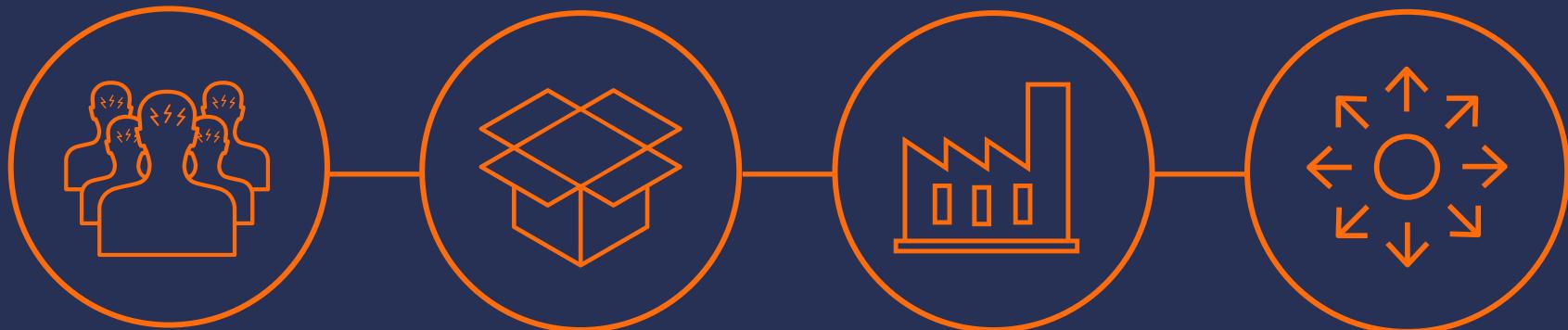


KEEPING A CLEAR HEAD

A complete guide to cure your inventory management headaches.



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INVENTORY HEALTH CHECK

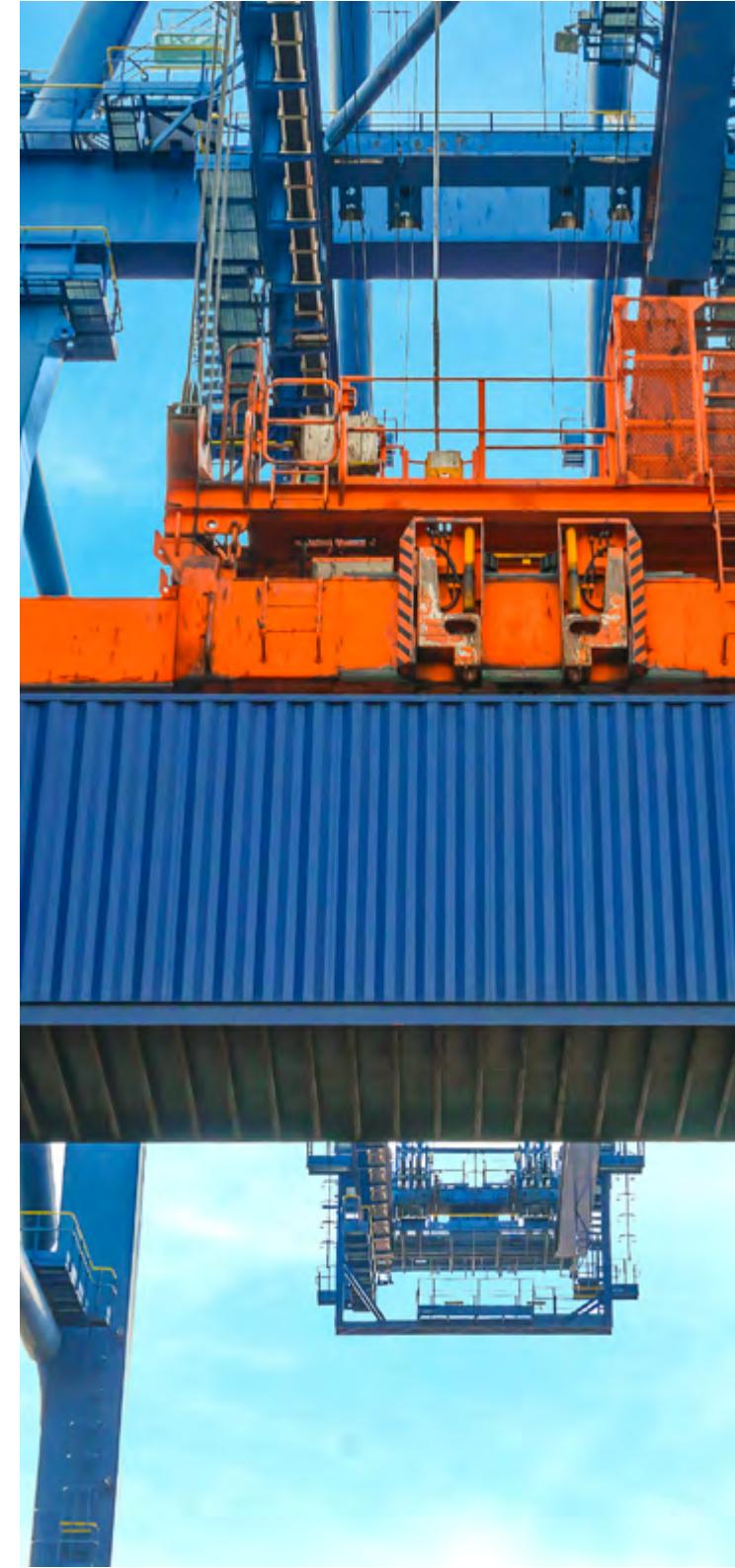
In a healthy business, everything that goes in and goes out has to be kept in careful balance in order for things to continue running smoothly.

