Building Your ERP Project Plan

How to do an ERP project right

Verillium & ULTRA CONSULTANTS

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Terillium is an award-winning Oracle Partner specialized in Enterprise Resource Planning (ERP) Consulting. Terillium's team, made up of 220+ consultants, has an average of 16 years ERP experience. Terillium has helped over 800 businesses implement ERP.

Ultra Consultants is an independent ERP consulting firm serving the manufacturing and distribution industries in North America and around the world. Since 1994, we've helped hundreds of clients streamline their business processes, select ERP software, and implement a complete ERP solution that meets the unique needs of their industry, specialty and organization.

The Comprehensive ERP Success Guide is a collection of information, insight and advice from recent ebooks, whitepapers, website content and blog articles created by Terillium, Ultra Consultants.

Note: In some cases, the original content has been abridged, edited or modified for this publication.

Comprehensive ERP Success Guide

Terillium & ULTRA CONSULTANTS

The Era of Modern ERP has Arrived

The idea of enterprise resource planning has its roots in 1960s manufacturing management and 1980s materials planning. Since then, the concept of ERP has expanded in scope and new technologies have enabled significant evolution. And today's modern suite of business applications is the result.

ERP software today offers business professionals an integrated solution with full visibility into all your business data, as well as reporting tools that define and deliver key performance indicators, measure performance and plan for growth.

PART 1: ABOUT ERP SOFTWARE

CAPABILITIES & BENEFITS OF ERP SOFTWARE

ERP solutions enable better and more efficient business processes across your organization. Business leaders choose ERP software to solve a variety of problems. Perhaps "I need a better way to manage my warehouse inventory" sounds familiar. Or, "My financial information is in several programs that don't talk to one another" is something you've heard. These are two of many issues that an ERP system can resolve.

While serving as the central source of business information, ERP software can be configured to streamline multiple processes and operate in real time.

Structured in a modular design, ERP software modules include:

- Budgeting and forecasting
- Financials
- Human Resources and Payroll
- Logistics
- Manufacturing
- Order processing
- Procurement
- Project management
- Quality
- Supply Chain Planning
- And more

Modern ERP software eliminates manual processes and provides your organization with options for automation. As you are aware, automation of standard business processes reduces risk of human errors, eliminates the duplication of data and streamlines operations.

Additionally, ERP software, being a single platform for business information, breaks down the virtual walls between departments in order to foster collaboration. And an ERP

What are the key benefits of ERP software?

Data visibility

One of the primary reasons businesses choose to implement ERP software is to improve data visibility. If your business data is separate and reporting is complicated and difficult, ERP offers the solution.

Improved efficiency

Once your business data is visible and reporting is optimized, the information can be used to make your processes more efficient. Whether that's improving your inventory management or prioritizing ways to increase your company's cash flow, efficient operations benefit your bottom line.

Better reporting and planning

Better visibility and reporting lead to more-informed business decisions and better long-term planning. These benefits apply to virtually every function, from finance to operations.

Automation of manual processes

A main method to making your operations more efficient is to automate manual processes. Employees who perform tasks that require manual work, such as invoice creation, routine communications and financial report generation, can set up functions within ERP software to complete these tasks automatically.

WHICH ERP SOLUTION IS BEST?

When you've decided that a new ERP solution is the answer to your organization's problems, it's time to determine which software is the best fit. ERP in general is designed to help you manage your business by streamlining operations and increasing communication and collaboration. But every organization has unique needs, and every solution is different.

As you explore your ERP options, consider the following:

Cost and Budget

Money comes into play in several ways. First, your budget might steer you toward a particular level of functionality. Second, how that software is delivered might also be determined by budget – cloud-based systems typically have lower upfront costs due to their subscription-style billing. Third, the number of users your organization will have also is an important factor and will determine the number of software licenses you'll need.

