



# ERP Business System Readiness Assessment



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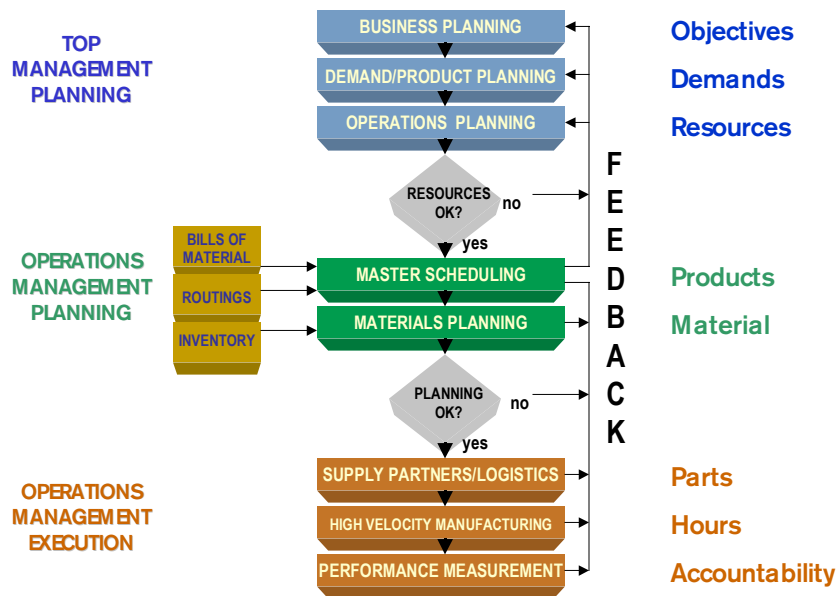
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Your company is making a substantial investment in computers and software for better tools to help run the business. The intent is to put your company on the path to becoming a tough, profitable World Class competitor in today's global markets.

The implementation of a new business system helps provide the structural discipline to effectively manage the total resources in your business enterprise. The business model most often used to depict this formal way to manage a manufacturing company is depicted below. Every manufacturing company, regardless of size, process or product, uses these *Generally Accepted Business Management Activities* to run their manufacturing operations. The issue is not whether or not these activities take place. The issue is how well they take place. Is the data accurate? Are the proper policies, procedures and practices in place and followed? Are these necessary functions integrated so that supplier, factory and customer delivery schedules are derived from the same sheet of music as the financial plans? Again, the issue is information quality and how well these business processes are performed and integrated. Excess inventory, excessive product costs, high cost of quality, erratic customer deliveries and surprises on the monthly and quarterly financial statements are inevitable if they are not done well.

## Enterprise Resource Planning



### Administering The Readiness Assessment

The Business System Readiness Assessment is designed to help your company objectively evaluate business operations and point out problem areas *before implementing the new software*.

The assessment incorporates 20 questions, The answer to each question is either *YES* or *NO*. There is no credit or partial credit for *like to be, maybe or will be some day*. Each question is worth 5 points with a total possible score of 100.

# Software Readiness Assessment

	<u>YES</u>	<u>NO</u>
1. The current year Business Plan complete and in place.	_____	_____
2. A strategic 3-year plan in place.	_____	_____
3. A Sales Forecast in both dollars and units by product line exists. The forecast is updated monthly, performance is measured monthly and accuracy is 95%.	_____	_____
4. A Production Plan in units by product line exists. The plan is updated monthly, performance is measured monthly and accuracy is 95%	_____	_____
5. A Master Schedule in units and specific product mix exists. Performance is measured weekly and accuracy is 95%	_____	_____
6. The Master Schedule is replanned weekly.	_____	_____
7. Inventory Record Accuracy is measured through daily cycle counts and is 95% accurate.	_____	_____
8. Bills of Material exist for each product manufactured, are audited for accuracy and are 99% accurate.	_____	_____
9. Routings exist for each product manufactured, are audited for accuracy and are 99% accurate.	_____	_____
10. Item master creation and maintenance processes are defined and mapped.	_____	_____
11. The engineering change process is defined and mapped.	_____	_____
12. New product development and introduction processes are documented and each process mapped.	_____	_____
13. On time purchased material delivery is measured to the day and is 95% on time or better.	_____	_____
14. All open purchase orders have current due dates.	_____	_____

	<u>YES</u>	<u>NO</u>
15. Manufacturing schedule performance is measured daily and is 95% on time or better.	_____	_____
16. Past due manufacturing orders are reviewed and rescheduled on a daily basis.	_____	_____
17. Customer service is measured and is 95% or better.	_____	_____
18. An ongoing education/training program has been developed for all employees.	_____	_____
19. The same transactions and data (inventory records, bills of material and routings) are used to update operating and cost accounting systems.	_____	_____
20. Process and product costing are defined and processes mapped.	_____	_____

Score Total = Number of YES answers \_\_\_\_\_ X 5 = \_\_\_\_\_%

Once your company's current level of proficiency is determined, go back and review what improvements are needed. What if your company is below 80 points in the rating? What needs to be done next? The following steps will help a company improve their readiness for the new business system implementation.

- Assess educational requirements to improve the understanding level of employees regarding business practices in high performance companies.
- Executive management must focus on activities that need attention and priority. Obtain executive management's commitment and support.
- Determine the root cause of problems prohibiting a YES answer.
- Assign accountability and responsibility for determining the root cause of problems and resolving them.
- Assign a realistic due date for achieving a YES answer for each question on the assessment.
- Monitor progress on achieving the YES answer.
- Review the company's status each month.

Call 1-800-654-7990 when you're ready!