Known as inventory management, it's measured by how good you are at reducing inventory investment while continuing to meet your customer service goals. When inventory management is perfectly balanced, it plays a vital role in the continued success of your business. However, when there is an imbalance, the symptoms are obvious:

- Inefficiencies across your business undermine profits and growth potential.
- Your business loses agility and responsiveness, as you become more complex and you spend more time on non-productive tasks.
- Getting real-time insight into operations causes major headaches because organizational growth has resulted in your business relying on loosely integrated management tools.

Sound familiar? It's not surprising so many businesses find it difficult to strike a healthy balance when you consider the conflicting objectives across different parts of the business.

The sales department prioritizes the delivery of products in the best time frame to satisfy customer demand, so it encourages the business to keep stocks high. However, the purchasing department gets volume discounts on large batch and off-season purchases, which increases inventory.



Meanwhile, your production team wants all parts and raw materials to be constantly available to keep line efficiency high and run large batch sizes. Conversely, your product developers and your finance department want to keep inventory low to advance the roll-out of new products.

If reading about these business challenges gives you a headache, don't worry. In this report, we'll explain why disparate and legacy enterprise resource planning (ERP) systems aren't helping and how modern business management solutions can give you the flexibility, detail, and business insight you need to cure your inventory management headache once and for all.





DIAGNOSING THE PROBLEM: WHY ERP IS A FALSE CURE

Just as we rely on the central nervous system to control the functions of body and mind, your business has its own network of smart technology designed to keep you running smoothly. In theory at least, it's supposed to put the right information in front of the right people and help you manage inventory across your business. Traditionally, we know it as ERP. However, the reality is that using ERP rarely feels like body and mind working together in perfect harmony.

ERP isn't working

ERP has a reputation for being cumbersome, confusing, and disappointing; for many it stands for

expense, regret, and pain. According to Gartner, 75% of ERP projects are not implemented on time. Worse than that, once implemented, customers only use around 10% of the solution's functionality.¹

In a digital world where success is defined by agility and speed, costly ERP solutions often vastly overcomplicate businesses, preventing action rather than enabling it. Managing inventory across multiple companies and sites—even across international borders—is difficult for traditional ERP, leading to overstocking, stock outs, production inefficiencies, high transport costs and poor customer experience. In fact, internal supply

chain is a major strength of modern business management solutions, as is supporting complex industry-specific regulatory requirements.

For too long, ERP solutions have imposed their own view of how you should be running your business. Your business is unique. It has its own culture, structure, and processes. Having a "one-size-fits-all" solution makes zero sense. You need a solution that works the way you do. It needs to support your company's unique rules and processes and be able to quickly adjust to your changing needs.

¹ Sage Enterprise Newsroom: The End of ERP, 2016.

