

Early Findings: ERP and Lean (Continuous Improvement)

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Continuous Improvement (CI) and ERP

- ❑ Comparing companies with a formal continuous improvement methodology and companies without one (heavily focused on Lean).
- ❑ Focused on manufacturing operations and operational efficiency
- ❑ Looking operational performance of companies with formal CI and how they use Technology and impact of an ERP strategy on CI and Lean

Key findings from Continuous Improvement (CI) and ERP research

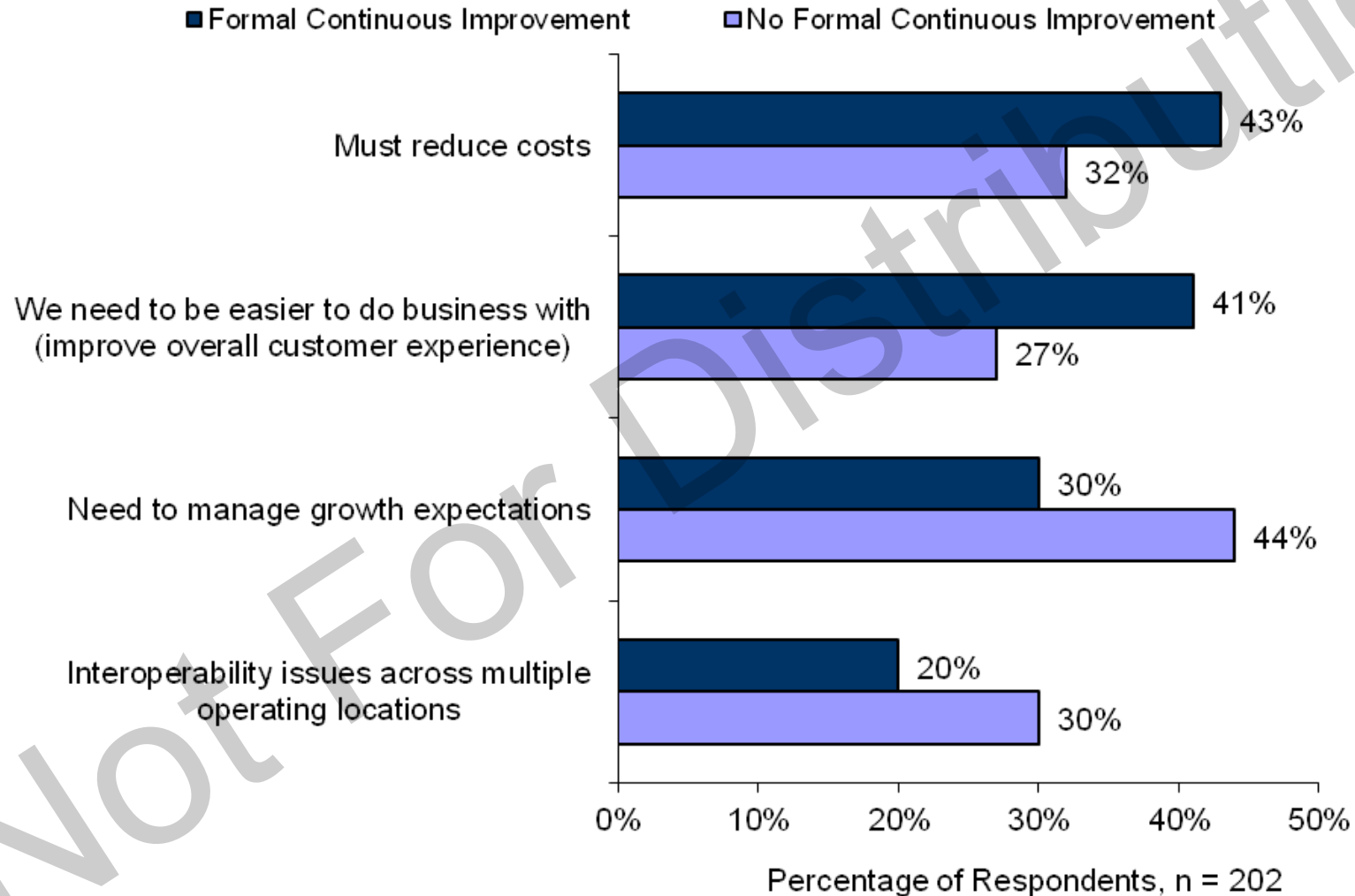
- ❑ Companies with a formal CI program are much more driven by cost (43%) and customer experience (41%)
- ❑ Companies with no formal CI are driven by growth expectations (44%)
- ❑ They are almost all focused on efficiency and optimization of business processes
- ❑ Companies with a formal CI program are more likely to be using ERP to standardize and get visibility in their business processes

