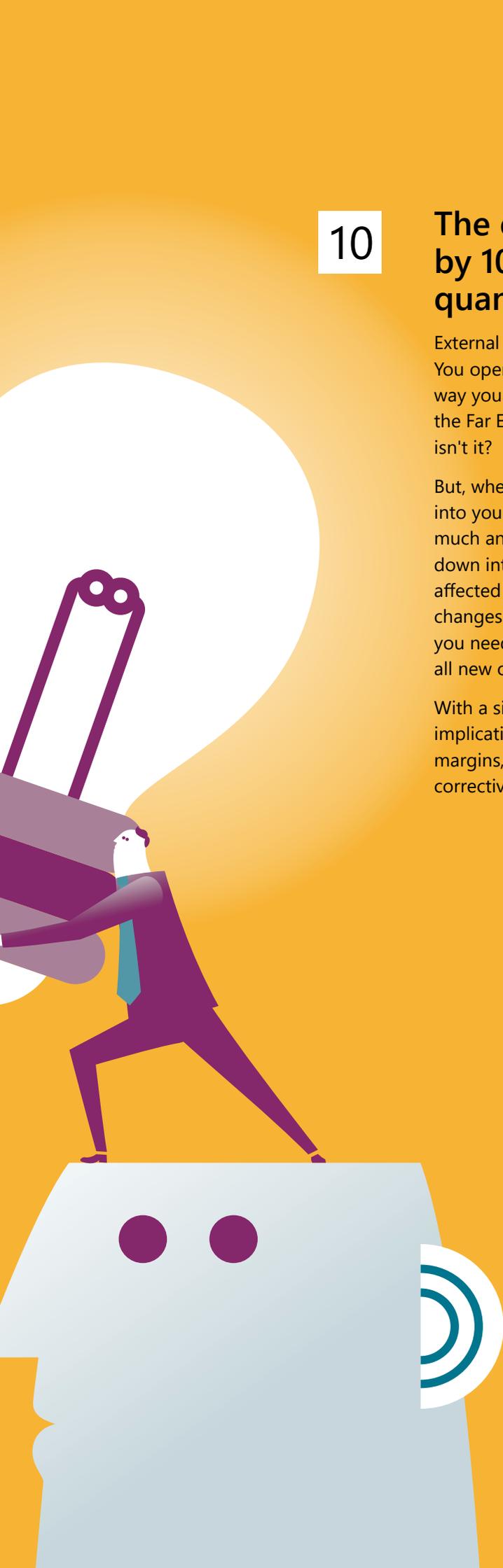
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## Your business is built around key individuals not good systems

Honestly, if God forbid, you heard that one of your staff was hospitalised on the way to work, do you find yourself secretly thinking '*I hope it's not X*'? Every prudent business tries to make sure no-one is critical but when they have to be involved in every transaction to ensure it's right, how do you achieve that? How easy is it for someone to take over?

So, what's the magic wand that can prevent this situation occurring? It's a business system that crucially is both flexible enough to cope with all of your business's particular peculiarities yet simple enough to quickly understand and find your way round. If you haven't got one, you need one if you want a business that can grow in a consistent way whilst maintaining reputation, quality and your margins.





10

## The exchange rate changes by 10% and you can't easily quantify its impact

External factors are not predictable or controllable right? You operate in a 'can do' environment, don't you? The way you compete with those cheap-as-chips people in the Far East is by being flexible and accommodating, isn't it?

But, when things outside your control significantly cut into your margins, you need to quickly establish how much and where. It's essential that you can easily drill down into what products, orders and/or contracts are affected so you can start making the necessary price changes. Are there items in transit that are affected that you need to address straight away or are you looking at all new orders?

With a single integrated system, you can analyse the implications of external factors on your business - on margins, cash flow or productivity - and make the right, corrective decisions based on reliable information.

"Organisations with business analytics and ERP are **123%** more likely to be able to plan for and forecast demand."

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*ERP's Impact on Demand Planning  
Aberdeen Group, 2015*

## Good people are increasingly hard to keep

90% of businesses in the UK report skills shortages when trying to recruit the right people. Not getting any easier or cheaper is it? So, put yourself in the shoes of your key people and ask why, if a competitor will give a similar package, they will stay working for you if every day is a bad day? Won't they eventually say life's too short?

What makes the difference? Will buying new furniture or giving it all a lick of paint make it better? We say not. If the major tool they use most i.e. your business system, is frankly not fit for purpose, changing it will make all the difference. After all, you wouldn't expect a twenty-year-old machine or lorry to perform as well and be as nice to use as a modern, new one? So, why is your business system any different? Better kick it out the door before your valued staff get there first!

