

Technology – Necessary But Not Sufficient

By: Debra Renard

How often has your company embarked on implementing the latest technology or software, only to find that it does little to improve either the top or the bottom line? Data flow may be improved but with no true business value added for your customer and no increased profit for your company. Technology is certainly a necessary tool to operate successfully in today's fast-paced, competitive environment. But it is hardly sufficient in and of itself.

ERP implementations in particular have cost many companies a small (or not so small!) fortune with little to show for the investment. Software integrators have come to cost even more than the software itself. In 1994, for every \$1.00 paid to a software company, \$.10 was paid to the integrators, but by 2000, that \$.10 had risen to \$2.00!

Technology only adds value if it removes a limitation that is blocking your company from achieving its goal. Furthermore, if the result of the implementation is an increase in capacity in an area that is not your organization's current bottleneck, the "improvement" could actually have a negative effect, with inventory and associated costs being driven up.

Many consultants narrowly focus on which particular "module(s)" will provide the kind of data your company seems to need. But to determine the proper direction for your technology solution, your firm must first examine its policies, business rules, measurements and other bases for decision making. Then, the area thwarting your success must be identified, and a solution carefully designed to exploit that constraint. Finally, to get the full benefits of the technology, you must, at the time it is installed, also change any rules that have accommodated the limitation that the technology resolves. Without changing those rules, significant potential benefits may be lost.

In summary, the aim of any technology initiative should be to focus on results for the business. The software should be simple. Don't give in to the temptation of adding features without clear purpose. IDEA knows that true customer delight is not achieved through adding more "bells and whistles", but by implementing a value-oriented system that delivers fast and significant bottom-line improvements. Let IDEA make sure your solution truly benefits your company, your customers, and your entire supply chain, providing a targeted, measurable return on your investment!

IDEA'S WAY OF THINKING

- *Neither an accurate forecast nor changing vendors is required for success*
- *There is a way to both increase sales and reduce inventory*
- *Supply chains sell less when clogged with inventory*
- *In the long term, unless the supply chain sells more no link can sell more*
- *We must help clients gain buy-in internally and with supply chain partners*
- *The majority of our fees are based on improved return on inventory*

IDEA'S METHOD

- *Verify the existence of inventory imbalances and the benefits of moving from a "Push" to a "Pull" system*
- *Gain top management buy-in to the assessment and support of the approach*
- *Build knowledge and understanding across the supply chain, at all levels*
- *Utilize systems that deliver actionable information, integrated with existing software*
- *Work with you until expected results are achieved*
- *Share the tools and know-how to continually improve results*

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