Upgrade Your Business Resilience

with a Financials-First ERP System

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01 Introduction

In the Socratic dialogue ‘Republic’, Plato famously wrote, “Our need will be the real creator”. Over time, that phrase was moulded to become the well-known proverb, “Necessity is the mother of invention”. This simple proverb reminds us that innovation, and the resilience it creates, are often driven by events outside our control.

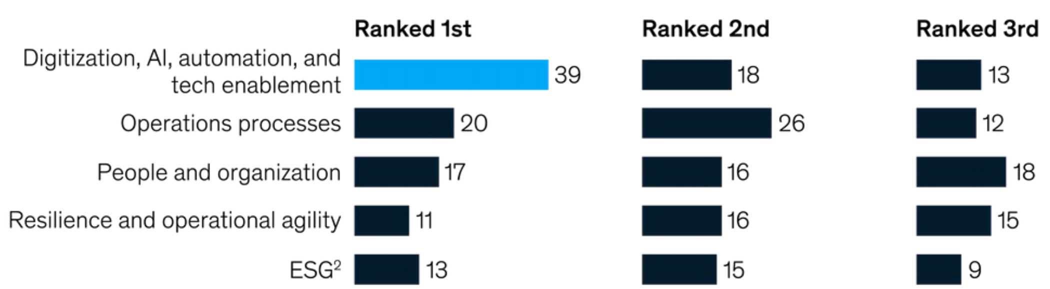
The past couple of years have brought rapid change and disruption, with business leaders feeling an alarming lack of control. But with these challenges came inspiring opportunities for companies to reinvent how they worked and build stronger business resilience than pre-pandemic days.

When COVID-19 hit, employee health and safety and the enablement of remote operations became critical for business continuity. Sweeping demand shifts and ongoing supply chain issues also highlighted the need for real-time data, business intelligence, and forecasting capabilities. Revised financial modelling and better anticipation and management of cash flow forced companies to assess technology solutions.

Manufacturers recently highlighted the importance of technology; a recent McKinsey survey cited “Digitsation, AI, automation, and tech enablement” as their highest priority to increase profitability by 2024.

Productivity drivers that will most affect profitability by 2024, by priority ranking, % of companies that selected driver as priority[1] (n = 1,004)

McKinsey & Company



[1]Question: Which of the following productivity drivers do you believe will most positively affect your company's or business line's profitability in the next 3 years?
[2]Environmental, social, and governance.
Source: McKinsey Global Survey on CxO productivity, 2021

The pandemic exponentially accelerated the trend of technological innovation. Digital transformation is now fundamental to building long-term resilience. However, there are those still playing catch up - and running out of time to stay competitive and profitable in a digitally-savvy market.

Read on to learn how companies have become more resilient in times of crisis, the benefits ERP finance systems have over stand-alone systems, and a lot more.

02

Resilience in times of crisis

Past economic crises showed the keys to success are the strategies followed before, during and after the crisis. As we've seen in decades past, doubling down on strategic investments at critical times has enabled long-term growth. Netflix, for example, responded to the 2000's decline in video store rentals with its streaming service. During 2008's GFC (global financial crisis), the company invested heavily in partnerships such as Xbox and expanded its service to reach more devices and a larger audience.

In the years following September 11, major US airline Delta faced decreased consumer demand, rising fuel costs, and more budget competitors in the market. As a result, Delta filed for bankruptcy in 2005. In an impressive turnaround, Delta developed new training systems, implemented an employee profit-sharing program, enhanced its supply chain management, and even cut down fuel costs by hiring crude oil traders and purchasing its own oil refinery and transport ship.

There will always be unexpected market changes and external forces threatening business operations. However, the right investment drives new and enhanced opportunities that can put you ahead of the competition. In the face of current ongoing challenges, many companies use technology to build long-term resilience. ERP finance systems, in particular, are bringing:

- Business continuity with remote and hybrid workplace flexibility.
- Data-driven insights for more strategic decision-making.
- An unmatched level of visibility and control over financial and cash flow management.
- Stronger communication and relationship management at all touchpoints.
- Automation that enables staff to focus on high-value, strategic initiatives.

03 What is a financials-first ERP system?

Companies often create complex system infrastructures over time. Stakeholders select stand-alone systems for individual purposes. And while each business unit gets what it needs, this approach can create bottlenecks and growing pains.