Operational performance of companies with formal continuous improvement and those without

Maturity Class	Mean Class Performance
<p>Have a formal CI program: Top 49% of aggregate performance scorers</p>	<ul style="list-style-type: none"> ▪ 40 days sales outstanding ▪ 5.4 days to close a month ▪ 93% schedule compliance ▪ 94% complete and on-time shipments ▪ 95% Inventory Accuracy
<p>Do not have a formal CI program: 51% of aggregate performance scorers</p>	<ul style="list-style-type: none"> ▪ 48 days sales outstanding ▪ 6.0 days to close a month ▪ 88% schedule compliance ▪ 88% complete and on-time shipments ▪ 92% Inventory Accuracy

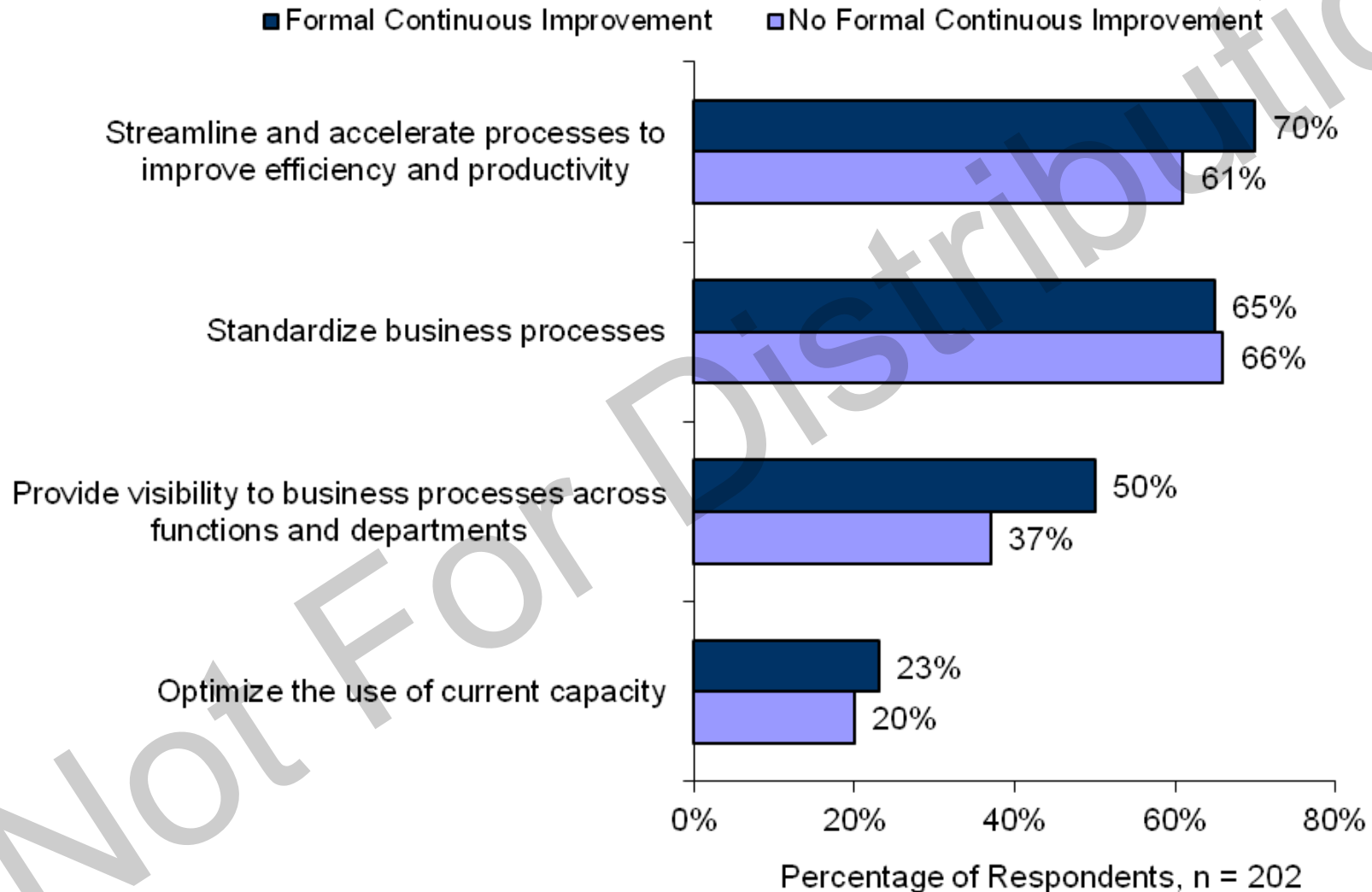
Source: Aberdeen Group, February 2012

Pressures manufacturing companies feel...



