MANUFACTURING

CFO'S GUIDE TO REPLACING ACCOUNTING SOFTWARE

Acumatica
The Cloud ERP
Gold Certified Partner

nexTec

No software lasts forever. Eventually, manufacturing companies outgrow their small-business accounting systems and need more complex functionality to manage more complex business processes.

But deciding when to upgrade your accounting software and to what type of system is a big undertaking. It's important to understand what's driving the need for a more robust solution. Ideally, a new system will help you make notable gains in efficiency, productivity, growth and cost-savings. Choosing the right time to upgrade and the right system to upgrade to, however, can be difficult.

Unlike small-business accounting solutions, modern business software includes features like real-time analytics, production planning and mobile access. As your business grows, your software should provide you with the features you need to continue your success, not get in the way of it.

This guide is designed to help CFOs get a better understanding of when, why and how to go about upgrading their accounting software. It will also look at:

- The signs it's time to replace your accounting software.
- How ERP software works and why it's a better solution for growing businesses.
- Why CFOs should consider an ERP built for the manufacturing industry.
- How to go about choosing the right solution for your business.

Knowing When It's Time to Upgrade

One of the many questions CFOs ask when deciding whether to replace their accounting software is, "Why now?". Below, we outline the signs it's time to replace your current solution.

Lack of Scalability

Traditional accounting programs like QuickBooks require extensive add-ons or manual workarounds to manage higher volumes of transactions. This can lead to rising costs and limit company-wide growth.

Limited Reporting Functionality

To make the best decisions for your company, you need access to the data that matters most to your business. Traditional accounting systems are limited in reporting size and scope.

Storage Limitations

Many accounting systems limit the amount of data or records you can store at any given time, which forces companies to purchase additional storage or be highly selective about the data they keep.

CFO's Guide to Replacing Accounting Software: Manufacturing

What about QuickBooks Desktop Enterprise?

While this version includes more than just basic accounting functionality, there are still critical limitations:

- Does not include functionality for manufacturing, sales, marketing, supply chain management and more.
- It is not natively cloud-based and has a maximum number of 40 users.
- Can't accommodate processes such as asset management, revenue recognition or subscription billing.
- Requires additional software systems to address limitations.

For a side-by-side comparison of standalone accounting software vs. a cloud ERP system, click here.

Data Silos

Accounting software that doesn't integrate with other mission-critical business systems can create unreliable data and limit your insights.

Unreliable Data

Human error happens, and when you're using a hodgepodge of software applications to run your business, multiple data entry processes will undoubtedly create inaccuracies and make it hard for decision-makers to make good decisions.

Lack of Visibility

Accounting software that doesn't provide insight into your entire organization – including inventory data and customer information – makes it impossible to make decisions for the company as a whole.

Lack of Manufacturing and Inventory Capabilities

While some accounting solutions can handle minor manufacturing and inventory records, as your company grows and transactions increase, systems like QuickBooks won't be able to keep up.

No Forecasting

Tools that cannot forecast consumer demand or market shifts could end up costing you more in terms of labor, production runs and operating expenses.

Inefficient Workflows

If your team is spending more time on manual tasks and workarounds than on actual production, you could be losing big money.

What is ERP Software?

Now that you've decided your company is ready to upgrade its accounting software, it's time to ask "What's next?". An Enterprise Resource Planning (ERP) solution is the logical next step for a company outgrowing its basic accounting software. ERP works by managing critical business processes across an entire business and bringing all departmental data into a single cohesive system. The result is streamlined operations and real-time insight into company-wide data.

An ERP solution operates using financial and accounting data as its foundation. All other modules – including manufacturing, production management, inventory and advanced planning – are supplied with that financial data to carry out their jobs. Using this data to manage every aspect of your business allows you to perform more advanced processes, such as automated inventory reordering, by utilizing the most current, accurate information, like the availability of cash to spend on materials.

Core features of ERP software include:

- Integration
- Automation
- Reporting and Data Analysis
- Tracking and Visibility
- Accounting
- Financial Management
- Customer Relationship Management (CRM)
- Sales and Marketing

And much more.

"We love that with Acumatica, we can add as many users as we want without paying more. That allows us to open the solution to more of our staff, both at our headquarters and in our manufacturing facility."

- Houston Lee, DAS Medical

The Differences Between Accounting Software and an ERP Solution

The biggest difference between the two solutions is ERP's ability to manage all aspects of a business. While accounting software is great at managing a company's financial data, ERP software includes functionality like warehousing and inventory management, key operational aspects of a manufacturing business. These additional features make it possible for the information from those operations to flow into the ERP's accounting module, giving leaders full control and visibility into how their business is running.