Finance departments working with multiple, disconnected systems recognise the need to consolidate reporting from other business areas. Critical data from sales, CRM, inventory, procurement, supply chain, and more are reported periodically, then reconciled to gain overall clarity on business performance. This method results in financial month-end reporting that takes days or weeks to compile, and there's often a large amount of manual checking, rekeying and adjustments.

In contrast, an ERP financial management solution is a core business technology. By starting with a financials-first approach to ERP implementation, you can create a core back-end framework that consolidates live data across the business to give an accurate picture of your financial business position and automate reporting and processes.

Cloud ERP systems like NetSuite also connect seamlessly via API to any external system. This limitless connectivity allows companies to build one source of truth that empowers more agile, strategic decisions. See our 90-second explainer video about ERP systems for more information.

04 How an financial ERP solution builds resilience

Remote and hybrid workplace flexibility

During the pandemic, remote work became a necessity. As reported in a recent Australian Government Productivity Report paper, employers asked 40% of Australian staff to work from home. Although lockdowns and restrictions have since eased, it's impossible to predict when and if remote working will be a requirement again in the future.

Additionally, many employees now prefer a remote or hybrid environment. It's no surprise, considering HILDA reported that in 2019 (pre-pandemic), the average commute time for Australian employees had risen 23% in 15 years. Better work-life balance, flexibility of working hours, and increased productivity are other significant factors contributing to the push for continued remote and hybrid workplaces.

Prior to 2020, many companies were hesitant to actively promote remote arrangements.

HILDA data reveals that in 2019, only 8% of employees had a formal work from home arrangement, working an average of one day per week at home. Understandably, inadequate business technology and uncertainty about managing work-from-home agreements meant it was a risk few were willing to take. As the CEO of Morgan Stanley stated in 2020, "If you'd said three months ago that 90% of our employees will be working from home and the employer would be functioning fine, I'd say that is a test I'm not prepared to take because the downside of being wrong on that is massive."

During uncertain times, however, many companies invested in technology to enable operations to continue with completely remote workforces. Office 365, cloud-based phone systems such as VoIP (Voice over IP), and back-end business management systems like ERP software were critical technologies that enabled the change.

Cloud ERP systems such as NetSuite were a perfect choice for many. NetSuite provides secure, role-based access to business data, meaning remote workers always see what's relevant to their role without overloading them with information. Users also gain live dashboards with business trends, KPIs, and report snapshots to understand the data and take immediate action.

Throughout the pandemic, innovative companies were able to maintain a competitive advantage with secure cloud availability to data - and the means to quickly understand and take action from that data. Regardless of physical location, business leaders could react faster to changes and make agile decisions based on live information. Cloud ERP is a crucial technology to support remote and hybrid workplace flexibility and increase business resilience.

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- James Gorman
Morgan Stanley CEO

Data-driven insights for more strategic decision-making

In the last few years, the need for fast, agile decision-making has become more evident than ever. As health risks and social distancing caused factory shutdowns, supply chain disruption grew. In 2019, organisations reporting more than 20 supply chain disruptions per year was just 4.8%, jumping to a massive 27.8% in 2020. As a result, stock holdings reduced throughout distribution channels, and it became increasingly difficult to predict the cash flow impact for manufacturers, wholesalers, and retailers alike.

Throughout a tumultuous time, however, companies using cloud ERP finance systems were already ahead of the competition. The real power of ERP systems comes down to data. When unexpected changes happen, you need real-time data to be confident in making fast decisions. It's vital to understand trends and changes as they're happening - instead of waiting for month-end to get the whole picture.

When you can see red flags, such as changes in stock holdings, order commitments, and supplier shipments, the ability to make fast, informed decisions helps minimise financial impacts. With a central system feeding you live data, you can evaluate your P&L, balance sheet, and cash flow statements as frequently as you need to stay on top of every situation. With a live view of all fixed and variable expenses, you can also make the best choices about how to react and what to adjust in the face of unexpected changes.

Communication and relationship management

The need for timely, transparent communication with customers, suppliers, and staff has only increased in importance since the pandemic. When things change rapidly, it's critical to reassess and reset expectations. Companies that have managed their communications well, particularly in the past couple of years, have built impressive levels of trust within their networks.

