

THE ULTIMATE GUIDE TO

# Buying ERP Software



**AN INTERACTIVE GUIDE**  
to exploring ERP software

 **Global Shop**  
SOLUTIONS  
ERP SOFTWARE

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This document will guide you through the entire ERP buying journey and was created based on research and feedback from the experiences of ERP users at over 3,000 facilities.

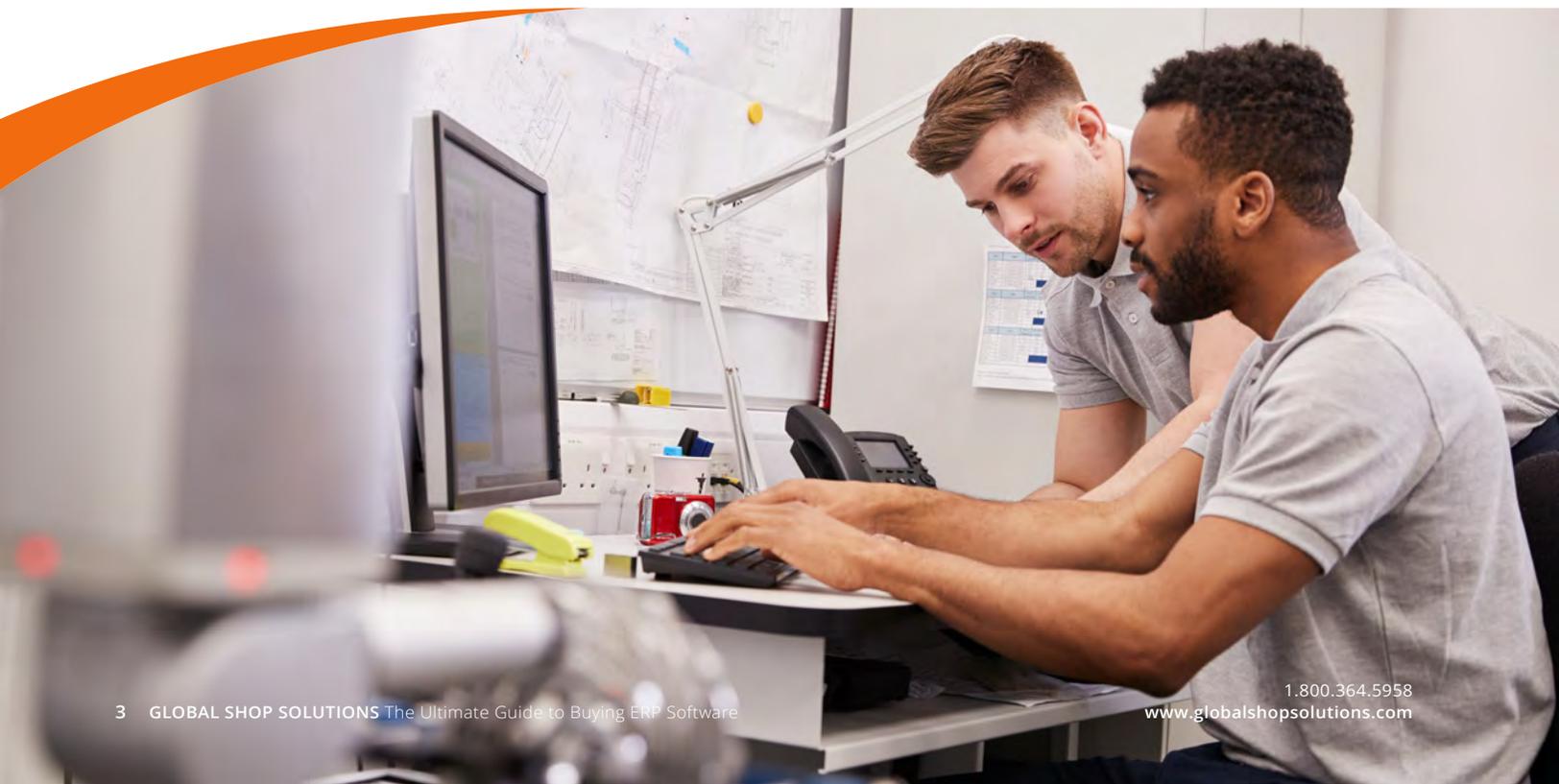
## EVALUATING ERP PROVIDERS

# What is ERP Software?

Enterprise resource planning (ERP) is a type of software that companies use to manage their critical business activities and operations like shop management, accounting, project management, customer relationships, and quality control.

