INTERVIEW - ERP Systems in Supply Chain Planning - Implementation vs Utilization Dilemma

QUESTION 1: Can you Please provide us with a brief background of yourself?

Sure. I am a Naval Engineer with a Master in Finance and a MBA at Rotterdam School of Management (top 5 in Europe). I have over 20 years of experience in Supply Chain, having spent ½ of my time as a Supply Chain executive in a FMCG manufacturer, running operations, and the other ½ of my careers as a Supply Chain consultant.

Currently I am one of the founding partners of Spin Consulting (www.spinconsulting.net), a specialized SC boutique who differentiates by deliver fast, tangible and sustainable results to our clients.

Thanks for having me here.

QUESTION 2: Could you please summarise in few words the topic of your today’s interview?

Today we would like to touch a simple but very important point: ERP Systems in Supply Chain Planning - Implementation vs Utilization Dilemma

In other words, how much of ERPs are actually used to plan our supply chains ? For that, we mean Demand Planning, Production Planning, Materials Planning and so forth.

QUESTION 3: Can you please tell us a lit bit more on this problem?

Organizations invest millions of USD for years and mobilize hundreds of resources to map, design, implement ERPs. However, in our experience, in a couple of years, not to say few months, again SC teams are back in their spreadsheet...

We can summarise the SC planning tasks perhaps in 3 main initiatives: Plan, Control, Execute

And Being brutally honest, the majority of the Plan activity, more value added tasks, are NOT done in the ERPs systems... instead, the data is pulled out of the ERP, moved into a spreadsheet, manipulate with calculations, macros and ‘magics’, and they sent back into the ERP, many times, manually!!!

This is slow, time consuming, high risk of errors, and to say the least, not making usage of the huge investiments done in the ERP.

QUESTION 4: Excellent. What has inspired to work on these gaps?

What inspired me to write this article was 3 different conversations with clients who were very skeptical on spending money and resources in ERP.

Please don’t take us wrong, within Spin, we are fully supportive of using systems to plan.

Our principle is that systems should plan and planners should take time to analyse the plan and manage the exceptions. Instead, in real life, planners tend to plan every single item manually (or via spreadsheets) and using very ‘creative tricks’ in developing these mini ERP spreadsheet based ;-).

The other day we came across a research that affirmed that around 65 per cent of the organizations use spreadsheets to plan their supply chains. I fully respect the number but totally disagree, in real life, I would say that over 90 per cent is done in spreadsheet.

One of our clients, once made a ‘joke’ saying that at the moment that one click on ‘menu/install/ERP’ and it should automatically activate another command: ‘menu/uninstall/excel’

QUESTION 5: What would you recommend for someone looking for fixing similar problems?

Well, within Spin, we have being work over the last years in many clients and industries on solving these problems and make the right USAGE of the ERP systems. If you have interest in finding out more, please reach out and let’s have a good conversation.