Getting to Industry 4.0

Why manufacturing innovation starts with accounting

What does it take to build a resilient manufacturing organization?

Top manufacturing companies run like finely tuned machines, transforming raw materials and work-in-progress inventory into finished goods quickly—at least that's the goal. Unfortunately, reality doesn't always measure up, particularly in the last two years. Supply chain disruptions, rising material costs, and labor shortages have thrown what seems like a continuous series of wrenches at the manufacturing industry.

As they consider their priorities for the future, many manufacturers are committed to investing in technologies that will help them address a specific business need, while also improving their ability to adapt to swings in the market. Some top priorities include augmented reality and virtual reality, 3-D printing, 5G, remote monitoring, and predictive maintenance solutions.

How manufacturers can reach Industry 4.0

Investing in new capabilities like AI and IoT is essential, but it's just as important to improve your core fundamentals. Many manufacturing companies still use less efficient methods for day-to-day operations like monitoring stock levels, calculating the cost of inventory, and scheduling production runs.

Without knowing which raw materials and components are in stock in real time, and at what levels, production managers won't know precisely what supplies to replenish, or what subassemblies to build. And without a full understanding of labor, material, shipping, and other relevant data, Finance can't accurately account for a product's true cost, or where their profits are coming from.

As a result, many manufacturing organizations reside on the edge of a revolutionary change in their business. They have advanced capabilities in some areas, but may struggle to take their day-to-day capabilities, such as time tracking and payroll, to the next level.

Your journey starts with financial management

Clearly, something must change for mid-size manufacturers to meet their business goals, and financial management is the place to start. Too often, manufacturing production managers base decisions that are meant to improve efficiency on old data. And finance departments are using manual processes and tools, like spreadsheets, that don't provide the depth of analysis needed to make better decisions.

Other manufacturers turn to an enterprise resource planning (ERP) solution because it checks all their boxes. ERPs can integrate your most important back-office functions, from HR to customer service, into a centralized hub. But what you may not realize is all that functionality comes with a steep price tag and a huge learning curve.

ERP solutions typically start in the five-figure range. The hardware and implementation costs can be even higher, and implementation typically takes 6 to 12 months to complete. Mastering ERP functionality also requires extensive training and years of experience.

What is an ERP?

An ERP, or enterprise resource planning, solution is a suite of software applications that manage and integrate key business functions like financial management, purchasing, inventory and materials management, payroll, and reporting. It may also include applications that are specific to whichever industry the customer competes in.

With all of these integration options and third-party applications, companies looking to invest in an ERP solution may not realize that they have options suited for their business needs that are less complex and expensive than traditional ERP solutions.

Three qualities to look for in your financial management solution

Growth doesn't happen in a bubble. When you're scaling up, you need to give your production manager all the support they need to keep your system running smoothly and efficiently, including the right tools to monitor work, produce key insights, and plan projects.

When an ERP is more than you need, but a spreadsheet just won't work anymore, you need to find a middle ground. Here are three features to keep in mind as you review your financial management options.

Automation

Automating common business processes, like creating assemblies and builds, or generating purchase orders, can help lighten the load. This gives your production manager extra time to focus on the things you can't automate, like eliminating bottlenecks, talking with the sales team to schedule production runs, and staging the floor for the next day's work.

Scalability

As the business grows, your financial management system should grow as well. Scalability in the form of software integrations and add-on products can help you meet your expanding needs or even downsize if you're in a pinch.

Real-time insights

To meet and exceed your business goals, you need a financial management system that generates the financial data you need in real time, making it easier for you to establish performance benchmarks that put your company on a path toward growth and stability.

How QuickBooks Enterprise helps small businesses scale quickly

More than 235,000 mid-size companies use QuickBooks Enterprise to manage their business, and more than 17,000 of those companies are manufacturers. QuickBooks Enterprise gives you the tools you need to meet your business goals and continue growing.

- **Automate workflows to increase efficiency and productivity.** Use wireless mobile scanning to streamline picking and sales fulfillment. Automatically create build or purchase orders when you need more inventory to fulfill an order, or when inventory drops below preset reorder levels.
- **See your full financial picture and have a clear view of profits.** Enjoy end-to-end visibility on profitability, from estimate to actuals, with prebuilt and customizable reports.
- **Simplify operational complexity.** With one central dashboard, get real-time inventory visibility and manage your entire inventory fulfillment pick, pack, and shipping process. Send items to a picker or packer with one click or combine these steps to suit your business needs.
- **Customize and expand as your business grows.** Integrate software you use today and add on new software in the future as your manufacturing business evolves.
- **Premium support for peace of mind.** Get access to 24/7 expert support via phone and live chat to assist in answering your questions.

E-commerce integration powered by Webgility helps you to be everywhere your customers are. With each sale, return, or item added to your stock, your inventory levels are automatically updated in QuickBooks Enterprise. Track and sync orders, prices, and inventory quantities across all your stores.

Wireless mobile barcode scanning helps automate more of your manufacturing business, accelerating the picking process, reducing data entry errors, and sending sales orders to workers on the floor or in another warehouse.

See how many finished goods you can build with on-hand materials and subassemblies. Automatically create build or purchase orders when inventory drops below preset points. Build all subassemblies automatically with a final build order. Easily replace components across multiple assemblies.

Lighting manufacturer gets an accurate picture of its business with QuickBooks Enterprise

"Enterprise gives you the ability to track your production along with the real cost of that product. While we were making guesses before, with Enterprise, we now know exactly how much it costs."
– Aaron Green, Controller at Larson Electronics

Texas-based lighting manufacturer Larson Electronics was used to estimating its bill of material for 20,000–30,000 parts and components of its lighting solutions. After integrating **QuickBooks Enterprise** into its workflows, Larson Electronics now has an efficient solution to track assemblies, supply levels, and costs—down to the smallest part. QuickBooks Enterprise provides versatility and transparency, taking the guesswork out of its business operations and saving its most valuable resource: time.

"Time is our scarcest resource," says Aaron Green, Controller for Larson Electronics. "With QuickBooks Enterprise, we're able to see what is on the shelf and what is available and ready to ship. We can complete that order that same day."

Larson Electronics replaced its disparate inventory and financial systems with QuickBooks Enterprise Solutions Manufacturing & Wholesale, with the Advanced Inventory module. Now the company has a much more accurate picture of its business through QuickBooks Enterprise's advanced reporting capabilities, especially when it comes to inventory.

Larson Electronics' 100+ employees are building a new multimillion-dollar facility to foster the rapid growth QuickBooks Enterprise has facilitated. "We plan to grow with QuickBooks Enterprise and use all the tools that we're using now," Aaron says. "We're about $25 million a year in revenue, and we can easily double that, and Enterprise can handle it. Not a problem."

> "We can handle even more growth with QuickBooks Enterprise because of the integration options. It's this ecosystem of many other add-ons or specific solutions for your specific needs."
>
> Aaron Green, Controller at Larson Electronics

Which solution is right for you?

As you develop a business plan for the year ahead, it's important to have a financial management system in place that is easy to use and gives you a clear view of your company's performance. QuickBooks Enterprise offers a user-friendly ecosystem to help meet your goals and grow with you as your business expands.

Explore how QuickBooks solutions can help your business accelerate growth.[1]

Learn more

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