On top of this, ERP software:

- Is often built with industry-specific capabilities to address industry-specific challenges.
- Is flexible and scalable, so as your business grows in size and complexity, your system does too.
- Comes equipped with role-based dashboards, pre-built reports and advanced analytics features to give you access to the business metrics you need.

Why ERP is Better for Your Growing Business

Businesses relying on accounting software struggle to adapt to today's volatile market. That's because these companies are hampered by high IT costs for one-off integrations and customizations that provide minimal functionality to grow and succeed in new markets.

Instead, a modern ERP solution empowers businesses with advanced financial and operational features that provide a holistic system for managing an entire organization. For example, embedded CRM functionality within an ERP system arms leaders with high-quality leads to boost sales and provide customers with exemplary support using native case management and self-serve customer portals.

Organizations that have the ability to align information and workflows across all operations can drive significant improvements in every area of their operations by using a platform – like an ERP system – designed for extensibility.

71%

of manufacturers plan to increase tech spend by at least 10% in 2023.

Only 6% have plans to reduce their tech budgets in 2023.

2023 State of Manufacturing Software Adoption Report, Capterra

Choosing an ERP Built for Manufacturing

Because an ERP system manages all areas of a business including production, finance, compliance and inventory, you no longer require multiple systems to manage individual departments. By eliminating the need for multiple applications and the inherent errors that come along with duplicate data entry, business leaders can ensure superior data integrity and more efficient business processes.

To make sure you choose the right system for your manufacturing business, look for an ERP that integrates the following features:

Advanced Financials

Track daily financial operations and generate statements with reporting, analysis budgeting and planning tools. Manage international production costs with multiple base currencies for financial reporting.

Bill of Materials (BOM)

Create standard costing and production definitions for bills of material, routing labor operations and overhead.

Production Management

Track material, outside processes and labor costs by work order. Compare estimated, planned and standard production costs to the actual costs of the production order. Maintain lot and serial traceability throughout an item's lifecycle.

MRP

Generate time-phased manufacturing and purchasing plans for optimal inventory availability tied to demand forecasts and customer demand. Manage plans by site or across multiple locations.

Advanced Planning and Scheduling

Manage and monitor your shop floor schedule with a visual schedule board. Quickly identify scheduled operations against finite machine and work center capacity with utilities to adjust priorities, locate orders using filters and identify orders based on color codes.

Order Management

Manage sales activities such as quote entry, sales order fulfillment, shipment creation and price management. Reduce costs and improve vendor relationships by automating and centralizing purchasing processes.

Inventory Management

Manage inventory receipts, warehouse transfers and transfers to production orders. Track inventory by warehouse, bin and location with lot and serial traceability. Manage inventory valuations, expiration dates and use matrix items to manage product families.

CRM

Improve relationships and shorten sales cycles with embedded CRM for a 360-degree view of customer relationships and activities. Generate more leads with marketing automation and shorten sales cycles with real-time insights into manufacturing sales activities.

Selecting the Right System

Choosing the right solution for your company is critical. Selecting an ERP system built for manufacturing will help you manage the unique challenges of the industry more effectively. To perform at its full potential, your company needs a solution developed and implemented by experts who thoroughly understand your challenges and needs.

Compared to generic ERP solutions that require extensive customization to address the day-to-day challenges of manufacturers, a purpose-built solution for manufacturing will come equipped with the tools you need for success. For more information about ERP software for the manufacturing industry, download our Beginner's Guide to ERP for Manufacturers.

The NexTec Difference

At NexTec, we help businesses select, implement and optimize their software. With almost 30 years of experience, we're focused on providing customers with the best solutions for their unique business needs.

Our proven implementation experience has resulted in a 90% annual retention rate, with 50% of our clients switching to us after working with another partner. NexTec is the biggest and most experienced Sage X3 team in the industry and is a gold-certified Acumatica partner with one of the largest Acumatica teams in North America.

To learn more about how to go about choosing the right Value Added Reseller (VAR) for your company's unique needs, check out our Ultimate Guide to Choosing an ERP Implementation Partner.

Next Steps

Contact to learn more about ERP software:

SCHEDULE A DEMO

Contact us to learn more:
844-466-8477

info@nextecgroup.com
NexTecGroup.com

About the NexTec Group

NexTec Group specializes in the areas of Enterprise Resource Planning (ERP), Business Intelligence (BI), and cloud and on-premise solutions for a variety of industries, including manufacturing. With a deep bench of consulting talent from the manufacturing industry, NexTec understands client needs clearly and enjoys solving client challenges at every step of the way. NexTec brings its depth of knowledge to bear to help manufacturers with their ERP implementation and ensure their long-term success with their ERP software.