

# 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

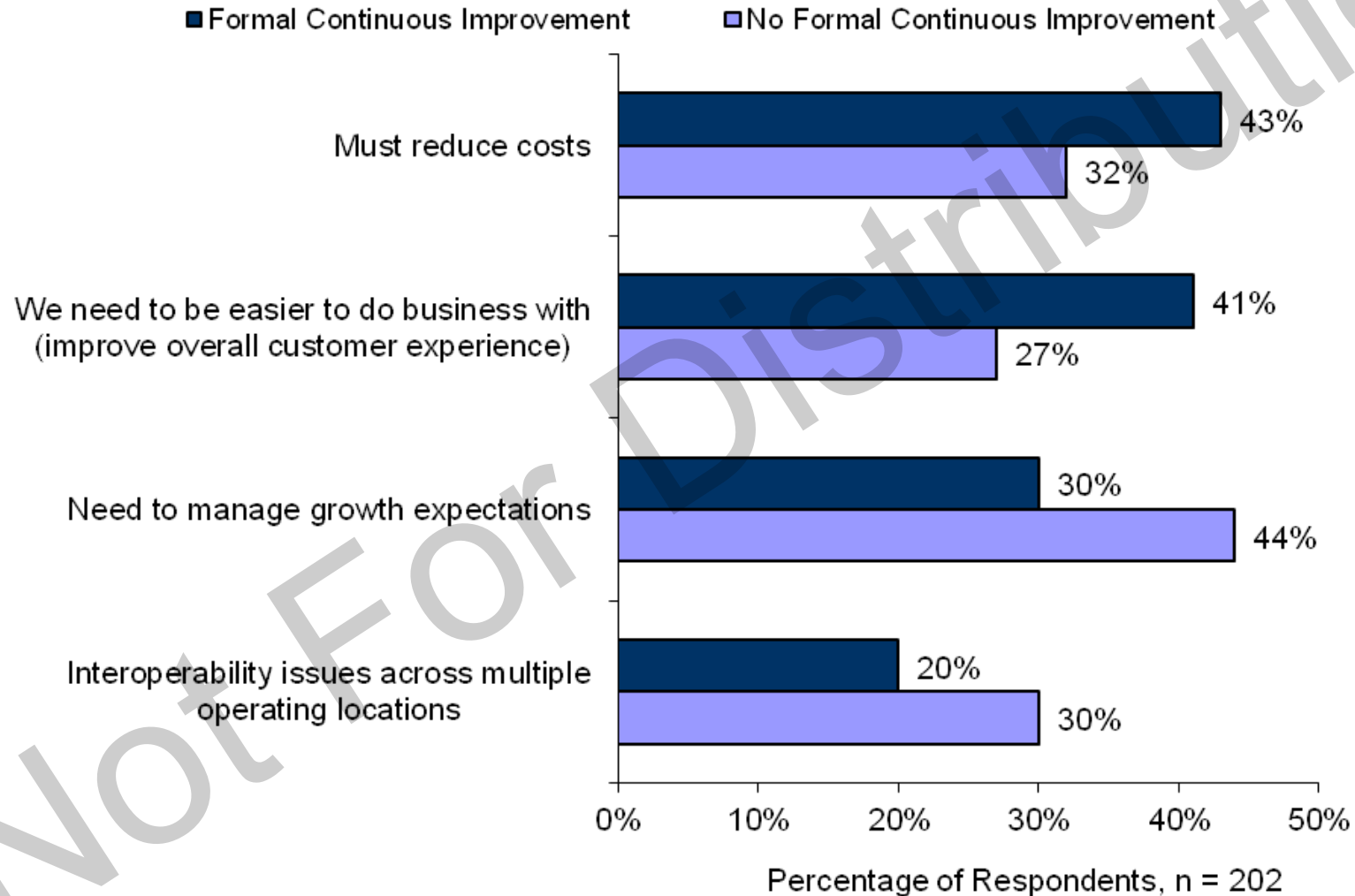
- ❑ Companies with a formal CI program are much more driven by **cost** (43%) and **customer experience** (41%)
- ❑ Companies with no formal CI are driven by **growth expectations** (44%)
- ❑ They are almost all focused on efficiency and optimization of **business processes**
- ❑ Companies with a formal 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><b>Have a formal CI program:</b> Top 49% of aggregate performance scorers</p>	<ul style="list-style-type: none"> <li>▪ <b>40 days sales outstanding</b></li> <li>▪ <b>5.4 days to close a month</b></li> <li>▪ <b>93% schedule compliance</b></li> <li>▪ <b>94% complete and on-time shipments</b></li> <li>▪ <b>95% Inventory Accuracy</b></li> </ul>
<p><b>Do not have a formal CI program:</b> 51% of aggregate performance scorers</p>	<ul style="list-style-type: none"> <li>▪ <b>48 days sales outstanding</b></li> <li>▪ <b>6.0 days to close a month</b></li> <li>▪ <b>88% schedule compliance</b></li> <li>▪ <b>88% complete and on-time shipments</b></li> <li>▪ <b>92% Inventory Accuracy</b></li> </ul>

