



## **An Accountant's Guide To Choosing The Right Manufacturing Software**

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## 1 Foreword

This booklet was prepared specifically for accounting practitioners who find themselves in the position of helping clients who are involved in manufacturing with the task of selecting and procuring the right software to meet their needs.

In our 20+ years as developers and installers of software for small- to medium-sized manufacturing firms, we've learned a lot about what works (and doesn't work) for companies of all shapes and sizes. In this paper we've tried to distill the key elements of what has proved to be successful – with fair warning about certain pitfalls into which the uninitiated are likely to fall.

While writing this paper, the authors (who are normally involved in the sales and marketing of a specific software product) have remained as objective as possible; sticking to broad topics and specific elements related to the acquisition of manufacturing software in general, carefully avoiding reference to any specific product.

You may reasonably ask why a manufacturing software sales and marketing company would publish advice which could quite likely steer prospects into the purchase of competing products. The answer is that, over the years, we have learned that finding the right solution for a manufacturing client is the imperative. Selling the wrong system – software that does not fit a prospect's needs – is not only a disservice to the prospect, but damaging to our reputation and that of our dealers and consultants. For that reason, our sales staff tries to remain aware of the key features of competing products so they can be prepared to suggest an alternative should they think it would be a better fit. Gratefully, many of our competitors do the same.

As you read and ponder the topics presented in this booklet, you may find yourself thinking "I wonder how the MISys Small Business Manufacturing software addresses this?" Never ones to shy away from brazen commercialism (when appropriate), we have prepared a separate document, keyed to specific topics in this booklet, that discusses pertinent issues related to the MISys product. We recommend that you obtain a copy of the Accountant's Guide to the MISys Small Business Manufacturing System, but put it aside until you have digested the information in this document. Your professional objectivity serves everyone well – especially your client.

## 2 What Do You Want To Accomplish

Your initial discussions with your client will likely be prompted by his/her clipping a magazine article discussing some esoteric subject of manufacturing control such as "Double Your Profits By Going Lean" or "Get Total Control of Your Manufacturing In Just 60 Days." Attention grabbing headlines such as these are the darlings of magazine editors bent on propping up subscriptions, but as you might expect, they never tell the whole story.

If you have a good relationship with your client, you'll be the first to get the phone call saying "I read this article...I think we should look into getting some manufacturing software." The client may also have done some quick search of the Internet and have the

names of a number of products they want to investigate further. Product literature and online demos are readily available in this wired age.

Our recommendation at this point is to adopt a “go slow” approach and invite the client in for a discussion of their perceived needs and desired benefits.

When the meeting takes place, your client will likely plunk a handful of literature down on your desk, tell you about which product he or she thinks looks most appealing, and exclaim about some whiz-bang feature they saw in an online demo.

All this unbridled enthusiasm is a great indicator of the client's openness to finding ways of increasing the effectiveness and profitability of their manufacturing operation, but this is the time to put the literature aside and ask the hard question “So, what do you want to accomplish by implementing a computerized manufacturing control system?”

Don't settle for sweeping generalities such as “control my inventory” or “computerize my bills of material” or “get a bar coding system.” As a professional, the value you can provide to your client is to help them compile a very specific list of objectives – ones that can be accomplished in the context of the resources available to the client.

### 3 Types of Manufacturers

Unless you have a very intimate relationship with the client, and know their business inside out, this would be a good time to review what type (or types) of manufacturing they perform. This understanding will be invaluable when it comes to mapping the needs of your client to the available products. Here is a list of the types you are most likely to encounter:

Assembler	Generally takes a number of pre-assembled units and joins them together to meet the needs of a specific customer. Rarely does any original design, engineering, or procurement.
Make to stock manufacturer	Procures and stocks raw materials which are used to build sub-assemblies and top-level assembled items. These items are kept on hand to fulfill sales orders for standard products.
Make to order manufacturer	Procures and stocks raw materials which are used, in combination with other products, to build sub-assemblies and top-level assembled items needed to fulfill a specific sales order. Top-level assembled items are never kept on hand, although commonly used sub-assemblies may be inventoried when fast turn-around is required.
Custom manufacturer	Procures and stocks raw materials and sub-assemblies which are used in a customer-driven configuration. Sub-assemblies may be standard products used in a custom configuration, or variations of standard products modified to meet customer requirements.