

A Manufacturer's Guide to Growing Profitably



Five success factors
and five risks
to prepare for

What's Inside...

- Executive Summary 3
- It's All About Growth 4
- Proven Success Factors to Help You Aim High 6
- Minimize Risk in Future Growth. 8
- All Systems Go 10
- Survey Methodology and Demographics. 11



Executive Summary

A recent survey of almost 1,000 manufacturers conducted by MORAR on behalf of Epicor¹ reveals that most manufacturers expect to grow their business in the next 12 months. These findings were also identified by Aberdeen in their recent survey of global manufacturers, which revealed that “the number one challenge facing manufacturers today is the management of growth expectations.”²

This eBook and research identify five key factors that growing manufacturers believe contributed to their business growth last year, and five risks that manufacturers believe may prevent or weaken growth in the following year.

Even if you do your best to try to plan for future growth, there will be surprises along the way. This eBook highlights the importance of being able to plan accurately for growth, and suggests areas of your business that you can critique to assess your ability to effectively plan for growth. It also identifies the risk factors and consequences that manufacturers who don't plan for growth leave themselves open to.

The eBook concludes that, whether addressing risk factors or embracing growth factors, it's their IT systems that will make or break manufacturers' growth ambitions. With the right IT in place, they'll be able to make better and faster decisions, helping them provide better and faster service to customers even as they grow, increasing their agility and their profitability.



“Delivering top quality made-to-order solutions to customers every time, and being able to do so, on an increasing scale [...] software has geared the business up for growth and it keeps on giving.”

Keith Nicholl, Business Improvement Manager, KMF

¹ Source: Epicor Research, November 2015. See p.11 for full survey details.

² Source: The Unified Manufacturing Environment: Transparency, Collaborations, and Decision-Making with End-to-End ERP, 2015, Aberdeen Group, Inc.

It's All About Growth

What's your business growth priority this year? Our survey reveals that while manufacturers have different priorities for growth in the next 12 months, almost three-quarters (73%) do expect their business to grow.

Whatever your growth ambitions, your chances of achieving them will surely be increased with effective planning. This eBook outlines five factors that manufacturers in our survey who grew last year identified as contributing to their success.

Failing to plan is planning to fail

The road to growth isn't always a smooth one. Aberdeen research suggests that "When a manufacturer grows, it becomes increasingly difficult to keep costs in check, maintain efficiency and customer service, and present an organized front."³

Our survey agrees, highlighting a range of risks that manufacturers believe threaten their growth ambitions. As the Aberdeen paper further points out, these issues are exacerbated if growth is largely unplanned:

"These challenges are compounded by the fact that a significant amount of today's manufacturers just don't have easy access to timely, relevant information. Therefore, it becomes extremely difficult to continue to operate, as well as make quick decisions to support growth."⁴

Yet clearly manufacturers do successfully grow, despite these challenges: almost two-thirds (62%) of our respondents reported achieving growth in the past 12 months. In this eBook you'll discover how you can overcome those risks manufacturers identified as threatening growth in our survey.