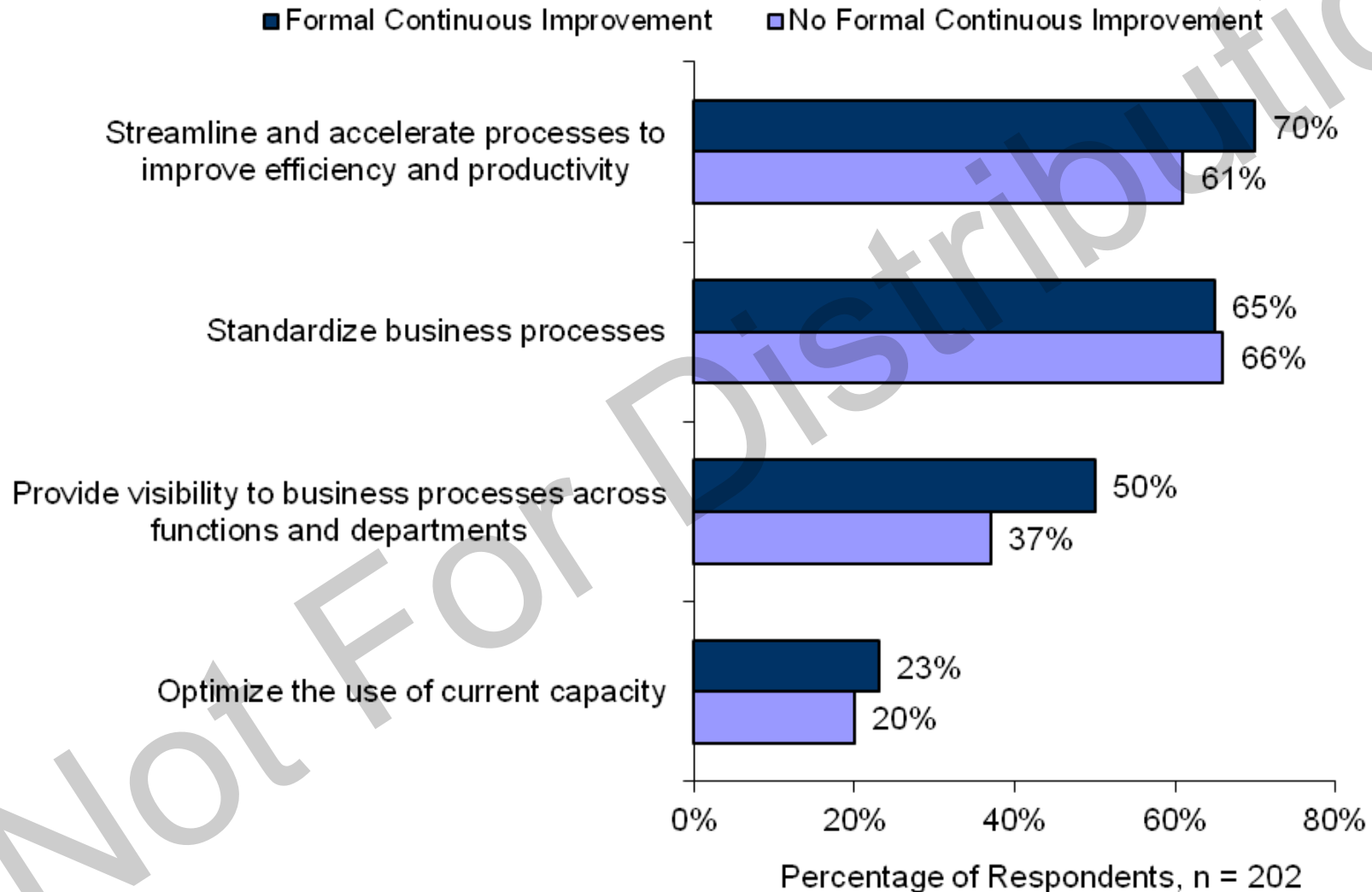
Source: Aberdeen Group, February 2012

# Pressures manufacturing companies feel...