Manufacturers typically choose to purchase or upgrade their ERP one of the following reasons, knowing ERP can improve these items:

- Improve cash flow
- Grow their bottomline
- Reduce operational costs
- Less human error and higher accuracy
- Better visibility and improved insight
- More efficient shop floor processes
- Reduce paper throughout their shop floor
- Time savings by reducing or eliminating manual processes
- Attain more accurate inventory counts
- Improve scheduling and labor tracking
- Establish more transparency and visibility across their shop floor
- Eliminate human error that can occur with manual processes
- Centralize data by eliminating departmental silos
- Better reporting in real-time



# Using the Ultimate Guide to Buying ERP Software

Purchasing an ERP solution is a long-term commitment, important investment, and can be a tricky process to navigate. Once you've reviewed and completed this guide, you'll have a personalized roadmap built out for your buying decision. Here's how it works:

1. **GATHER THE RIGHT PEOPLE TO HELP YOU COMPLETE THIS GUIDE.**

No ERP selection is done by one person in a vacuum. You need the right people helping you evaluate, ask questions, and reviewing sections of this guide. If you're a CEO or VP reviewing this guide, ask your operations and accounting people for input on this guide. If you're a manufacturing operations person, show this guide to your CEO, VP or decision-maker to get their input. We talk more about the right people on [Page 9 – Building your ERP Taskforce](#).

2. **COMPLETE CRITICAL TASKS.**

In many sections of this guide, you'll find critical tasks listed. Review each of them carefully as you complete the objectives. Completing these tasks beforehand will ensure that you're prepared for an ERP implementation out of the gate.

3. **GRADE ERP SOLUTION PROVIDERS IN KEY AREAS.**

You'll have the opportunity to grade ERP companies in several key areas so that you pick the solution that is the best fit for your company. Use this guide to give you the questions to ask and the areas to grade them. Once you're finished with the guide, you should have graded all the ERP vendors you're evaluating so you can make a final decision to purchase. We give you a scorecard on [Page 17 – Grading the Finalists](#).

# Defining Your Objectives

Defining your objectives is the first step in making your buying decision for an ERP solution.

Using the below section, rank these ten shop floor areas in order of priority for your business. These ten areas are typically where manufacturers struggle and require technology to see the most improvement.

Once you rank the objectives, keep the top 3-5 objectives in mind as you complete the rest of the guide. They will help you pick the right ERP vendor.

**Rank each of these items 1-10 with 1 being your most important objective and 10 being your least important objective.**

| <b>RANK</b> | <b>OBJECTIVE</b> |
|-------------|------------------|
|-------------|------------------|

|  |  |
|--|--|
|  | I want to get parts through the shop faster. |
|--|--|

|  |   |
|--|---|
|  | I want to schedule and deliver on time. |
|--|---|

|  |                                 |
|--|---------------------------------|
|  | I want to get my quality right. |
|--|---------------------------------|

|  |                          |
|--|--------------------------|
|  | I want my sales to grow. |
|--|--------------------------|

|  |                                |
|--|--------------------------------|
|  | I want to figure out my costs. |
|--|--------------------------------|

|  |                                      |
|--|--------------------------------------|
|  | I want to get my inventory accurate. |
|--|--------------------------------------|

|  |                                   |
|--|-----------------------------------|
|  | I want to control my labor costs. |
|--|-----------------------------------|

|  |  |
|--|--|
|  | I want to serve my customers the way I want. |
|--|--|

|  |  |
|--|--|
|  | I want to consolidate & integrate software so it all communicates with each other. |
|--|--|

|  |   |
|--|---|
|  | I want real-time KPIs on all my important data. |
|--|---|

## Critical Tasks

**Define Your Why:** In a few sentences, write down why you're evaluating an ERP solution.

**YOUR WHY:**

**Define Your What:** In a few sentences, write down your goals and what you want to achieve.

**YOUR WHAT:**

# How Healthy is Your Manufacturing Business?

Knowing where you stand in the eight critical areas of your manufacturing business is key before you start looking for an ERP vendor. Example: if your weakest areas are scheduling and on-time delivery, look for a solution with great applications for those two functions. Knowing the strengths and weaknesses of your business will allow you to choose an ERP solution that's right for you.

## Critical Task

Consider the eight critical manufacturing areas below and grade your business in each of these areas. Give yourself an A if you're the best you can be in that area. Give yourself an F if it's one of your weakest areas and it needs the most improvement.