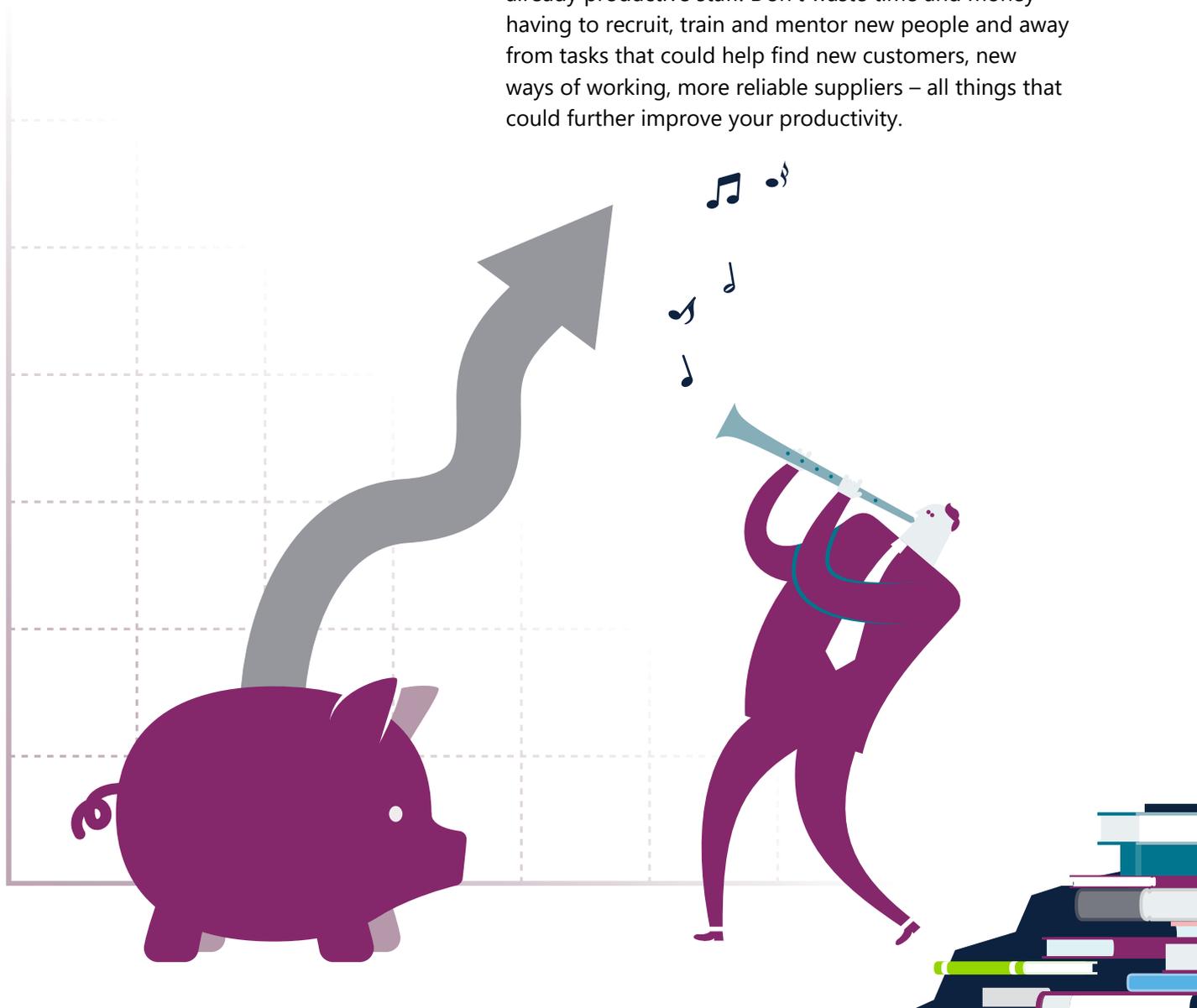
Make sure you do everything you can to keep your already productive staff. Don't waste time and money having to recruit, train and mentor new people and away from tasks that could help find new customers, new ways of working, more reliable suppliers – all things that could further improve your productivity.

### Average Performance

Complete and on-time delivery	91%
Improvement in profitability over the past two years	8%
Improvement in time-to-decision over the past year	27%
Internal schedule compliance	90%
Inventory accuracy	93%

### Complete ERP

*Aberdeen Group, 2014*



12

## You are suffering from too many sleepless nights

Stress is the number one killer of working aged people apparently and what causes stress at work is uncertainty. Now we are not saying that if you put a decent, modern, easy-to-use business system it will save lives but it will make your company a nicer place to work. And, if you get more sleep, what more of a productive boost could you ask for?

"We now have much **greater visibility** of our operation, with information accessible whenever and wherever. The added functionality and ease-of-use has enabled us to simplify processes and improve productivity, supporting our growth on a global scale."