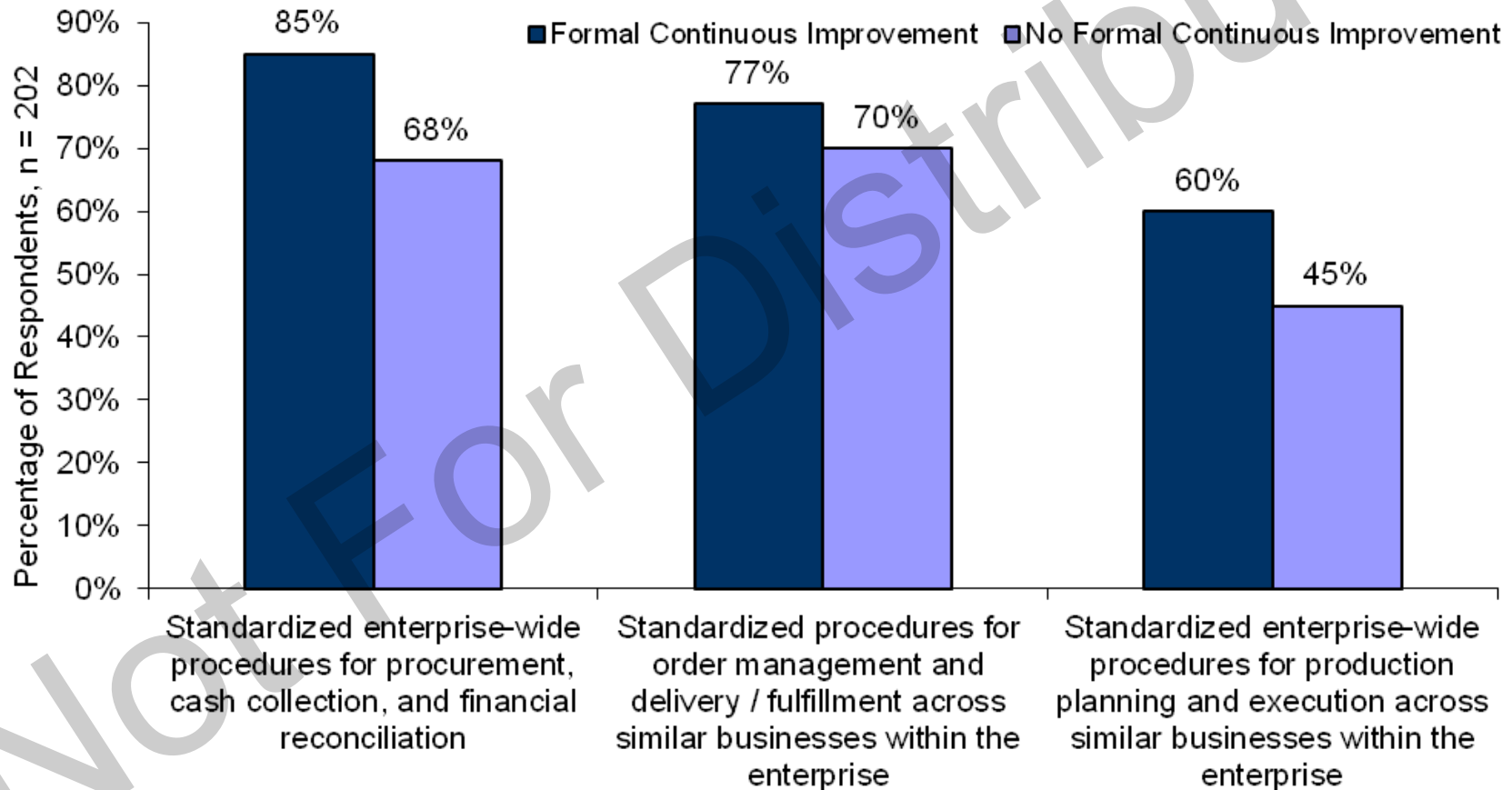
Source: Aberdeen Group, February 2012

## Strategies/Actions to address those pressures...



