Achieve operational efficiency through ERP transformation

Operational efficiency is the cornerstone of business processes, driving resource optimisation to reduce operating costs while enhancing productivity and quality. By closely monitoring operational efficiency metrics and key performance indicators, businesses can uncover improvement opportunities and steer towards enhanced productivity and sustainable growth.

Analysing operational efficiency involves several key elements:

- Process mapping to understand current workflows

- Resource utilisation analysis to gauge how manpower, equipment, and other resources are used

- Performance metrics assessment to measure production time, customer order accuracy, quality, and output.

In this Point of View, we discuss how company strategy, process efficiency, data management, competence building, and company culture aligned with the ERP transformation can be leveraged as enablers for operational efficiency improvement both in the short and long term.

How can companies leverage ERP transformations to improve operational efficiency and productivity?

An ERP (Enterprise Resource Planning) transformation is when a company updates or replaces its systems to improve how it runs its business.

The goal is to use ERP solutions to support daily operations, improve processes, and help achieve business goals.

ERP initiatives offer companies a valuable opportunity to refine their processes, often burdened by legacy systems and previous technology selections, improving operational efficiency and business performance.

From vision to value: Integrating strategy with ERP

For many organisations, an ERP project represents one of the most significant technology investments they will make. Yet, they are often approached as IT upgrades rather than strategic tools for business transformation. Without clear alignment to business goals and future direction, ERP can become a costly technology-first initiative that fails to deliver long-term value. When strategically aligned, ERP systems can drive growth, agility, and performance by integrating processes, standardising data, and enabling real-time decision-making.

To achieve this alignment, leadership must ensure that ERP initiatives are grounded in three strategic pillars:

1. A clear purpose

The ERP and related processes should directly support your strategic objectives—whether it's scaling operations, entering new markets, improving customer experience, or enabling digital innovation. A clear vision ensures that system design, functionality, and change management

efforts are focused on what matters most to the business.

2. Process alignment

ERP implementation presents a unique opportunity to modernise business processes. Rather than simply automating outdated workflows, leadership should use this moment to align processes with the target operating model, prioritising standardisation, efficiency, and future scalability.

3. Data as a strategic asset

ERP relies on structured, high-quality data to function effectively. Strategic alignment requires that data governance, quality, and ownership be embedded into the ERP roadmap, enabling real-time insights and laying the groundwork for advanced analytics and AI.

Successful ERP initiatives are driven from the top. Executives must set the tone, make cross-functional collaboration a priority, and ensure that technology decisions are guided by strategic intent. ERP implementation should not operate in a vacuum—it must be guided by the company's overarching strategy. Strategic business goals provide the foundation for setting ERP targets.

If the strategic target is revenue growth, the objectives of an ERP project may include reducing order fulfilment times and minimising quality claims to enhance customer satisfaction. These process-level improvements directly support the company's growth agenda. Aligning ERP with organizational strategy ensures that the system becomes more than a back-office tool—it becomes a platform for performance, innovation, and sustainable growth.

Process efficiency

A clear understanding of current processes plays a key role in the journey towards further improvements. Often companies suffer from legacy process heritage and a lack of continuous improvement culture. The world is rapidly changing around us, but companies may not have the capabilities to implement major process changes frequently.

Process capability and maturity assessments should be run as part of an ERP transformation to identify needed future capabilities and improvement opportunities. This requires strong process leadership, which is relevant also after the ERP project is completed. An ERP project provides a baseline solution which will be further enhanced based on business requirements and external changes affecting the business environment.

Operational efficiency metrics and Key Performance Indicators (KPIs) guide businesses towards optimal performance and sustainable growth. They provide insights into the heart of business operations, revealing strengths to leverage and weaknesses to address. ERP solutions play a key role in providing these metrics for management.

In addition, ERP platforms support the automation of repetitive and time-consuming tasks, such as data entry, invoicing, payroll processing, and inventory management. By minimising manual intervention, automation accelerates processing times, reduces the likelihood of human errors, and allows employees to focus on higher-value activities, thus increasing overall productivity.

A modern ERP delivers an integrated suite of business applications, enabling end-to-end process orchestration in finance, human resources, supply chain, manufacturing, distribution and services. Through seamless integrations, we can reduce repetitive data entry points and establish a single source of truth for critical business information. The result is a more connected, efficient, and insight-driven organisation.

Driving operational efficiency through process harmonisation and automation

One of the most immediate and impactful benefits of modern ERP systems is the process standardisation across the organization. Many organizations operate with fragmented systems or departments using inconsistent procedures. ERP platforms address this by enforcing unified workflows, ensuring alignment with best practices, and promoting compliance across functions.

Today's ERP implementations are increasingly cloud-based, a shift that inherently supports process standardisation. This standardisation is a key enabler of process simplification, driving down operational complexity and unlocking significant cost-saving opportunities.

Moreover, cloud platforms offer scalability, continuous updates, and improved accessibility—further reinforcing operational resilience and long-term sustainability.