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*Jaeden Iddon*  
Supply Chain Executive, Company of Animals

13

## You are constantly focused on what doesn't work

It's depressing isn't it – nothing but issues to sort that you think should never have happened in the first place. Not inspiring everyone to get out of bed and come to work is it? Let's get positivity back!

Spend your time concentrating on what you want to happen and let the system make sure those issues don't occur in future. Even better when issues that you haven't even thought about yet happen, let your system tell you early enough to get them back on track before they cause a big problem. Now doesn't that sound like a productive place that you'd like to work?



# Summary

So, in a nutshell, if you and your staff:

- > are struggling to respond to customer demands, because information is held in silos throughout the business and it's a time-consuming and frustrating process to track it all down
- > feel pressured into checking and double-checking the data you're seeing on your screen, because you're not always confident that the information from your stock-control system or your production forecasts is accurate
- > find that a mountain of paper forms, invoices and authorisation slips is making it difficult for business-critical decisions to be made in a timely fashion and staff are spending far too much time on mundane tasks
- > discover bottle-necks in business processes are created during holiday periods, or when one or two people are absent, because the company's core operations rely on too few experienced employees...

Then it's time to change. One 'Yes' is bad news - but not critical. Two means problems need tackling now. Three suggests the company is fast approaching crisis-point. Four indicates a business which will struggle to survive.

Equally, it's also vital that you and other executive members of your management team are brutally honest about what they see happening at the operational level.

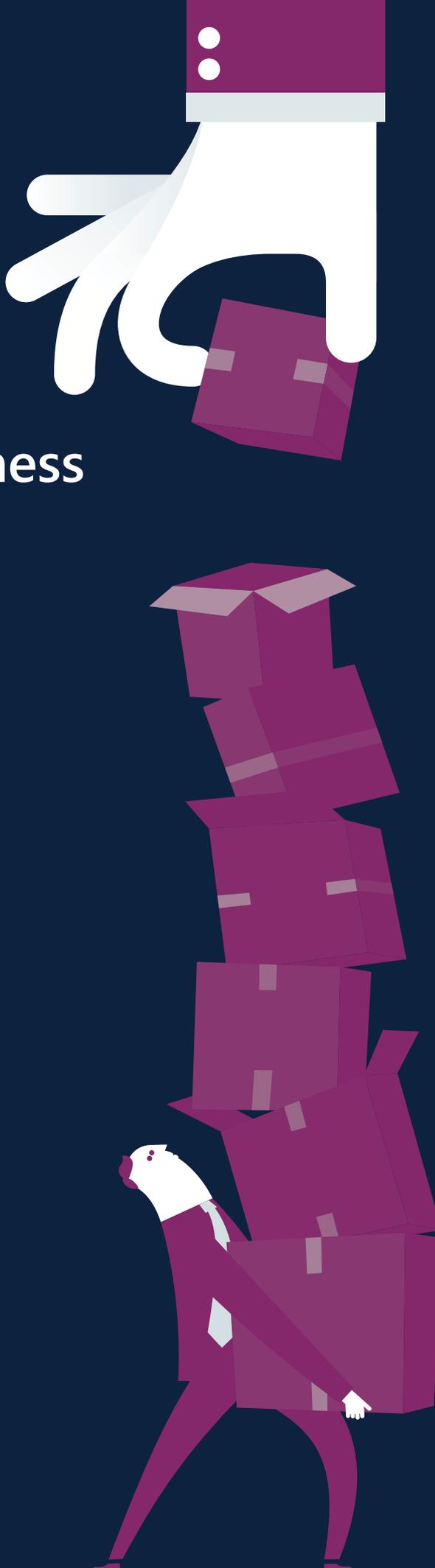
Multiple, disparate applications mean reduced productivity, duplication of effort, high error rates and a lack of visibility of real-time and accurate information on business performance.

The first step to removing obstacles and creating a more productive business, regardless of the sector, is to admit that those obstacles exist and positively do something about it.

Once you have new system up and running, your management team will have fewer day-to-day demands on its time. And when those demands arise, they'll be dealt with more swiftly, and the result is a more agile, flexible and responsive business – exactly how it should be.

So finally, if you need to drive greater productivity and higher margins into your manufacturing business, and to steal a march on your rivals, then it's time to learn more about what ERP can do for you. If you always do what you've always done, you'll always get what you've always got! Change the cycle this year.



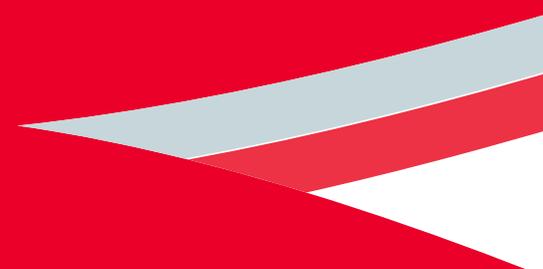


"It was not an IT project, but a **business simplification** project..."