**Quick Tip:** When grading these areas, it's important to think about how important each of these are for your business and how satisfied your customers are in each of these areas.

|                       |   |   |   |   |   |
|-----------------------|---|---|---|---|---|
| Scheduling            | A | B | C | D | F |
| Delivery              | A | B | C | D | F |
| Quality               | A | B | C | D | F |
| Sales                 | A | B | C | D | F |
| Costs                 | A | B | C | D | F |
| Inventory             | A | B | C | D | F |
| Labor                 | A | B | C | D | F |
| Customer Satisfaction | A | B | C | D | F |

Need help figuring out your grade? Take the 40-question, 10-minute [Manufacturing Health Test](#).

# Things to Think About When Budgeting for ERP

“How much is ERP going to cost me?” I’m sure this question is top of mind when considering ERP software. Unfortunately, there is no simple or exact way to answer it because many different pricing models and variables go into getting you a price.

Most vendors price ERP software by users. From there, some ERP vendors will allow you to buy just the applications you want while others provide you an all-in-one integrated system. Some have monthly fees to ‘use’ the software; some vendors allow you to own the software. Some provide customizations that might be an additional cost.

No matter which vendor you choose, you must know that ERP software is an investment and something that needs to be carefully budgeted for. The below questions will help you prepare for the upcoming steps of talking with a vendor and seeing software demos.

## Critical Task

**Answer the following questions:**

How many software users will you need?

Do you need an all-in-one package, or do you want to buy just the applications you want?

What applications will you need? See a list of potential applications [here](#).

Will you need to purchase a new server?

Are there any other companies that we will need to contract and pay to get live?

*(ex: ERP or IT consultants, third-party software integrations, ERP customization experts, ERP trainers)*

Questions continued on page 8 >

# Things to Think About When Budgeting for ERP

## Critical Task

**Answer the following questions:**

Do I want to do Cloud, SaaS or on-premise?

What integrations will you need to have included to work with your ERP software?

Are there any customized processes you currently use that you want to work with your new ERP software?

Are you looking to use your ERP software on the shop floor for clocking in and out of jobs?

Will you need TVs or monitors that displays your ERP data out on the shop floor?

Will you need extra training to get your team up to speed quickly?

Will you need the ERP vendor to provide a consultant to help you import your data into the system?

**The following questions will affect your cost so be sure to ask your ERP vendor:**

Are there any annual or monthly service or subscription fees?

Is the implementation and training done by the ERP software provider or will I pay a third-party to do this for us?

# Building Your ERP Taskforce

An ERP Taskforce includes all of the key people that will be involved in the implementation of your ERP solution. When assembling your taskforce, it's important that every critical area of your business is represented. Team members should be well respected within your company, excited about the project, have a flexible schedule to multi-task the workload of their current job functions with new ERP taskforce responsibilities, ability to commit to training on and offsite, and ability to cross-train new users.

An ERP taskforce usually consists of 3 key groups, your project sponsor, an executive steering committee, and core team members. Your project sponsor is typically someone at an executive level responsible for the initial buy-in of the software. The executive steering committee might consist of directors or managers that will be responsible for making sure your implementation stays on time and teams remain focused and on task. Your core team members will be members from each critical department or business areas that will be responsible for executing individual tasks and action items.

Once assembled, the ERP taskforce oversees a variety of important activities. These include:

- Researching, evaluating and selecting the appropriate ERP
- Setting goals and objectives
- Working with the ERP vendor to create and execute an implementation plan
- Communicating the need for the ERP software and the benefits of using the new system to the company
- Scheduling training
- Following through on the plan and holding people accountable

## Critical Task

### Define the members of your ERP Taskforce:

Project Sponsor

Executive Steering Committee (Managers and Directors)

Core Team Members (Representatives from critical departments)

**Quick Tip:** Have at least one representative for each business activity. When every person "owns" a piece of the process, the whole company buys into the ERP process and the implementation goes much smoother.

# Important Things to Consider

When you select an ERP solution, it's not just buying software off the shelf. You're entering into a partnership that will change your operations for several years if not a decade or more. Here are 4 C's to remember when you're evaluating ERP providers.

1. **COMPLETE.** Choose a fully-integrated system.
2. **COMPREHENSIVE.** Look for ERP that has the latest tech and features but is also easy to use.
3. **CUSTOMIZABLE.** It should allow you to create tailored reports and options without requiring modifications by the vendor.
4. **COHESIVE.** The best ERP has been developed by the same company, so all different modules work together seamlessly.

As you're researching and reaching out to ERP providers, here are some important things to remember and good questions to ask:

## **ABOUT THE COMPANY:**

1. Are the people at the top great leaders that maintain good values within their company?
2. How long have they been in business?
3. Is this a culture you'd want to be to a part of?
4. Will their culture blend well with yours?
5. Can they help facilitate the growth I want and help me achieve my goals?
6. Is their staff happy and do they maintain a low turnover rate?
7. Are they financially stable?
8. Does this ERP provider have a lot of outside investment?
9. What does their debt ratio look like?