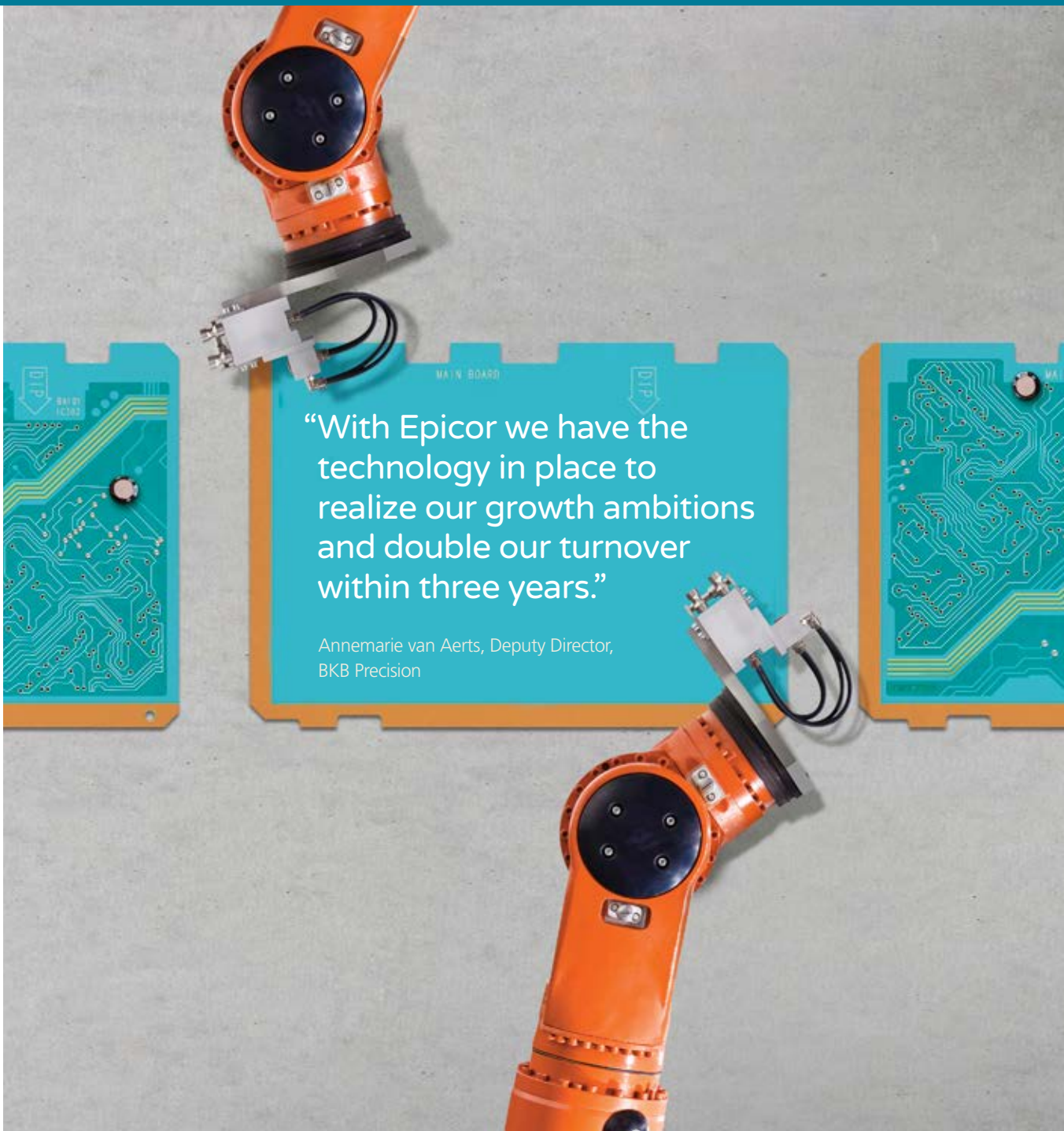
³Source: Grow Your Manufacturing Operations by Selecting Easy-to-Use ERP, 2015, Aberdeen Group, Inc.

⁴Source: Grow Your Manufacturing Operations by Selecting Easy-to-Use ERP, 2015, Aberdeen Group, Inc.

Technology as a key enabler of growth

82% of our respondents agree that an effective and integrated IT infrastructure is essential for business performance, a sentiment echoed by Gartner research: “The 2015 Gartner CEO and senior business executive survey found that growth remains a top priority, and technology-related change is viewed as the primary tool to achieve that growth in 2015 and 2016.”⁵

At the end of this eBook, we’ll consider the role of technology in helping achieve growth.



“With Epicor we have the technology in place to realize our growth ambitions and double our turnover within three years.”

Annemarie van Aerts, Deputy Director,
BKB Precision

⁵Source: Gartner CEO and Senior Business Executive Survey Shows Technology Related Change is a Higher Priority Than Ever Before, 2015, Gartner, Inc.

Proven Success Factors to Help You Aim High

Our survey uncovered five factors that manufacturers who reported growth in the past 12 months said were essential to their success:



Good planning **(60%)**



Hard work and determination **(48%)**



Agility and response to market demands **(42%)**



Right technology in place **(40%)**



Staff with the right skills **(38%)**

It's no surprise that hard work and determination made the list, but the remaining four factors give you a starting point when determining whether your organization is set for success—or whether there's room for improvement.



60%

Good planning

Whether you're forecasting, planning production or even making split-second decisions, having ready access to accurate and timely information is key.

Without the right data:

- ▶ It's difficult to fully understand what's happening in your business, leading to mistakes and bad decision-making
- ▶ Financial reporting and decision-making is slower and harder



42%

Agility and response to market demand

As global competition increases, responding to customers and quickly adapting to market changes are essential to staying ahead.