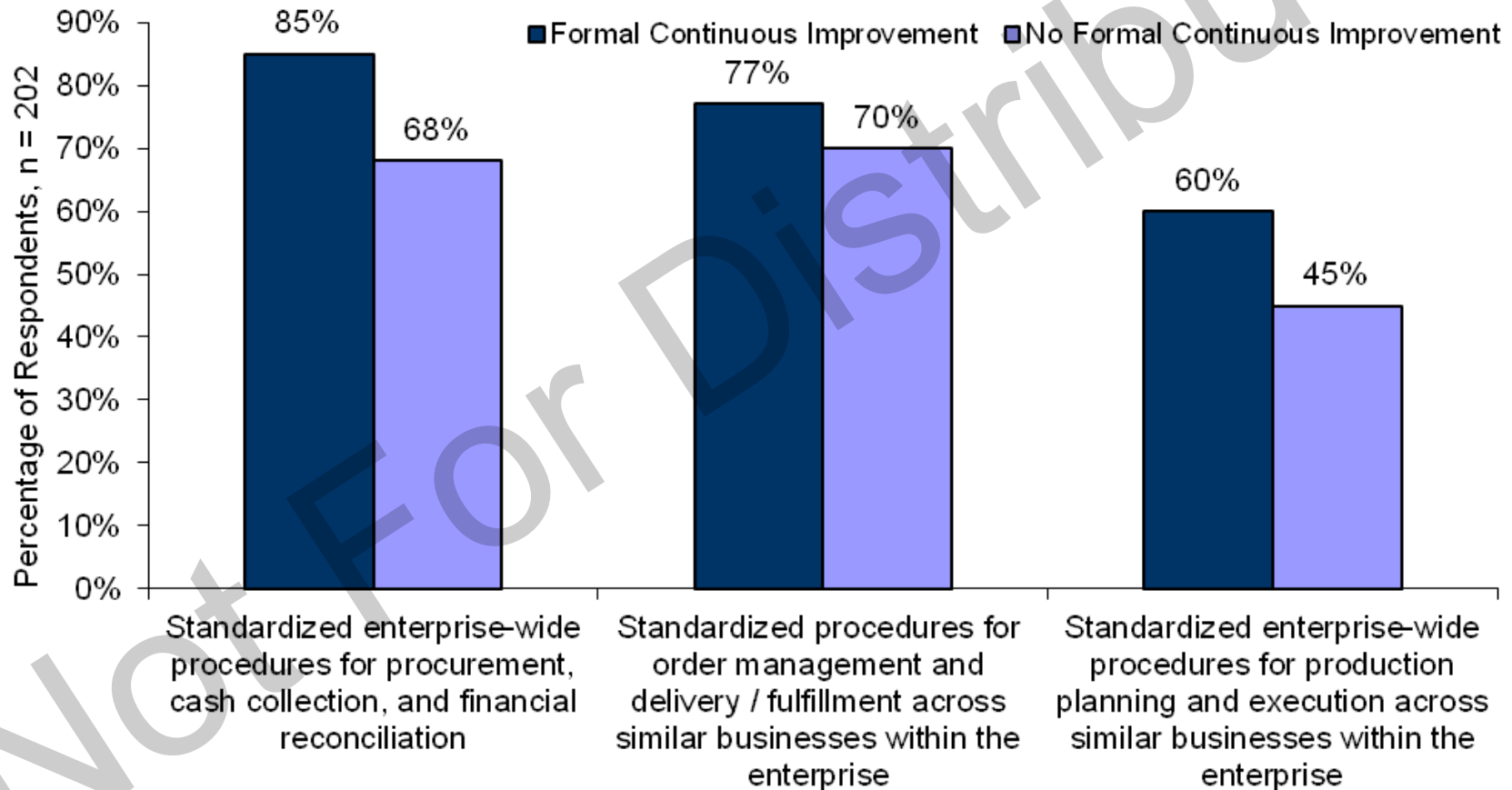
Source: Aberdeen Group, February 2012

Strategies/Actions to address those pressures...