## **ABOUT THE SERVICE:**

1. What are their average hold times when you call in?
2. Where is their support team based?
3. Do they offer 24-hour support?
4. Do they offer ongoing, free training after implementation?

## **ABOUT THE SOFTWARE:**

1. Is their system easy to use and simple to navigate?
2. How frequently are updates made to the system?
3. Does the software have the ability to successfully integrate with software I am already using?
4. Will this ERP system run on what I already own or will I have to buy a new system?
5. Does this ERP system fit my budget?
6. Are there any hidden long-term costs or fees?
7. Is this shop floor module robust and inclusive?
8. How is the quality module?
9. Does the inventory module look complete and simple to use?

  
click to jump  
to "Grading  
The Finalists"

# Research Tips

1. Use search engines like Google or Bing to get some initial research out of the way and eliminate bad fits quickly.
2. Check out their websites. Review their applications lists. Check out their integration options. See what options they have specific to your industry. See their pricing model. Read their latest blogs and case studies. Is their list of case studies impressive? Do they have a handful or dozens? See if they are providing product information or thought leadership – do they know manufacturing?
3. Use business research sites to read about each software and customer reviews. There are many software and business websites out there for you to access detailed reviews on the ERP providers you're considering. Here are a few software review sites to get you started:
  - a. [Software Advice](#)
  - b. [Business Software](#)
  - c. [Top 10 ERP](#)
  - d. [ERP Focus](#)
4. There is no better feedback than good, old-fashioned networking. Don't be afraid to reach out to other manufacturers to see what they're doing. Ask others in your industry and locally to find out who they are using and why they chose that company.
5. Consider visiting a local or industry-specific tradeshow to meet with and talk to a lot of vendors at once. Here are the largest manufacturing tradeshow you can check out:
  - a. [International Manufacturing Technology Show \(IMTS\)](#)
  - b. [FABTECH](#)
6. Talk to your local industry associations. Many of them have lists of ERP vendors they are happy to share. Consider talking to or joining these associations:
  - a. [Fabricators & Manufacturers Association](#)
  - b. [National Association of Manufacturers](#)
  - c. [National Tooling & Machining Association](#)
  - d. [Precision Machined Products Association](#)
7. Check out your ERP provider social media pages. This will give you an idea of what kind of company they are, what kind of culture they have, and if they are responsive and involved with their customers online.



# Navigating Your Online Demos

Your online demos will be like ERP speed-dates. At this stage, you've been able to narrow down your search with some research. Now it's time to see some systems in action. We recommend you start with a simple online demo from 5-7 vendors and let them show off and show you the best of what they offer. This will allow you to quickly rule out ones that won't work for your business, will push the contenders to the top, and should not cost anything but your time.

**Here are some additional things to look for during your online demos:**

1. Make sure they detail their pricing model and secure a rough cost estimate.
2. Make sure to get a complete, quote-to-cash overview of the system.
3. Let them show you how easy (or not) the software is to use.
4. Ask questions about company background.
5. Ask questions about any specialization the company has.
6. Find out about all of the products the company sells.
7. Ask what's included and what's not.
8. Learn about the ERP provider's partners and who you'll be working with.
9. Pay close attention to ease of use, system functionality and things like cost tracking, scheduling, and inventory.
10. Make sure buying their system moves you forward in areas you already excel in and won't set you back in those areas.

Check out [page 16 - 18](#) for easy-to-use grading scorecards to use for each vendor as you go through this process.

# Navigating Their Visit to Your Facility

At this stage, you've likely narrowed your ERP choices down to a few final contenders and a buying decision is on the horizon. During your online demo, you learned if the software was a good match for your business or not.

A visit to your facility will give you the opportunity to see the software more in depth, meet the people behind the software you're buying, and learn how your specific processes work with their software. Facility visits are good for the following reasons:

- This is your opportunity to show them your current processes and facility
- Have them build a job in their system using your data before they arrive
- Take a deeper dive into the system and ask questions specific to your processes
- It allows you facetime with people at the ERP company
- Make sure you discuss any budget constraints or costs questions

During their visit to your facility, consider asking them to bring specific experts in areas that are important to you. Also, it is common for the buyer of ERP to visit the headquarters of the ERP vendor. We recommend taking the time to visit their facility as well.



