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5 ERP Essentials for Modern Consumer Goods Distributors

How Functionality, Connectivity, Analytics and Flexibility Can Become Competitive Differentiators in Evolving Consumer Markets

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E-BOOK



ERP Should Enable Progress, Not Prevent It

Retail supply chains are evolving, forcing modern distributors to assume new roles traditionally reserved for their retail supply chain partners: brand manufacturers and multi-brand retailers. This convergence of roles means distributors need more sophisticated internal, partner-facing and consumer-facing capabilities to remain competitive.

Unfortunately, many distributors are ill-prepared to handle this new reality. They continue to depend on engrained enterprise resource planning (ERP) systems, many of them decades old. These systems lack many of the essential functionalities and capabilities they need to run sophisticated operations today — such as drop-shipping, "eaches" and value-added capabilities — as business scenarios evolve. This is affecting their likelihood of success.

As KPMG describes, "72% of businesses have now resorted to disrupting their own sectors just to survive." Distribution leaders must ask themselves: "Is our existing ERP really going to work as the basis for the capabilities we need to succeed?"

This guide takes a look at the modern business requirements of consumer goods distributors. We identify how a modern ERP solution can help you achieve the flexibility and agility you need to adopt to become a more capable and desirable business partner.

[KPMG]

72%

of businesses have now resorted to **disrupting their own sectors** just to survive.

Specifically, we discuss the five essential benefits each ERP solution must bring to modern distributors' operations. **They must provide:**

1. Basic functionality

Basic functionality to manage both purchase-to-pay and order-to-cash.

2. Connectivity

Connectivity to all other enterprise digital solutions — CRM, PIM and others.

3. Management capabilities

Management capabilities for both simple and very complex transactions.

4. Analytics

Analytics on predefined metrics for key success factors.

5. No-code configurability

No-code configurability, enabling distributors to innovate and differentiate from competitors.



1.

Managing Both Purchase-to-pay and Order-to-cash

Modern ERPs are more than systems of record. Today's most competitive distributors need ERPs that assist or provide full capabilities in procurement, order management and even drop-shipping on behalf of retailers who increasingly rely on distributors for their fulfillment and return management infrastructure.

Indeed, most distributors' infrastructure doesn't support eaches, the distribution of small batches of products or individual items. This puts distributors in a bind because "consumers want more fulfillment options than ever," as Forrester describes. Distributors must manage supplier, retailer and new consumer relationships simultaneously.

Capabilities such as purchase-to-pay (also, procure-to-pay) and order-to-cash are, therefore, essential to modern distributors. ERP platforms that help distributors in the requisitioning, purchasing and payment to vendors — as well as the sale, distribution and associated transactions of those goods to retailers and consumers — give them greater agility to realize competitive value.

Other essential capabilities include:

- A centralized view of debits, costs and profits, among other business-critical data.
- Automated sales order processing and management.
- Customer data input from omnichannel ordering tools.
- Management capabilities for multiple volumes of transactions — from eaches to pallets.

Key Recommendations for Distributors

[**LIST THE WAYS OF SUPPORT**]

List the ways in which you would like enterprise technology infrastructure to support emerging business objectives as your customer and partner demands grow in complexity.

[**EXPLORE MODERN ERP**]

Explore modern ERP capabilities and identify which are right for your business, given your list of enterprise technology and core business goals.

[**SOLUTIONS SHORTLIST**]

Create a shortlist of potential ERP solutions for internal conversations about how these tools could support your objectives.

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2.

Openness and Connectivity to Other Enterprise Platforms

Another common problem with legacy ERP solutions is their failure to integrate with other critical systems — business intelligence (BI), workforce management systems (WMS) and order management systems (OMS), to name a few. Modern ERP developers, therefore, prioritize a much deeper ability to integrate as part of their systems.

Benefits of these modern ERP systems include:

- Improved alignment with supply chain functions.
- Free flow and utilization of data to and from CRM, PIM and other platforms.
- Integration with partner and vendor systems for greater collaboration.

Distributors are particularly reliant on CRM as they seek to effectively manage relationships with their customers. Specifically, they need customer account information, contact information and other data in their CRM to synchronize with their ERP, with minimal manual intervention. As a result, there is a strong impetus for ERP systems purpose-built for this.

As brands and retailers increasingly turn to distributors to manage their individual customer fulfillment and returns, distributors need ERPs that can align easily with these capabilities as well. As they refactor their warehouses for eaches and drop-shipping, for example, their ERP must have features that streamline these new processes via more sophisticated data management and partner systems integration.



Key Recommendations for Distributors

[EXISTING WORKFLOWS]

Examine your existing workflows and consider those associated with the capabilities you want, such as value-added services like drop-shipping on behalf of brands and retailers.

