



STERLAND
Building Solutions

What's the best business management software for my business?

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Accounting centric systems VS Industry Specific ERP

Sooner or later almost all successful building, timber and plumbing supplies businesses reach a point where the scope of their business outstrips the simplicity of their initial business management tool. For many the next phase involves investing in business software that integrates functions and data. Experience has shown us that most building, timber and plumbing supplies companies choose between generic accounting systems (such as MYOB) or industry specific Enterprise Resource Planning (ERP) solutions (such as ProStix).

There are basically two types of systems offered as Enterprise solutions today:

- » Accounting systems such as MYOB or Quickbooks that interface to numerous 3rd party modules (e.g. CRM or POS modules).
- » Enterprise systems that are targeted for a specific industry and have been developed internally.

What Are Industry Specific ERP Solutions?

All specific industries have unique business methods and use some unique terminology. Industry specific solutions like ProStix have been developed to better meet industry specific requirements.

These industry specific systems include features and terminologies the generic systems don't have like timber tallies, kitting, job processing, contract pricing and promotional pricing.

What Is The Difference Between Accounting Centric And ERP Systems?

Accounting centric systems are just that - accounting systems. Commonly they will include standard features such as AR, AP, GL, Financial Statements, Cash Book/Bank reconciliation, Cash Flow analysis and Asset Depreciation modules. They are usually marketed through accounting firms looking to extend their business, or through software vendors.

In comparison, ERP systems commonly feature most that the accounting systems include, plus functionality for all areas across the Enterprise (Operations, Customer Service, Quality, POS, Traceability/Regulated requirements, etc.)

As ERP systems require more specialised staff to support and implement them, commonly ERP systems are marketed by dedicated, and exclusive resellers or even direct from the software developer themselves.

Differences Between Accounting And ERP Systems

	Accounting System	ERP
Enterprise wide	Maybe	Yes
Scalable	Limited	Yes
Fees	Low to medium	Low to high
Customisation capabilities	Basic to Medium	Extensive
Functionality	Basic Industry Specific, Medium Financial	Extensive
Technology Platform	Mostly Windows only	Multiple platforms

Do The Accounting Centric Systems Also Offer Industry Specific ERP Add-On Modules?

Yes they do. As the Accounting centric customers grow, their systems need grows as well. To maintain their customer base, many accounting systems developed add-on modules or interfaced to existing point-of-sale solutions to extend their system features and life with their customers.

Commonly these add-ons, which were internally developed or 3rd party, are not nearly as robust as their core accounting features.

When reviewing these add-ons you should consider:

- » Does the software vendor have experience with those specific add-ons or even with your unique business needs?
- » Who will you be dealing with in regards to training and support? One or multiple organisations?
- » Does the add-on have a similar look and feel as the core accounting system?
- » Will you need to learn to use multiple, separate systems?
- » Who do you go to if a problem between the two systems arises?
- » The look and feel of each module will be different therefore you will need to learn how to use multiple programs.
- » Multiple software applications to buy, install, upgrade and maintain.
- » If one system upgrades, the interface and all of the other applications need to be upgraded at the same time.
- » Replication of data entry due to lack of seamless integration e.g. a staff member may enter a sale into the POS system then needs to re-key this data into the accounting system.
- » Information is rarely available in real time resulting in sub optimal decisions and poor customer service.

Accounting System (with 3rd party bolt ons)

Common Advantages

- » 3rd party modules have been built for almost every industry target, so they probably have a solution for you.
- » A collection of 3rd party modules can be a best of breed solution with ready built interfaces.
- » Relatively inexpensive to implement.

Common Disadvantages

- » Your supplier may have limited expertise with the 3rd party applications. If so, you will be supported, trained, etc. by multiple software vendors

Industry Specific ERP Systems

Common Advantages

- » The User Interfaces should be similar throughout the system for an easier learning curve and less confusion.
- » One support, training and implementation team.
- » All information originates from one system therefore multiple data entry is eradicated. The chance of human errors is also reduced.
- » Provides the ability to operate in real time i.e. all business functions have accurate, up to date information so they can be more responsive and make better business decisions.
- » Offer scalable solutions that will grow with your business.

- » An industry specific ERP solution effectively gives you an off the shelf option i.e. no need to invest time and money in extra programming and development
- » Enable you to centralise business rules that govern company policies and procedures e.g. customer discounts, stock re-order points.
- » You get software that has been developed specifically for your business needs
- » Industry specific software vendors understand your business and specific requirements, therefore have the ability to offer relevant solutions or suggestions.
- » In general, industry specific solutions enable you to mold the software to fit your business instead of molding your business to fit their software.
- » Shorter learning curve as you're working with a company that understands the industry, your employee's needs and talks in a language they can relate to.