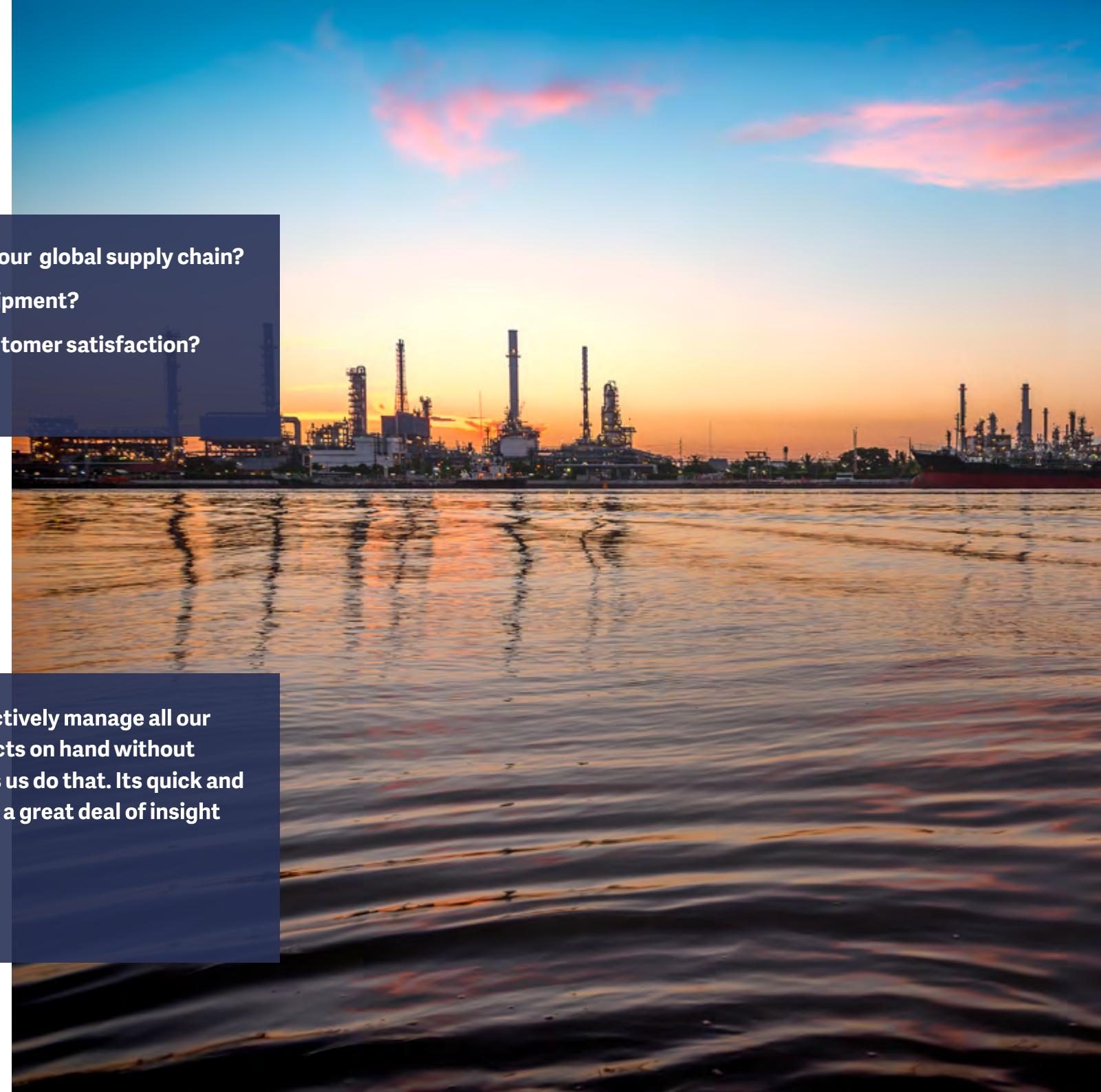
Does your current solution allow you to:

- Increase real-time visibility across your global supply chain?
- Reduce cycle times from order to shipment?
- Improve inventory accuracy and customer satisfaction?
- Empower a mobile sales force?

If the answer to any of the questions above is "no," ask yourself: Is your company on an unhealthy technology diet? The latest integrated business management solutions are vastly different from the slow, siloed ERP technology of old. This is something John Giczewski, a purchasing manager at a packaging supplier in Indiana, understands.

"We need software that helps us effectively manage all our stock. Keeping the right mix of products on hand without costly overstocking is key. Sage helps us do that. Its quick and responsive software provides us with a great deal of insight and control over our inventory."

John Giczewski, purchasing manager,
St. Joseph Paper and Packaging



CURING YOUR INVENTORY MANAGEMENT HEADACHE

A modern business management solution will give you the flexibility and simplicity you crave and ease your inventory management headache.