Source: Aberdeen Group, February 2012

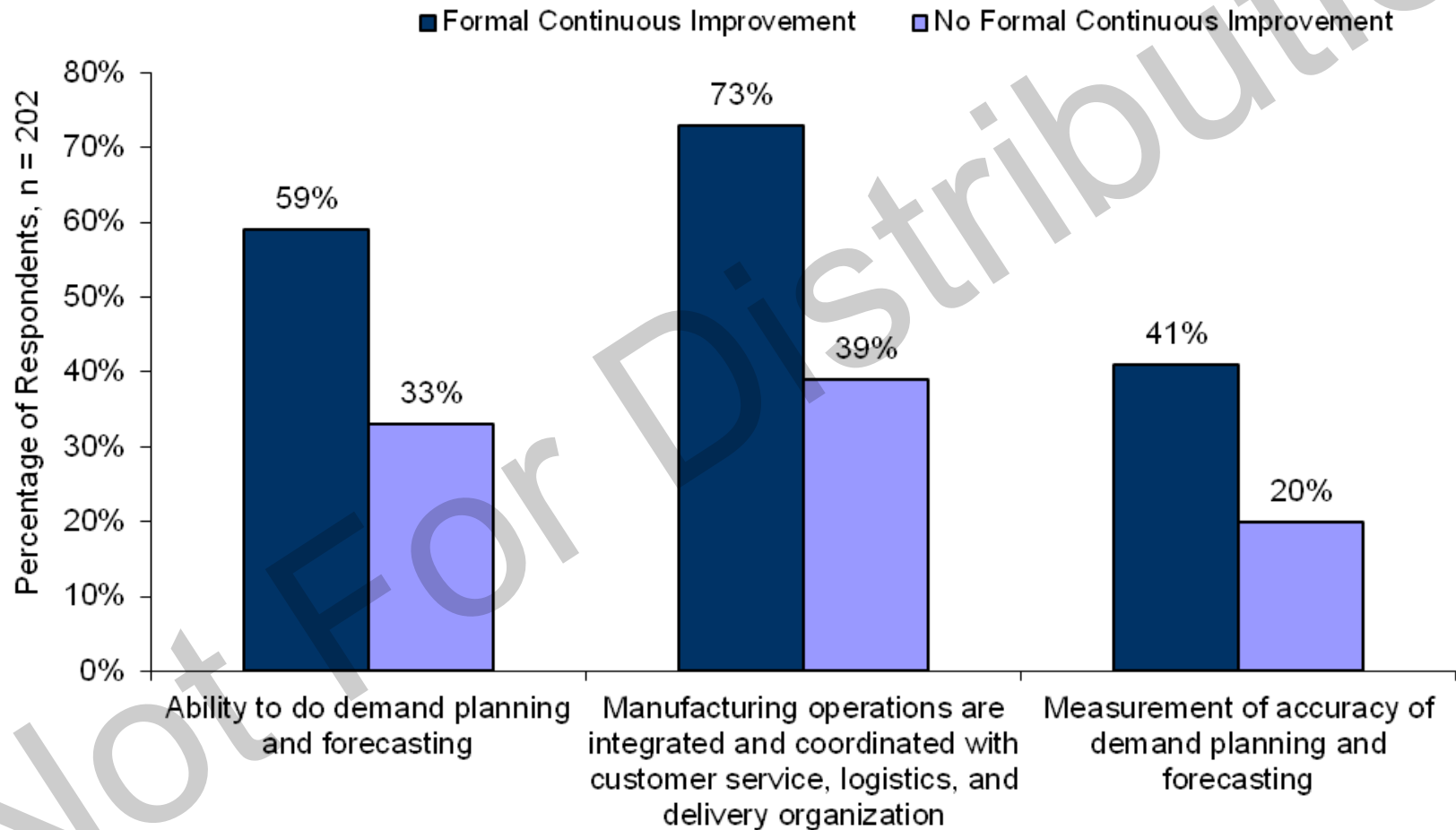
## How are companies driving CI using ERP to standardize their processes:



Source: Aberdeen Group, February 2012



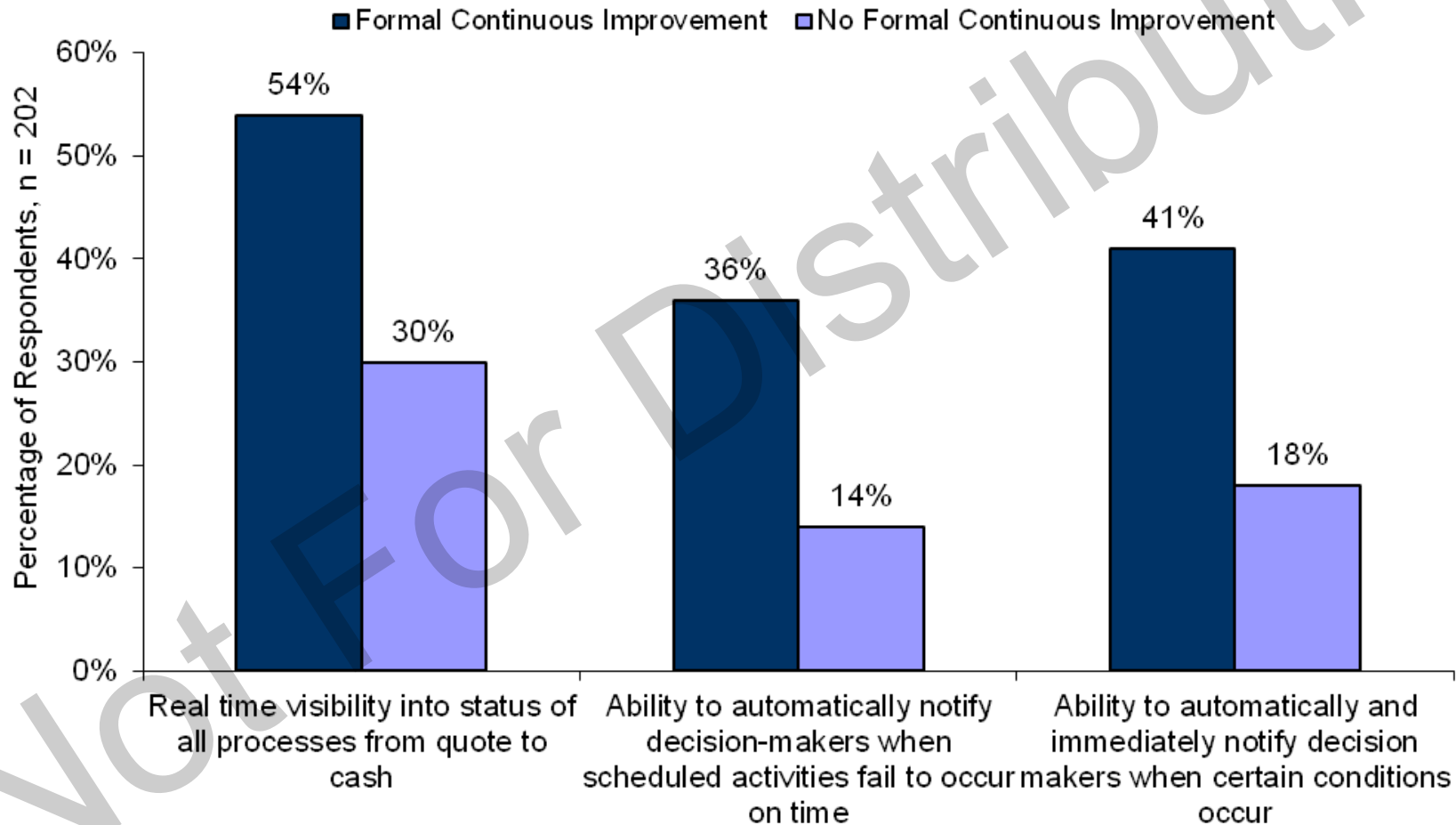
## Companies driving CI are using ERP to do S&OP the right way:



Source: Aberdeen Group, February 2012

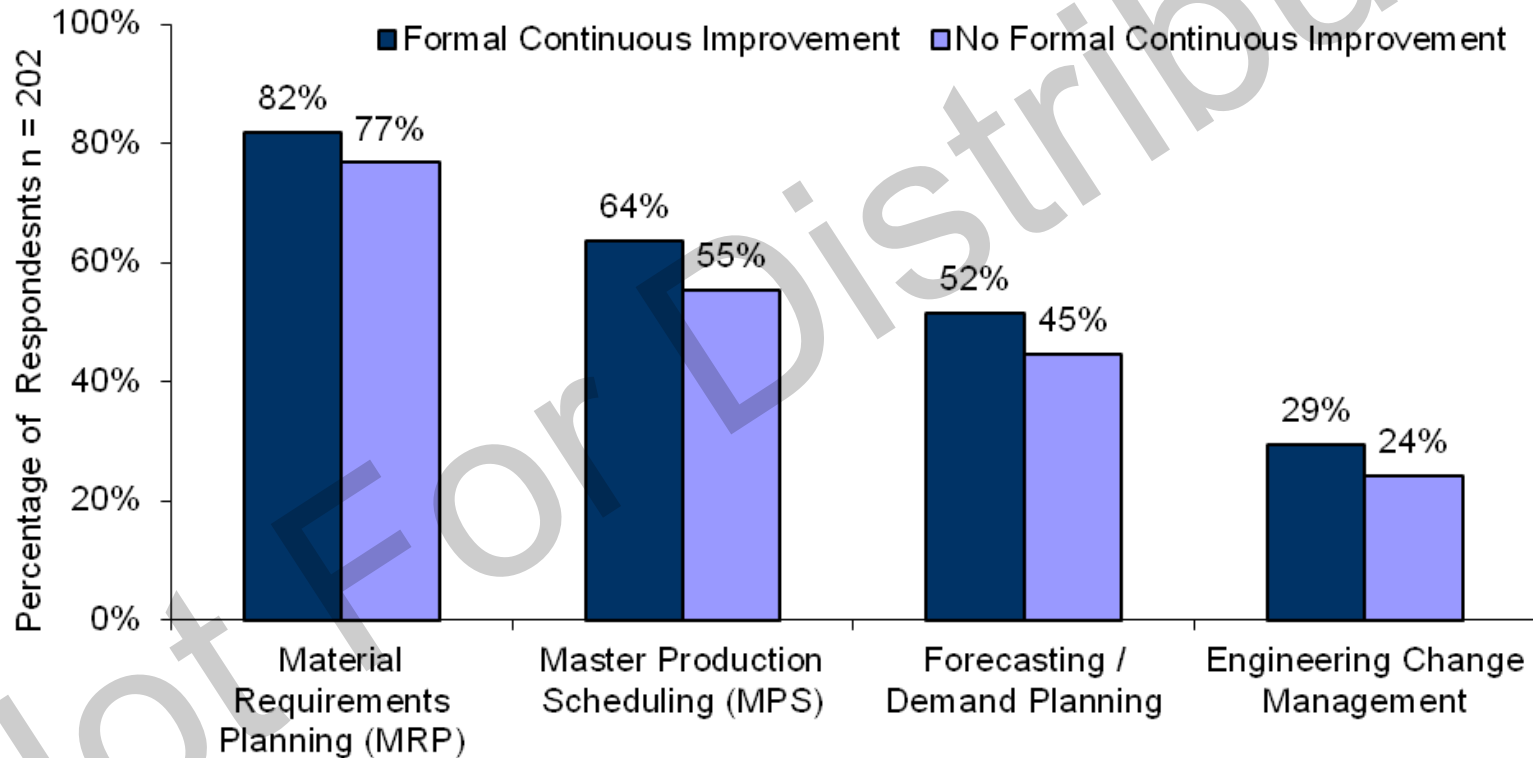


## Companies driving CI are more capable of providing visibility to their users and decision-makers:



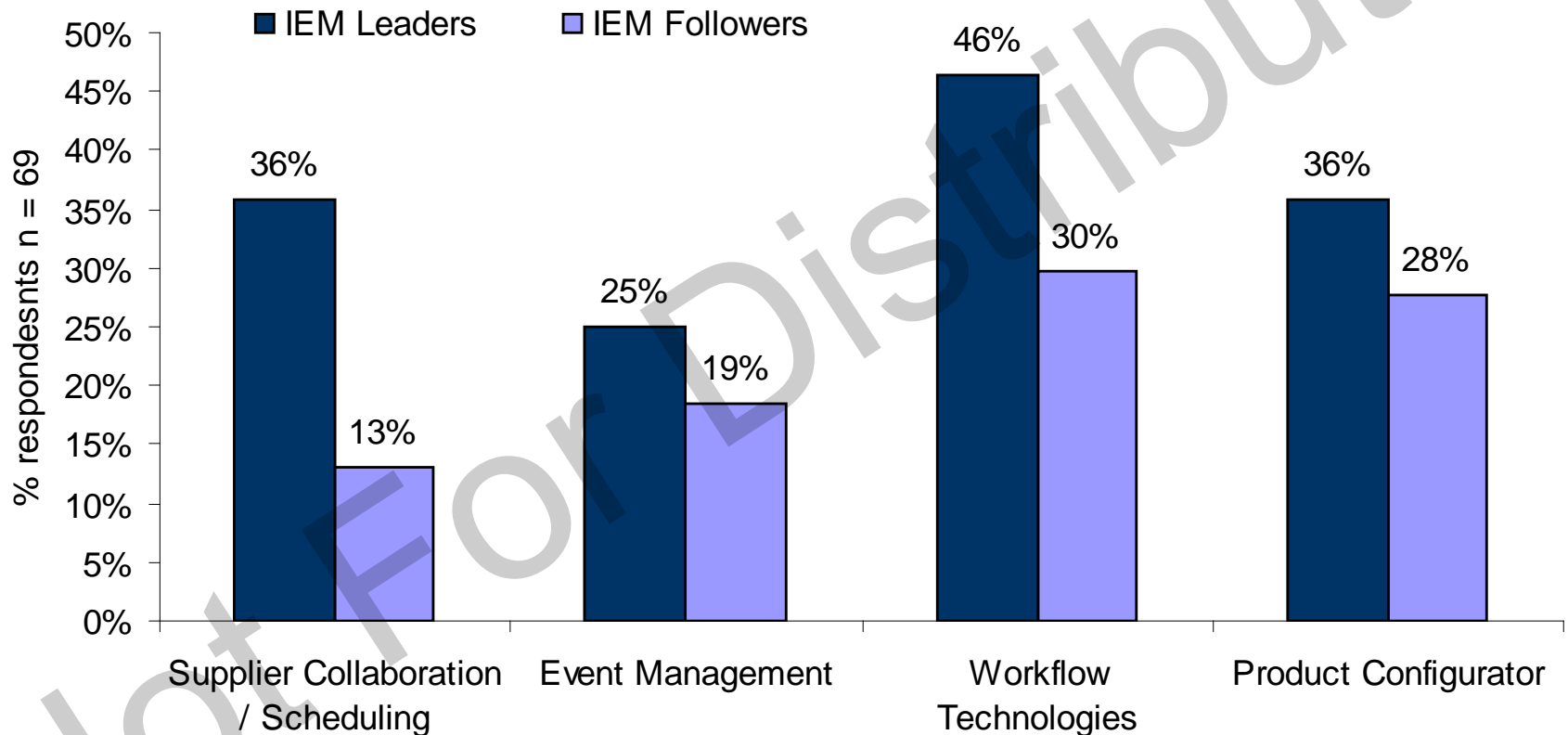