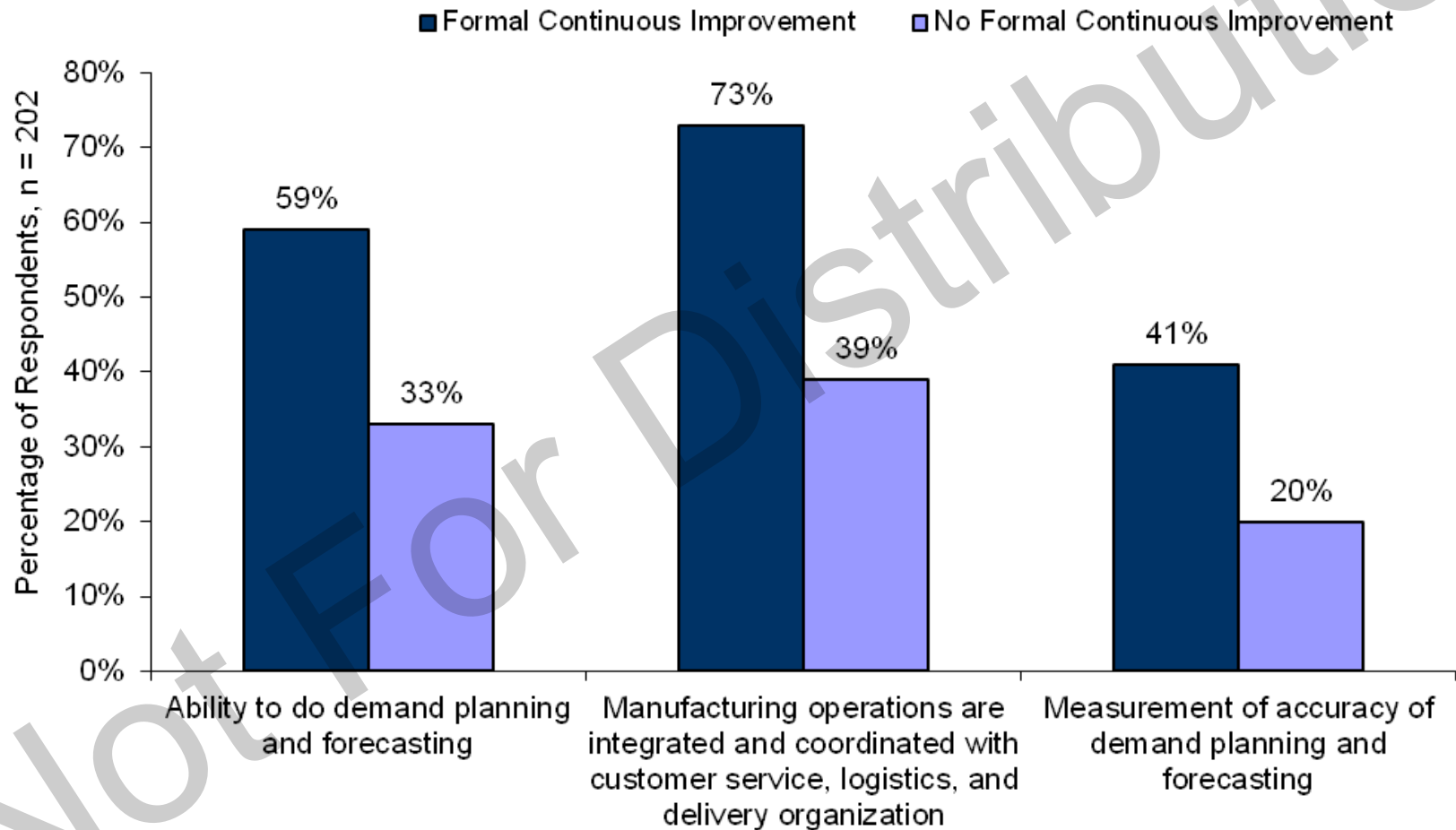
Source: Aberdeen Group, February 2012

How are companies driving CI using ERP to standardize their processes:



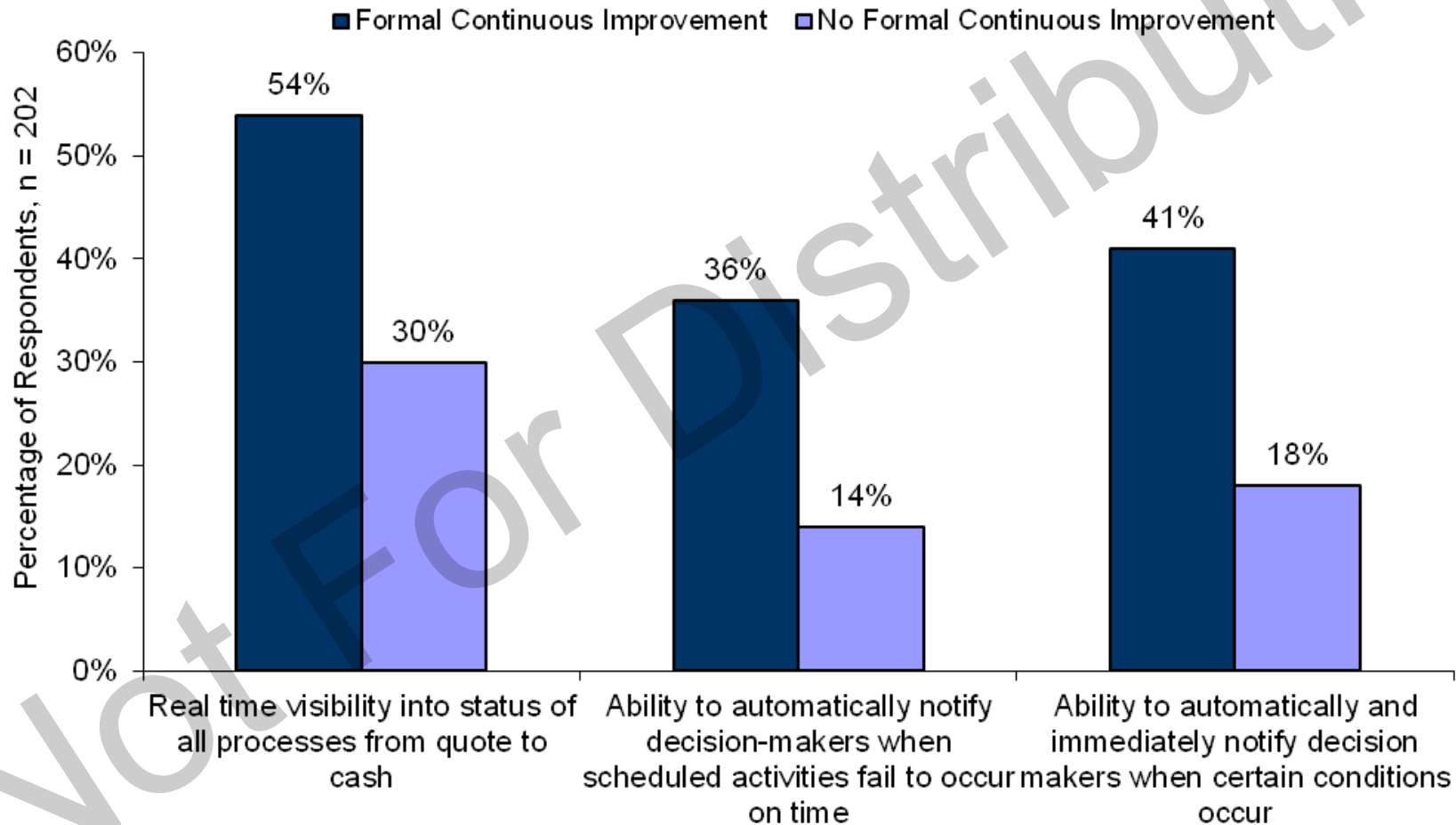
Source: Aberdeen Group, February 2012

Companies driving CI are using ERP to do S&OP the right way:



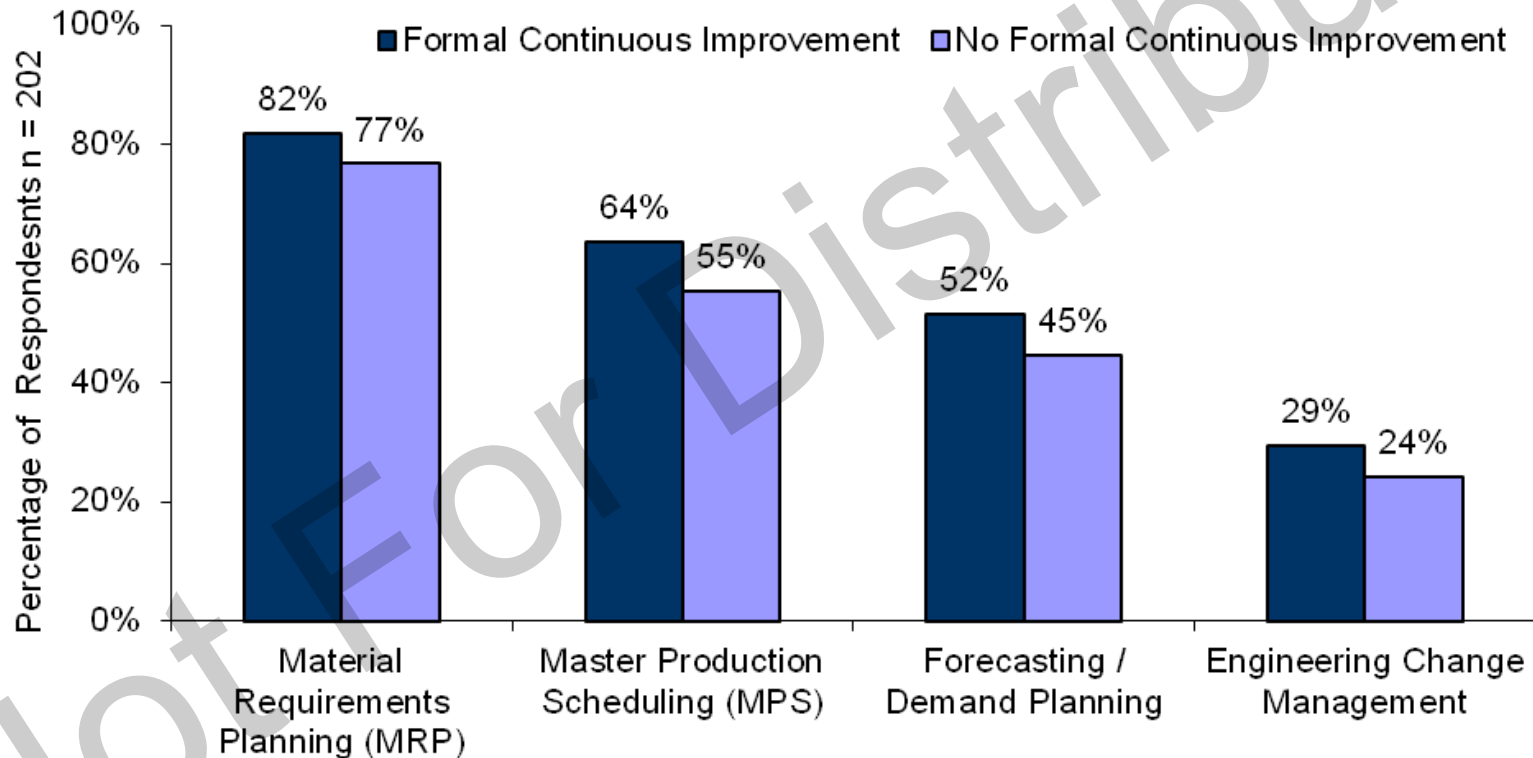
Source: Aberdeen Group, February 2012

Companies driving CI are more capable of providing visibility to their users and decision-makers:



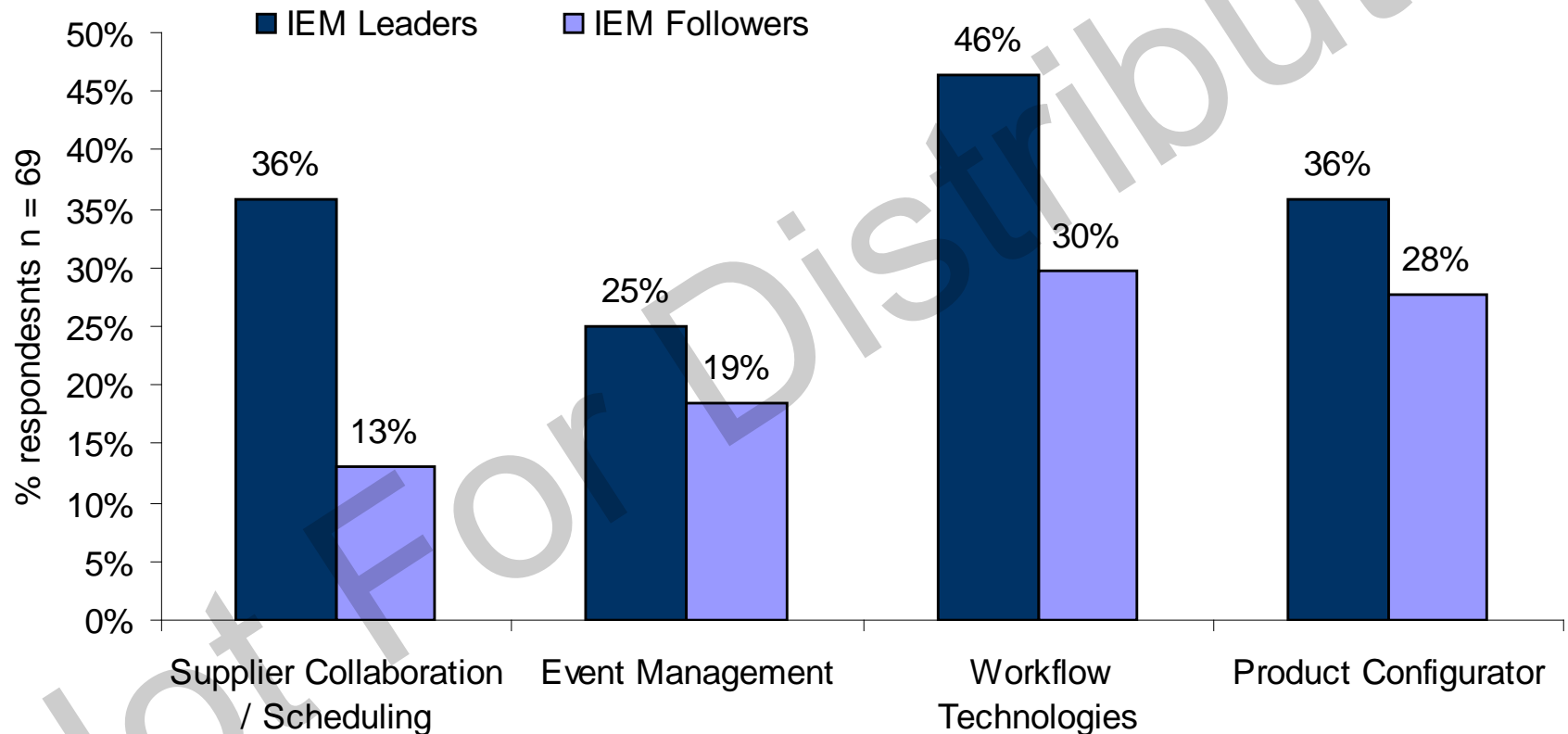
Source: Aberdeen Group, February 2012

Companies driving CI are more likely to use ERP to plan and schedule their operations:



