

ERP Benefits - Operational Control, Management Control and Strategic Planning

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According to Anthony, R. A, organizational processes fall into three levels - strategic planning, management control and operational control. Even though much of ERP success has been in facilitating operational coordination across functional departments, successful implementation of ERP systems benefit strategic planning and management control one way or other.

Help reduce operating costs

ERP software attempts to integrate business processes across departments onto a single enterprise-wide information system. The major benefits of ERP are improved coordination across functional departments and increased efficiencies of doing business. The immediate benefit from implementing ERP systems we can expect is reduced operating costs, such as lower inventory control cost, lower production costs, lower marketing costs and lower help desk support costs.

Facilitate Day-to-Day Management

The other benefits from implementing ERP systems is facilitation of day-to-day management. The implementations of ERP systems nurture the establishment of backbone data warehouses. ERP systems offer better accessibility to data so that management can have up-to-the-minute access to information for decision making and managerial control. ERP software helps track actual costs of activities and perform activity based costing.

Support Strategic Planning

Strategic Planning is "a deliberate set of steps that assess needs and resources; define a target audience and a set of goals and objectives; plan and design coordinated strategies with evidence of success; logically connect these strategies to needs, assets, and desired outcomes; and measure and evaluate the process and outcomes.

Part of ERP software systems is designed to support resource planning portion of strategic planning. In reality, resource planning has been the weakest link in ERP practice due to the complexity of strategic planning and lack of adequate integration with Decision Support Systems (DSS).