Source: Aberdeen Group, February 2012

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



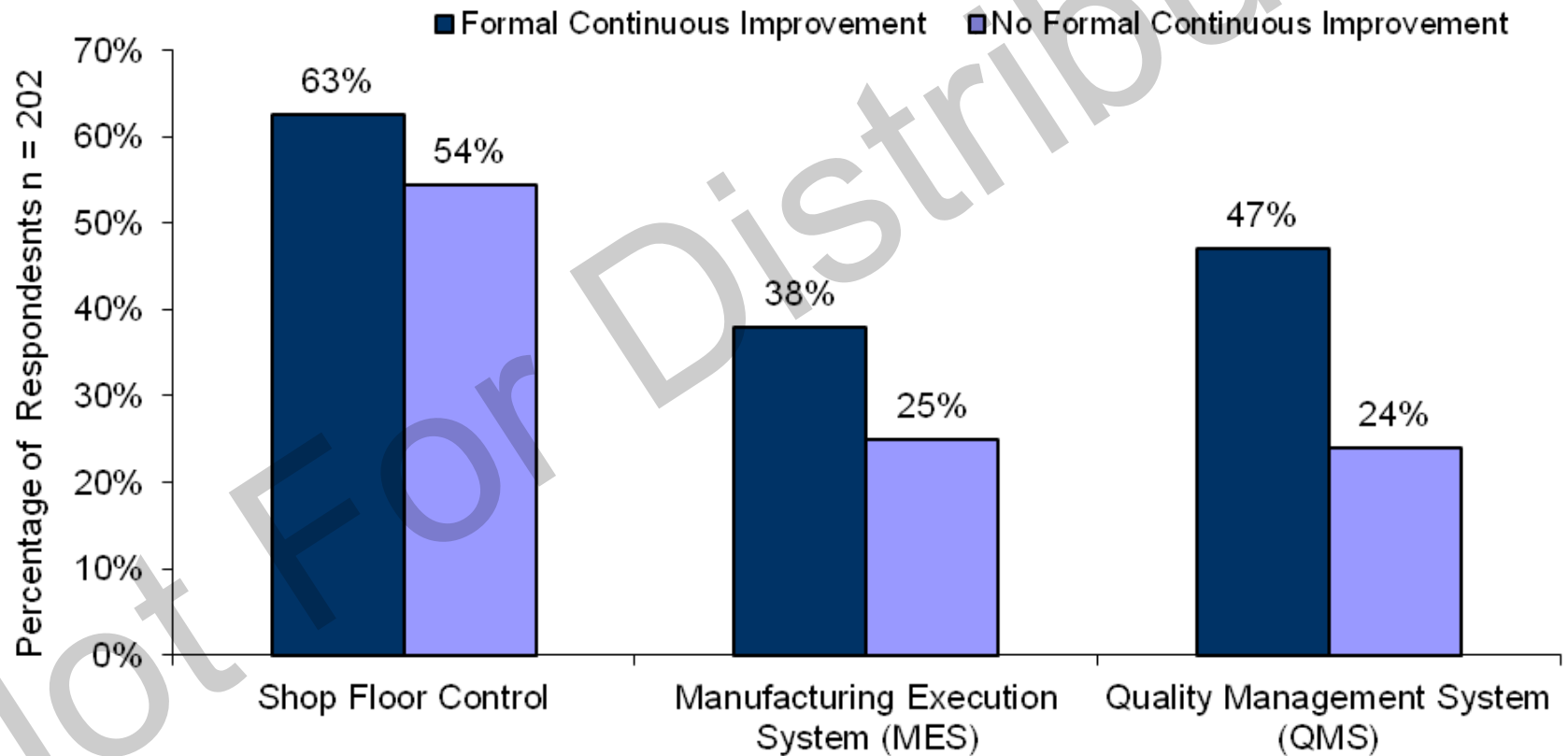
Source: Aberdeen Group, February 2012

## 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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## Explore Aberdeen

- For more information about our research visit [www.Aberdeen.com](http://www.Aberdeen.com)
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Conclusion

Thank You