Another powerful aspect of ERP finance systems is the integrated CRM (customer relationship management) capability. The pandemic created an opportunity for suppliers, wholesalers, and other businesses to work proactively with customers through challenging times. When cash flow issues hit customers across countless industries, finance teams had to show special consideration for individual situations. Businesses using cloud ERP were able to leverage CRM data to gain a holistic picture of customer relationships and histories.

Changes to standard finance agreements were then quickly relayed back to sales and customer service teams with the help of CRM notes, flags, and reminders.

Excellent communication also creates confidence with banking and financial institutions, which can be a key ingredient in keeping cash flow running. With real-time visibility of financials and the ability to run accurate, on-demand reports, companies using ERP financial systems have been able to keep financial companies updated about their business position. Those who know their business, the risks, and expected outcomes and can display it with accurate data are having more successful conversations with financial institutions.

The capabilities of cloud ERP can instil trust and confidence through vastly improved relationship management. With stronger communication comes trust and resilience.

05 Focus on high-value, strategic initiatives with automation

During the pandemic, some businesses saw significant increases in workload. To minimise supply chain issues, it was crucial to constantly re-check stock levels, optimise purchasing, and chase orders. These basic tasks can ordinarily be managed by temporary resources whenever demand scales. Due to physical restrictions, fewer overseas casual labourers, and absences due to sickness, however, it became more challenging to fill temp positions. Companies were then forced to take time away from experienced staff and their more valuable, strategic activities.

Finance teams also saw manual workload increase as cash flow management became more significant than ever. AR teams worked closely with customers as AP teams worked with suppliers. Ad-hoc analysis, reporting and insights needed to be produced more frequently. JobKeeper and other financial support measures had to be managed while keeping a close eye on cash flow.

Whether needing to ease the workload for permanent staff or monitor, manage, and report on financials more efficiently, an ERP system adds robust automation to do more with the same resources.

Read more about how a NetSuite ERP system can automate tasks across the company and keep your experienced staff focused on high-value, strategic initiatives.

NetSuite cloud ERP automates a range of functions across inventory management, AR and AP, financial reporting, and more, including:

- Optimisation of inventory with minimum and maximum stock level triggers for re-ordering.
- Identification of picked items with the same shipping routes to pack in the same shipments.
- Multiple order picking to eliminate duplicate trips.
- Invoice receiving, coding, routing for approval, payment and reconciliation.
- Order transaction posting to general and AR ledgers with accurate invoice tax calculations for precise processing and billing.
- SuiteBilling that combines flat, tiered and consumption-based options with promotions, volume discounts and customer-specific rates to automate invoicing.
- Financial reporting that can be triggered by predetermined conditions or scheduled to arrive in each stakeholder's inbox periodically.

The list goes on with countless other ways to boost productivity, reduce errors and manual workloads, and create stronger process consistency throughout your business.

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06 The next step to leap ahead

The pandemic highlighted business vulnerabilities across almost all industries. The need for better technology foundations quickly became evident. Systems that enabled remote work showed the critical role of technology in driving business continuity. Live visibility of trends and changes allowed business leaders to make fast, informed decisions that minimised financial impacts. Timely, transparent communication with customers, suppliers, and staff meant that companies could quickly reassess and reset expectations to build new levels of trust. And automation helped to increase productivity while reducing manual errors and workload.

No one can predict when the next macro-economic change - or even the next pandemic - will impact their business.

But necessity was again the mother of invention throughout COVID-19 as businesses reinvented how they worked and became more resilient than ever before.

Some companies are still on the back foot, having taken the “fire fighting” approach to surviving the pandemic. To truly thrive and gain long-term competitive advantage, however, best-practice operations and efficiency are now imperative.

There will never be a “right time” to invest in business technology. After all, it takes time, focus, and resources to build the system infrastructure for seamless business continuity, data-driven agility, and automated processes. But that’s where an experienced technology partner can help.

DWR is an award-winning NetSuite ERP solution provider bringing the right ERP technology, process framework, and business experts together. The team has executed 250+ projects with a reputation for delivering on time and budget. DWR's cloud ERP experts also form lasting relationships with their customers, consistently looking for ways to add value to new and existing ERP implementations.

Start your business resilience journey by talking to an ERP technology specialist at DWR. They'll take the time to understand your unique challenges and business operations, then give you expert advice and support.

Level up your business resilience. And take the next step to leap ahead.

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