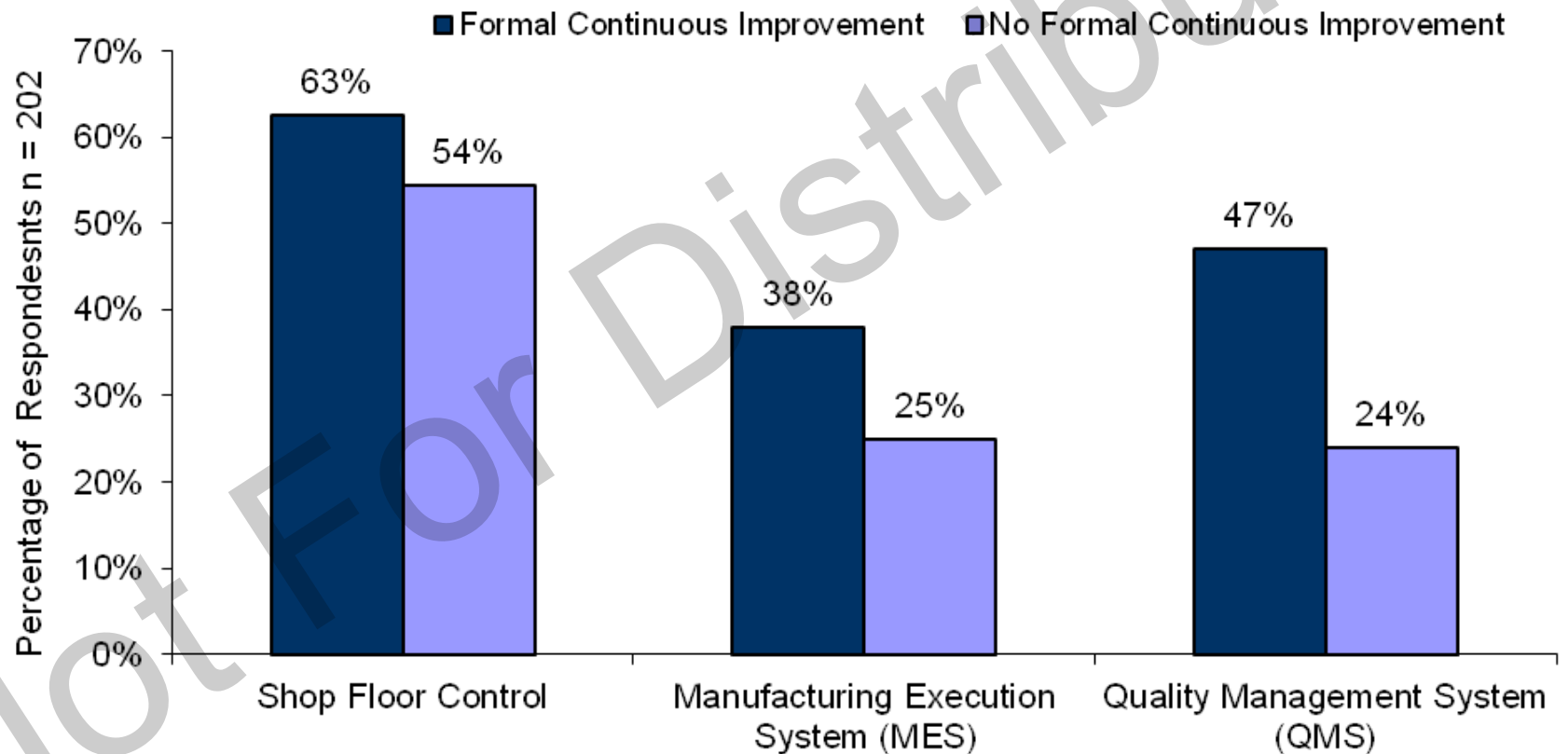
Source: Aberdeen Group, February 2012

Companies driving CI are more likely to use ERP's advanced capabilities



Source: Aberdeen Group, February 2012

Companies driving CI are more likely to be using ERP tools to support plant processes



Source: Aberdeen Group, February 2012

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- For more information about our research visit www.Aberdeen.com
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Conclusion

Thank You