[ERP FUNCTIONS]

Identify ERP functions that support transactional, operational and strategic benefits associated with these new business initiatives.

[OPENNESS]

Ensure your ERP system features an openness to new enterprise technology integrations as new business needs and capabilities emerge.



3.

Managing Simple to Complex Transactions

Most existing ERP systems are unable to manage complex or large volumes of transactions with the dexterity modern distributors need to deliver on partner and customer needs — specifically, in terms of supply chain visibility, fulfillment management, order tracking, financials, and other important factors. These checkpoints require sophisticated digital tools to manage effectively.

For example, for distributors managing fulfillment processes on behalf of retailers, modern ERPs will not only print out a packing slip, but will also:

- Send notifications to the distributors' WMS or use embedded WMS functionality.
- Identify the best warehouses from which to fulfill orders.
- Manage order routing and orchestration.
- Manage complex, multimodal supply chain processes.

Forrester describes this as "enterprise-level inventory visibility," or "the ability to connect data between warehouse management systems, point of service and enterprise resource planning (ERP) into one view that keeps record of, and serves, real-time inventory data." Advanced ERPs not only provide this complete visibility, but they also can predict inventory requirements to match demand and drive broader business insights. They provide essential financial functions, such as automated support for tax regulations and currency exchanges as well.

Key Recommendations for Distributors

[VALUE FOR PARTNERS]

Consult with your partners on the potential ERP capabilities that might add value for their business — how can an ERP make you a better business partner to those players?

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4.

Metrics and Analytics for Key Distribution Indicators

Like most modern companies, consumer goods distributors acquire vast amounts of data — whether or not they can analyze that data and produce meaningful, actionable insights from the results.

"With the huge volumes of data available today from across the business, winners will be the ones who can turn this data into role-based intelligence to put the information at the right level of granularity and in the format to make timely decisions," Forbes describes, adding, "the winners will be those with intelligent ERP systems."

Today's most effective ERPs collect data and leverage that data to add value to the organization — by pinpointing problem areas within existing processes of the supply chain, for example, or by identifying new revenue or cost-savings opportunities.

Key Recommendations for Distributors

[**TYPES OF DATA**]

List the types of data you would like to measure as part of your existing business functions, as well as those functions which you intend to take on in the future.

[**KEY BUSINESS KPIs**]

Ensure the data collection and analytics capabilities of your new ERP solution align with key business KPIs, including those of existing and potential business partners.

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5.

No-code Configurations for Innovative and Competitive Differentiation

Today's ERP systems must become competitive differentiators for distributors. ERPs that exist in no-code environments — that is, environments where non-technical users can create applications through user interfaces rather than writing code themselves — give distributors the flexibility they need to respond rapidly to changing business needs.

Specifically, personnel can leverage their vast amounts of data to drive nuanced capabilities. Advanced ERPs orchestrate the distribution and consumption of data across departments as team members develop applications for their own unique purposes, such as:

- Aligning customer-facing environments with real supply chain metrics.
- Synchronizing order routing and logic with suppliers for greater efficiency.
- Adapting operations to new business paradigms, such as sustainability initiatives.
- Leveraging data for new and innovative marketing or partner engagement initiatives.

In short, modern ERP systems must remove barriers like manual labor, data inaccessibility or a lack of supply chain visibility so anyone can innovate and make the company more competitive.



Key Recommendations for Distributors

[**MORE COMPETITIVE**]

List the ways in which you would like your organization to become more competitive compared to other distributors' capabilities in your verticals.

[**DEFINE PERSONAS**]

Define all personas within your organization and the ways in which they can drive value via no-code ERP.

[**INTERNAL REQUIREMENTS**]

Determine the internal operational requirements for new ERP technology adoption, as well as preparing employees to use your ERP system of choice.

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Choose an ERP That Makes a Difference

For most distributors, changing your ERP system feels like open-heart surgery — it's no small feat, but it's something that needs to happen. As Forbes describes, **"The difference between captains of industry who have wired their enterprises up to latest-generation enterprise resource planning (ERP) and those who have not is becoming progressively stark."**

But ERP implementation is a small step in comparison to the long-term business value it can help your teams create. With the right partnerships, technologies and insights, you too can embrace an advanced ERP system skillfully aligned with both today and tomorrow's most pressing challenges and opportunities.

Partnering with Tecsys

The ERP and distribution experts at Tecsys understand the complexities and challenges of modern retail supply chains. We help distributors know how to allocate the right inventory, in the right locations, with the right costs, and still protect their margins. Start doing more for both consumers and your partners — speak to an enterprise resource planning expert today.

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About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies and decades — by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.

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