The benefits of process and solution standardisation should be assessed through a thorough cost-benefit analysis to prevent oversimplifying and creating an additional burden for business operations.

The pivotal role of data in ERP success

ERP initiatives typically fall short of their targets because of neglected data challenges, not technical issues. Whether it's duplicate customer records or inaccurate supplier details, errors in data disrupt workflows, require manual corrections and rework, increase costs and create friction across processes.

Is your data accurate, consistent, and trustworthy enough to power automation, enable real-time decision-making, and support enterprise-wide reporting?

The true potential of the ERP project comes back to the quality, accessibility and governance of data. Despite robust features, ERP systems are only as effective as the data they rely on. High-quality and well-governed data is essential for operational gains. Data is one of the foundations for maximizing the benefits of ERP investments and driving business performance.

- **Data accuracy drives process reliability:** Clean and consistent data ensures that automated processes, like inventory replenishment or financial reporting, run correctly.

- **Real-time visibility requires timely data:** Operational decisions—from demand forecasting to production scheduling—depend on up-to-date and accessible data across departments.

- **Cross-functional collaboration requires harmonised data:** ERP is built to support end-to-end processes—from order-to-cash and procure-to-pay to hire-to-retire. These workflows are enterprise-wide and depend on harmonised data to ensure continuity and alignment. High-quality, shared data builds trust and transparency between functions, reduces rework and manual handoffs, and enhances overall organisational collaboration and agility.

- **Integrated analytics depend on unified data models:** ERP enables holistic analysis, but only when data is structured and standardised across functions and systems.

ERP can be the engine of operational excellence—but only if data is treated as the fuel. Organisations that invest in data readiness, governance, and strategy will not only improve ERP outcomes but also position themselves for advanced capabilities such as predictive analytics and intelligent automation.

© 2025 Midagon

Competence building, continuous development culture, change management and training

To maximise the long-term value of ERP investments, organisations must intentionally retain and develop the competencies built during implementation. While external consultants often play a key role in delivery, over-reliance on them can hinder the development of internal capabilities critical for ongoing optimisation.

It is essential to identify and empower the future operating organisation early in the project lifecycle. This team should be prepared to take full ownership of the ERP solution, including responsibility for continuous improvement and innovation.

A structured competence transfer process—executed before go-live—ensures that knowledge is embedded within the organisation. This approach enables a smoother transition into the operational phase and lays the foundation for a culture of continuous development.

4. Commit to regular training and upgrading – to maximize ROI of initial investment

5. Foster a culture of feedback and adaptation – to understand if business needs are well supported

**6. Utilise agile methodology for iterative improvements – ** manageable increments

7. Ensure strong change management – to enable efficient adaptation

8. Monitor system performance and health – to avoid system related challenges

9. Stay aligned with business strategy – to address business change needs

**10. Integrate emerging technologies –** to keep ERP systems relevant and cutting edge

Operational efficiency and further development after ERP implementation

To fully capitalise on an ERP system, organisations must view its development as an ongoing process, not a one-time project. By adhering to these 10 key principles—ranging from clear goal setting and feedback loops to the integration of new technologies—organizations can foster a culture of continuous development that drives sustained improvements in process efficiency, productivity, and competitive advantage.

1. Establish clear goals and metrics – to track progress towards business objectives

2. Promote cross-departmental collaboration – to materialise the benefits of an integrated ERP

3. Leverage data analytics for continuous monitoring – to monitor performance and uncover inefficiencies
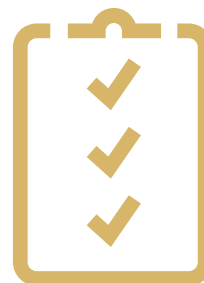
Conclusion

Leveraging ERP to improve process efficiency and productivity is not a one-time task but a continuous journey of refinement and growth. By standardising workflows, automating repetitive tasks, enhancing data visibility, and integrating cross-functional operations, ERP systems serve as powerful tools for driving immediate efficiency gains.

However, the true long-term value emerges when organisations adopt a mindset of continuous improvement. After an implementation, businesses must commit to regular system monitoring, ongoing employee training, and the integration of emerging technologies to adapt to evolving needs and business strategies.

By following key principles such as setting clear, strategy-driven goals, agile methodologies, and fostering cross-departmental collaboration, organisations can optimise their ERP systems and continuously enhance productivity. Ultimately, organisations that view ERP as a dynamic, ever-evolving system, rather than a static solution, position themselves for sustained success, greater operational agility, and a culture of continuous improvement.

Do you need help with your ERP transformation?

At Midagon, we specialise in leading complex transformations and turning ambiguous change needs into executable roadmaps and actionable development projects, ensuring our clients achieve their strategic goals and thrive in their business.

We're happy to discuss how ERP transformation can support your organisation's strategic goals.

Contact for more information

Paula Aaltonen

Director, Core Processes and Solutions

paula.aaltonen@midagon.com

+358 40 844 00 76

Eva Idoff

Business Area Manager, Transformation

eva.idoff@midagon.com

+46 70 447 35 45