Common Disadvantages

- » You have to buy the whole system, which means paying for functionality you might not implement today.
- » Regardless of how complete the ERP system is, it may be lacking in functionality that is critical to your firm. You can always interface to a 3rd party application for this purpose, but the interface problems described above would be the same.

When Should You Consider An ERP System?

Many small timber, plumbing and building supplies businesses find that accounting centric systems meet their basic needs. However, more often than not there comes a time when the information required to run your business efficiently is not available to your staff. At this point in time it would be worthwhile considering investing in an ERP solution.

Some indicators that it may be time for an ERP solution

- » Staff complain about system performance
- » An increasing number of in-house databases and excel spread sheets are being used to run your operations
- » Inventories are getting too high
- » Competitors appear to have an advantage regarding service provided and value
- » Government regulations
- » Shop Floor control data is lacking
- » Purchasing costs are too high
- » Customer complaints about service and stock-outs are increasing
- » Data access is difficult and time consuming
- » Your current IT supplier doesn't understand your business

Did you know it can cost as little as \$1000 a month to implement a business management solution that can manage your entire operation from the back office to the shop floor!

What To Look For When Buying An ERP Solution?

Depending on the size of your business and company vision your software needs will vary. However, for timber, building and plumbing supplies businesses there are several functional sets to look for. The following is a useful set of criteria to help you with the evaluation process.

Financials

Look for a solution that encompasses real time accounting information and eliminates the need to reconcile information from multiple systems. An integrated system will eliminate double entries and improve tracking and reporting through a complete-single-audit trail of all transactions.

Sales

Evaluate solutions that offer a wide range of multi channel sales features such as product catalogue publishing, e-commerce capabilities, inventory and order tracking, cross selling/suggestive selling prompts, customer loyalty capabilities. Look for a system that enables you to present customised views of products and pricing for customers.

Retail Floor

If you have a storefront consider an integrated solution that helps support your sales team by understanding buyer preferences and patterns (as well as suggestive selling of accessories for instance). Systems like ProStix provide automatic prompts and alerts during the sales process for appropriate up –sell and cross –sell opportunities.

Customer Service

Look for an integrated ERP solution that can manage all interactions with customers and suppliers including complex processes like returns and customer loyalty programs. An integrated solution can improve customer satisfaction by automatically generating internal alerts (e.g. low stock warnings) and notifications to customers such as advanced shipping. A single, unified repository of customer contact information will also ensure greater accuracy and consistency.

Inventory Management

A good ERP solution will help you create and manage complex product catalogues. Ensure that the system you choose enables you to easily create and manage unique SKU's for each product combination. It's also useful to select a system that enables you to import your buying groups product catalogue directly into the system.

Price changes and promotions made in the software should be immediately updated and available to everyone in the business i.e. from the warehouse to the storefront.

Fulfilment

Integrated software should increase your business accuracy and efficiency. Look for a system that can automate purchase orders when stock hits minimum quantities and track inventory

level of products separately for each store and warehouse location.

Business Reports and Monitoring

A good ERP solution will provide you with the ability to easily examine and analyse your business data. A business that has all business rules tied to key performance indicators and based on business rules can optimise workflow, set alerts and create tasks. This allows you to be pro-active in reaching customers and employees.

Supplier Credentials

Choosing the right supplier can make a huge difference to the outcome of your project. Do your research and analyse the capabilities and experience of the potential suppliers. Before evaluating potential products and service providers make sure you have a good idea of what features you require. Ask vendors questions related to cost, technology, customer base, developer and implementer qualifications and experience. Make sure you get a list of customers (similar to you) that you can call as references.

Summary

Many businesses reach a point in time where they find that the information required to run their business effectively is either difficult to find or not available. This provides you with an opportunity to consider your business's goals and requirements and to look for a solution that provides you with the information you need now and in the future. When implemented effectively, an industry specific ERP solution like ProStix can help you to improve business processes and decisions, resulting in increased revenue and profits.

Did you know:

Over 90 years ago Sterland's founder; Morris Sterland, had a vision. He dreamed of a system that would help manage his timber, plumbing and building supplies business.

When he couldn't find a system to meet his industry specific business needs he set himself a mission to build his own. The result was ProStix – Australia's leading ERP Solution designed specifically for timber, plumbing and building supplies businesses.

About Sterland

The Sterland Group has spent the last 90 years working in and around the plumbing, timber and building supplies industry. We understand that finding the right business management software for your business can be difficult. If you are considering investing in an integrated ERP solution to help manage your business we would love to talk to you.

Contact Us

If you would like more information on anything written here or have any general questions relating to how Sterland could help your building supplies business please contact us. It can cost as little as \$1000 a month to implement a proven business management solution to manage your entire operation from the back office to the shop floor!

Phone: 02 4365 6543

Email: betterbusiness@sterland.com.au

Web: www.sterland.com.au