A lack of agility can lead to:

- ▶ Stagnation, lost revenue, and missed opportunities—as your business is unable to add new products and services or enter new markets
- ▶ Low customer satisfaction and lost customers as your staff struggle to provide fast and responsive service



The right technology

IT is driving business growth everywhere, and it's no exception with manufacturing. Without the right technology, it doesn't matter how hard you work:

- ▶ Outdated, standalone systems and organizational silos can waste time and energy
- ▶ Scaling operations and innovating within your business can be a challenge, limiting growth potential
- ▶ Maintaining control, quality, and customer intimacy can become increasingly difficult as staff numbers, transaction levels, and geographic reach grow



Having staff with the right skills

Holding on to skilled staff is essential, as is the ability to quickly and efficiently onboard new staff to help support business growth.

But these things are never easy. All too often:

- ▶ You spend too much time and money on recruitment, and employees struggle with your complex systems, which may lack desirable features such as mobile access
- ▶ Key people leave before you can replace them, draining the knowledge and expertise within your organization

“We have the ability to look at forecasted sales and translate that into discreet demand on the shop floor. That helps us not only balance production and scheduling to improve on-time delivery, but also to make sure the proper resources and growth plans are in place. We weren't able to do that prior to Epicor ERP.”

Rob Bucek, Production Control Manager,
D&S Manufacturing

Minimize Risk in Future Growth

Growth can quickly overwhelm the unprepared business. Our respondents identified five risks that those who choose not to plan for future growth may leave themselves open to:



Business growth may put excessive **pressure on operations**, damaging quality and customer satisfaction **(53%)**



We might take on large/complex projects that we **lack the skillset and technology** to deliver effectively, and damage our brand reputation **(52%)**



Senior executives in the business **may not be fully prepared** for the challenges of managing a larger, more diverse business **(50%)**



Unplanned business growth may lead to **unexpected consequences** which would have a negative impact on the business **(50%)**



Workloads may increase to a level that places too much **pressure on staff**, prompting key people to leave **(49%)**



Business growth may put excessive pressure on operations, damaging quality and customer satisfaction

If your operations aren't geared up for growth, your factory floor could run into difficulties:

- ▶ Overall equipment effectiveness (OEE) and throughput may fall, scrap may increase, and manual data gathering processes may hamper productivity
- ▶ Slower service will reduce customer satisfaction—prompting defection to competitors



We might take on large/complex projects that we lack the skillset and technology to deliver effectively, and damage our brand reputation

If you can't get the right information to the right people at the right time, increasingly large and complex projects may take a toll on your business:

- ▶ Operational silos and staff burnout may reduce operational capacity and damage customer service
- ▶ An inability to plan, manage, and analyze greater or more complex workloads could reduce operational efficiency



Senior executives in the business may not be fully prepared for the challenges of managing a larger, more diverse business

If senior management can't couple an overall view of the business with the ability to make good decisions quickly, they may struggle:

- ▶ Lack of real-time and relevant information will likely force executives to rely on gut-feel for decisions
- ▶ Disparate systems with no mobile access can make management harder and less agile, especially for global manufacturers



Unplanned business growth may lead to unexpected consequences which would have a negative impact on the business

In fact, only 12% of respondents who grew last year did so totally according to plan.

Even the best plan is unlikely to account for everything, but manufacturers who don't plan for growth will typically find that problems occur more often—and take longer to resolve:

- ▶ Without accurate forecasts you may not be able to prepare for growth
- ▶ If it can't respond quickly when unforeseen opportunities arise, your business may lose those opportunities to competitors
- ▶ The other risk factors identified in the survey will be compounded by the fact that you have no strategy in place to manage them



Workloads may increase to a level that places too much pressure on staff, prompting key people to leave

If you can't help your employees manage their growing workloads, the pressure they're under could start to show:

- ▶ Employees could spend more time on manual processes and less time on value-added activities
- ▶ Difficult-to-use systems often leads to increased frustration for your staff, reducing morale

All Systems Go

Our survey results show what manufacturers view as the secrets to their success, and the potential obstacles to future growth. The common theme across all of these findings is that technology will make the difference between success and failure for manufacturers. The right IT systems can help your business plan for growth productively, and make the business agile enough to handle whatever opportunities next year throws at it. Ultimately, a manufacturer's choice of IT systems can impact how far, and how fast, they can grow profitably.