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*Rowan Crozier*  
Chief Executive Officer, C Brandauer & Co

### ERP software makes you agile and productive

- > Full visibility throughout your business systems and processes; allowing decisions to be made in a timely fashion and based upon real-time data
- > An integrated business model that removes the old information 'silos', immediately delivers significant efficiency savings and stimulates team-working
- > Automated systems, in the warehousing, production, finance and personnel departments, which free staff from wearisome and repetitive tasks
- > More time to spend identifying and then pursuing new business opportunities, because of the immediate improvement in productivity levels



Disparate software systems limiting your growth?

Trusting your instinct more than your numbers?

Still lacking information at your fingertips?

Microsoft Dynamics

Discover Microsoft Dynamics ERP

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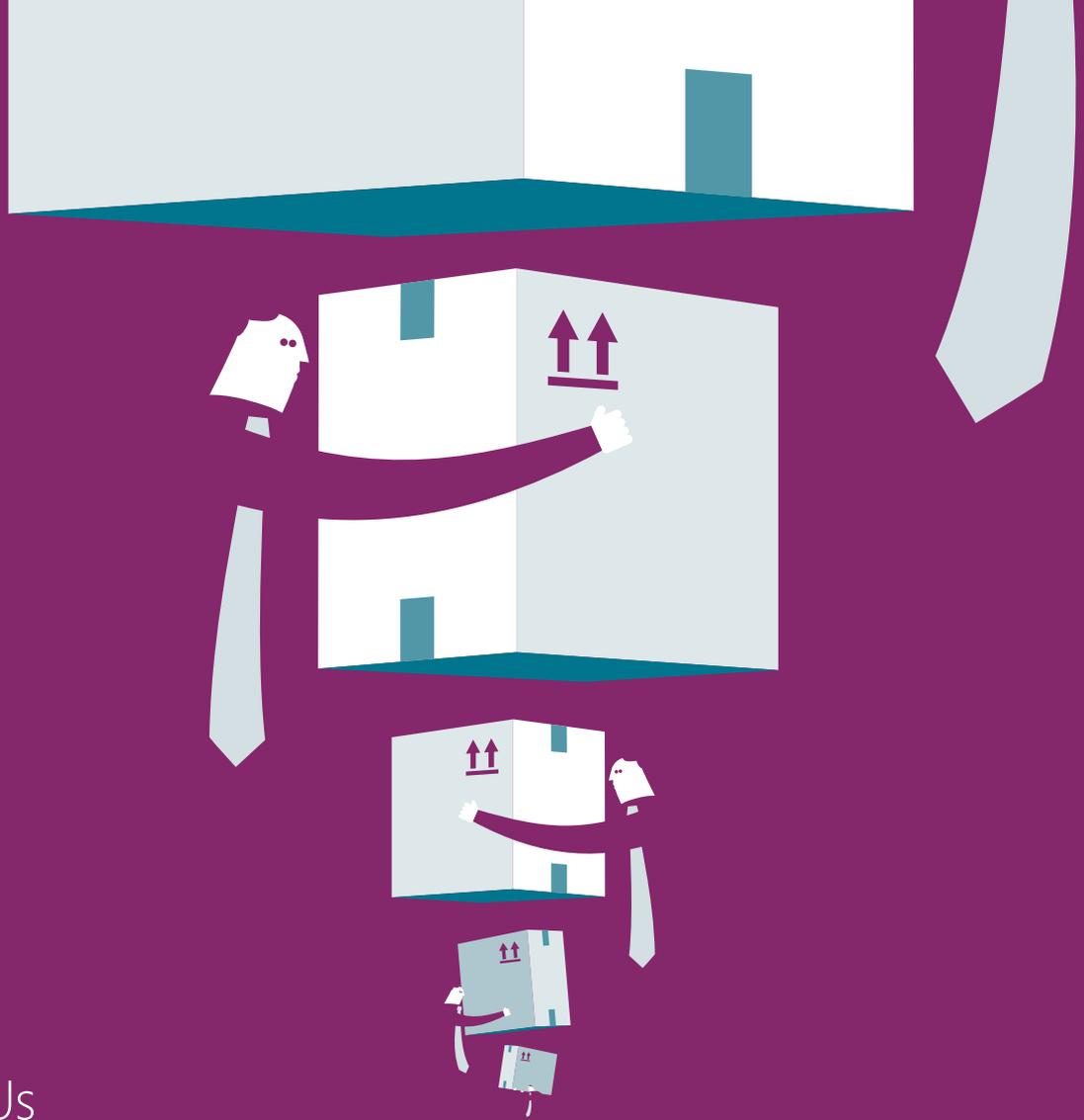
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