# Reference Checks

Once you've shortened your list of potential ERP providers, the next step is to conduct your reference checks of some of their existing customers to see how they feel about using the software. This will give you a real look into how the ERP solution works for businesses just like yours as well as help you vet the ERP software.

Ask the ERP vendor to provide you some other similar manufacturers (locally close to you and manufacturing similar product) using their ERP software that you can talk to. Reference checks can be done via phone, Zoom call or at their facility.

Here are some things to consider during your reference checks:

- Ask them what differences the system has made for their business
- Ask about their overall relationship with the vendor
- Find out how implementation went
- Ask them to rate or describe the quality of service they receive
- Find out if they feel valued as a customer
- Ask them to rate the provider's level of expertise
- Ask them what the system has changed to automate tasks
- Find out if they've completed any training and what their feedback is
- Ask them to take you through their use of the system. Be sure that the provider's reference is using the software from quote to cash and everything in between.



# Securing ERP Proposals

Receiving and evaluating official proposals from a few ERP vendors is one of the final steps before making your decision. Note, this step can be done as soon as you start talking to ERP vendors.

Once you layout all your ERP software needs with the ERP vendor, they will provide you a proposal that should include line item costs for everything such as users, modules, integrations, customizations, training, and any other items specific to your business.

You know your ERP budget. Now it's important to review their proposal to outline what is a **need to have** and what is a **want to have**. What items in an ERP package are necessary/critical and what are things you want, but aren't necessarily critical for your operations?

## Critical Tasks

1. Evaluate the total cost and each line item cost to determine if the proposal is within your budget
2. Determine your ERP needs and wants

Need to have items

Want to have items

# Grading the Finalists

Use your answers from **Important Things to Consider** to grade your top contenders. We've provided a couple of pages for you to fill out for your top 3 contenders. Once you fill out these pages, the winner should be the one with the highest score and fits your budget.

ERP Vendor Name:

Proposal Cost:

| AREA   | (Terrible) ←————→ (Exceptional) |   |   |   |   | TOTAL        |
|--|---------------------------------|---|---|---|---|--------------|
|  | 1                               | 2 | 3 | 4 | 5 |              |
| <b>OWNERSHIP/LEADERSHIP</b><br><i>(Use your answers to Questions 1-2 in the Company Section to assign this grade)</i>        |                                 |   |   |   |   |              |
| <b>COMPANY CULTURE</b><br><i>(Use your answers to Questions 3-6 in the Company Section to assign this grade)</i>             |                                 |   |   |   |   |              |
| <b>DEBT AND FINANCIAL SECURITY</b><br><i>(Use your answers to Questions 7-9 in the Company Section to assign this grade)</i> |                                 |   |   |   |   |              |
| <b>SYSTEM CAPABILITY</b><br><i>(Use your answers to Question 1-4 in the Software Section to assign this grade)</i>           |                                 |   |   |   |   |              |
| <b>COST</b><br><i>(Use your answers to Questions 5-6 in the Software Section to assign this grade)</i>                       |                                 |   |   |   |   |              |
| <b>MODULES I NEED</b><br><i>(Use your answers to Questions 7-9 in the Software Section to assign this grade)</i>             |                                 |   |   |   |   |              |
| <b>SERVICE</b><br><i>(Use your answers to Questions 1-4 in the Service Section to assign this grade)</i>                     |                                 |   |   |   |   |              |
|  |                                 |   |   |   |   | <b>TOTAL</b> |

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| <b>SERVICE</b><br>(Use your answers to Questions 1-4 in the Service Section to assign this grade)                     |                              |   |   |   |   |              |
|   |                              |   |   |   |   | <b>TOTAL</b> |

# Finalizing Your Decision

If you've followed the steps and completed the critical tasks, you've narrowed down finalists and you've made a decision on who your ERP provider will be. It's time to close the deal and get started:

## Critical Tasks

- Formally notify your winning ERP provider
- Negotiate and agree on cost and a scope of work
- Establish your implementation timeline
- Put your ERP taskforce in motion
- Begin your implementation
- Confirm your Go Live date



# Resources

## Software Review Websites:

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Better Buys

Business Software

Capterra

ERP Focus

Software Advice

Technology Advice

Top 10 ERP

## Manufacturing Tradeshows:

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AWFS Fair

EMEX

FABTECH

International Manufacturing  
Technology Show (IMTS)

Pacific Design & Manufacturing

SouthMACH

## Manufacturing and Industry Associations:

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Association for Manufacturing  
Excellence

Fabricators & Manufacturers  
Association

National Association of Manufacturers

National Tooling & Machining  
Association

Precision Machined Parts Association

Precision Metalforming Association



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