Organizations that leverage a business management solution with integrated reporting and business analytics are **123%** more likely to be able to plan for and forecast demand.²

What's more, wholesale distributors that have turned to business management technology to connect, accelerate and standardize all of their

business processes end to end have seen a **51%** improvement in inventory turns, a **20%** decrease in operational costs, and a **17%** increase in complete and on-time shipments.³

For over 30 years, Pumpaction has been one of Canada's leading businesses when it comes to pumping and concreting. For Benoit Brasseur, its director of operations, live insight is everything.

"I need to know what's selling now, what sold this time last year, what

is no longer selling, and what our individual customers' buying patterns are. It helps me be proactive, rather than reactive, making better, more informed decisions."

Without a complete business management solution, Benoit would have to rely on documentation created by hand and use disparate information systems for managing several parts of the distribution process. He'd also miss out on the improved logistics made possible by direct connections to external systems through APIs.



"Organizations that leverage a business management solution with integrated reporting and business analytics are 123% more likely to be able to plan for and forecast demand."

Aberdeen Group

²'ERP's Impact on Demand Planning: Crucial Capabilities for Accurate Forecasts', Nick Castellina, 2015.

³'ERP in Wholesale and Distribution: Extending the Enterprise to Extend Profits', Nick Castellina, 2012.



"Savings come from an overall reduction in inventory thanks to our ability to order, just what we need, just in time. We've weeded out slow-selling items and are focusing on the high-volume, high-profit items."

**Les Johnson, controller,
Hubert Glass Oil**

WHAT PAIN-FREE INVENTORY MANAGEMENT LOOKS LIKE

Today's flexible business management solutions deliver an intelligent, integrated solution so you have complete visibility and flexibility in managing accounting and financials, purchasing, manufacturing, inventory, sales, and customer service.

With built-in business intelligence and inventory management capabilities, you're able to identify where the

biggest improvements can be made, reduce inventory and working capital, and make strategic price adjustments—pricing key products aggressively to bring buyers in the door while marking up products that competitors do not offer.

Modern business management solutions are engineered to exploit data generated from everywhere within the

system, helping you to more accurately balance the trade-offs between the costs of a stock-out versus the costs of overstocking. Sage business management solutions use big data to account for complex and vast networks of cross-disciplinary needs, product and service mixes, and fluctuating supply and demand.

KEY BENEFITS OF HAVING THE RIGHT SOLUTION TO MANAGE YOUR INVENTORY

1. Get the detail you need

Today's modern business management solutions provide high-level analytics, detailed reporting, and granular workflows to coordinate demand, inventory, and supply. They can also provide information on stock-outs and overages and when these are likely to occur.

That means you can identify seasonal shifts in demand item by item, as well as patterns for large customer orders

that might put additional pressure on your business. You can also work out where your business might be losing money by identifying excess orders, items that are moving slowly enough to warrant draw downs, and unsellable items in need of disposal. You can even see patterns in price reductions and volume discounts from suppliers, as well as suboptimal and optimal performance by suppliers.

2. Act on better business insight

Because business management solutions can analyze big data from across the business, you can forecast demand more accurately and much faster than previously possible. You can see recommended optimal inventory levels for sales availability and restocking schedule, anticipate customer needs and demand cycle, and supply inventory specialists with advance warnings if stock levels become too high or too low.



Business management solutions can also provide unit-level thresholds for automated ordering and replenishment, removing time-consuming manual processes. And because you can adjust and scale purchasing quickly, you can allow for changes in demand and avoid shortages or excess inventory.

3. Be efficient at every level

Business management solutions allow you to communicate recommended stock levels, replenishment schedules, automated orders, and exception alerts across the business and to stakeholders outside the organization. And because you can integrate CRM and support for e-commerce, you can ensure that teams from marketing, sales, finance, and legal have access to the latest customer data. You can also manage the complex logistics of Just-in-Time (JIT) practices and connect distributors and manufacturers automatically with powerful APIs, so even if you're not as big as the competition, you can still compete in the marketplace.





THE ANSWER COMPANY

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About The Answer Co

The Answer Company is a leading supplier of business management software and technology consulting services. Since 1995, it has been helping businesses answer the difficult questions with regards to investments in technology and information systems. Working from offices across Canada, they serve national & international clients with a wide range of ERP solutions and numerous complimentary solutions that are powerful & flexible, and backed by industry expertise. The Answer Company's goal is to make businesses more successful at what they do and gain confidence to make profitable moves in their respective industries.

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