Time to take a critical look at your environment

Having the right ERP system in place will help you stay ahead of the curve. It's worth asking key questions of your IT environment to ascertain whether it can support your growth plans:

- ▶ Can you get instant access to accurate, real-time data and grasp new opportunities fast?
- ▶ Do your systems support the way your employees work, or are your employees working around your systems?
- ▶ Can you get a view of your entire organization to spot opportunities for improvement and optimization?

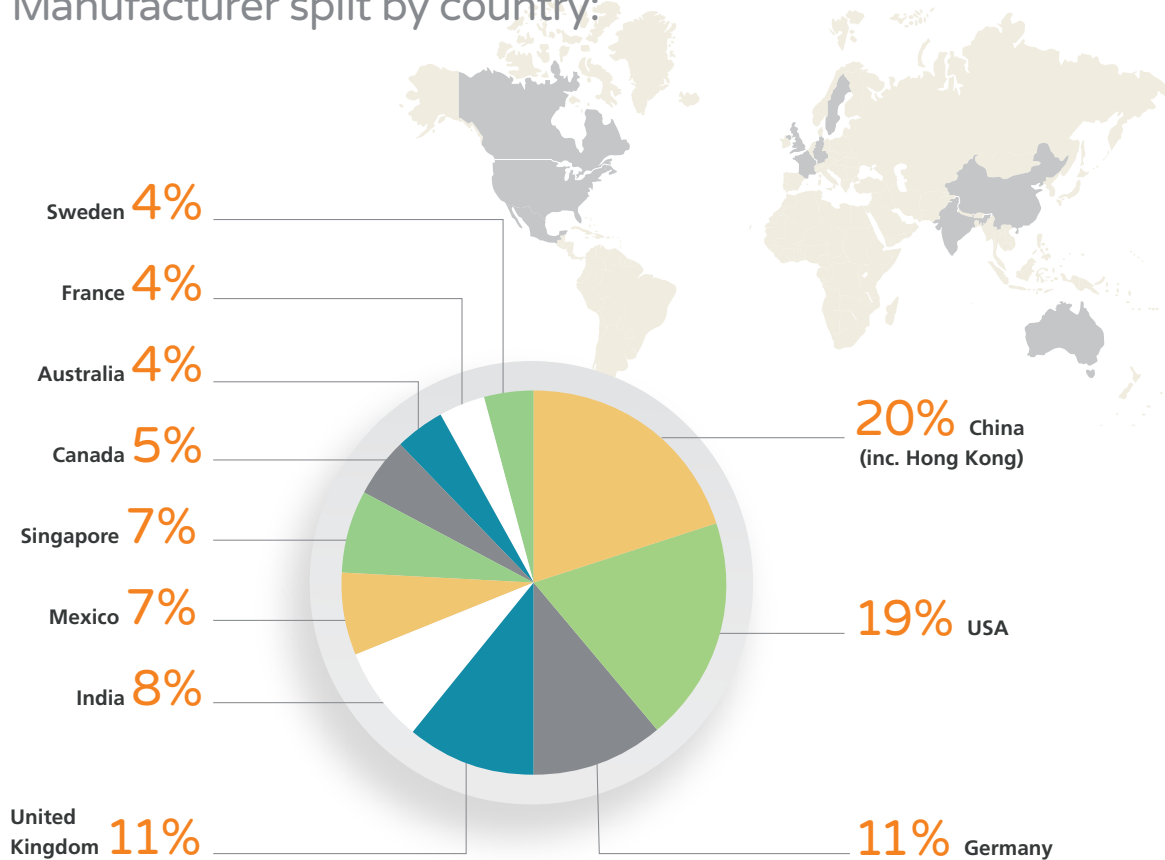
We hope that this eBook gives you a fresh perspective on the opportunities and challenges growth can bring, and helps you identify areas where investment and modernization might be prudent. Visit our [growth resource center](#) to find content that can help you further understand how you can use your IT investment to fuel growth.



Survey Methodology and Demographics

The 2015 research, commissioned by Epicor and conducted by MORAR, is based on interviews conducted with more than 1,800 individuals in a variety of industries. This eBook (and the demographics below) focus on the manufacturers we spoke to in our survey.

Manufacturer split by country:



Manufacturer split by size:



About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software designed to fit the precise needs of our manufacturing, distribution, retail, and service industry customers. More than 45 years of experience with our customers' unique business processes and operational requirements are built into every solution—in the cloud or on premises. With this deep understanding of your industry, Epicor solutions dramatically improve performance and profitability while easing complexity so you can focus on growth.

For more information, [connect with Epicor](#) or visit www.epicor.com.



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