Replacement or Upgrade

If you're already running an ERP system, an upgrade of your older system to a more modern solution, or to the most up-to-date version of your current software may be a quicker and more cost-effective solution. If you're facing issues such as poor integration or loss of vendor support, however, it might be time to replace.

The question of whether to replace or upgrade depends on your company and the factors involved in the decision. Does the most recent version have the tools your business needs? How old is your current software? How many customizations do you currently have? How quickly do you need to have new software up and running?

Your Industry

Some ERP solutions are better for specific industries. Identify the software vendors with expertise in your vertical's unique requirements. Is their toolset optimized for your industry? Do many of your competitors run this software? How does software address your company's specific pain points?

THE FUTURE OF ERP

While companies have used ERP software for decades, it's constantly evolving.

As technological advances are made, businesses are adapting, and so are their business tools. Here are some of the top trends to watch in ERP:

Cloud

While cloud ERP is commonplace by now, it's still one of the top trends. More and more businesses are recognizing the benefits of the cloud, whether for data storage or to run the entire solution. Much of the movement appears to be with small- and mid-sized businesses, which likely is due to the lower upfront cost.

Vendors with on-premises solutions see the advantages too, and are offering their solutions in the cloud.

Mobile

Many top ERP vendors continue to integrate mobile tools into their software. With an emphasis on real-time visibility, users take that to the next level by having access to up-to-date data from anywhere.

These options take a range of forms but tend to be inexpensive and don't require significant changes to infrastructure.

Artificial Intelligence and Machine Learning

AI and machine learning options are fundamentally altering the way ERP is built and used. ERP vendors are developing tools that are configured to complete manual tasks, such as in accounts payable with payment processing to minimize fraud.

AI tools are intended not to take the place of a human, but instead learn how a human would make a specific choice based on the criteria of that decision. This allows the employee more time to complete higher-value tasks that require critical thinking.

Internet of Things

More than ever, companies are combining ERP with IoT technologies to increase interconnectivity and further automate manual processes, such as configuring the software to monitor a product in a facility to send you an alert when it needs servicing or a replacement part.

Additionally, IoT can be configured to minimize the need for forecasting by better optimizing your inventory management and planning operations.

ERP for Subsidiaries

While the core idea of ERP is to control the whole enterprise through one ERP, some companies are running their subsidiaries with smaller-scale solutions.

One reason is simplicity: it's become easier to deploy SaaS-based tools, and businesses are choosing to do so with a smaller subsection of the enterprise. And sometimes this is done to test-drive a potential replacement of an on-premises system or to gauge the solution's ability to fit into the current system.

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Making the Business Case for ERP

Whether your existing ERP system is at the end of its lifespan, your vendor is sunsetting support for your current version, or you feel you're not getting enough value from it, moving to a new ERP system is a big undertaking.

Before you take the leap, make sure you need to replace your current solution, and determine that your organization is ready.

PART 2: MAKING THE BUSINESS CASE

10 QUESTIONS TO ASK BEFORE YOU START AN ERP PROJECT

1. Does your current system lack capabilities you need?

If you're running an old ERP system, that's not necessarily a reason to scrap it. However, if it's been in place for more than 10 years, you're likely missing out on important capabilities, including real-time data access, AI and seamless integration – and business opportunities that can be unlocked with new technology.

2. Does your organization need better data integration?

Most enterprises use CRM, accounting, marketing automation and other applications to run the business. If these systems aren't integrated, you're unable to make decisions based on real-time information and use data to monitor operations and drive product development. A lot of companies will cobble together ad hoc integrations to keep data flowing between systems, but these integrations are brittle and require constant maintenance.

3. Are upgrades difficult or impossible?

The older a system is, the more it's been customized – often by employees who have left the company, taking their knowledge with them. As a result, when your ERP software vendor releases a new update, not only do you have to test everything to make sure the update won't crash the system, you also have to identify every customization beforehand. Excessive and extensive customizations can even make an upgrade impossible altogether.

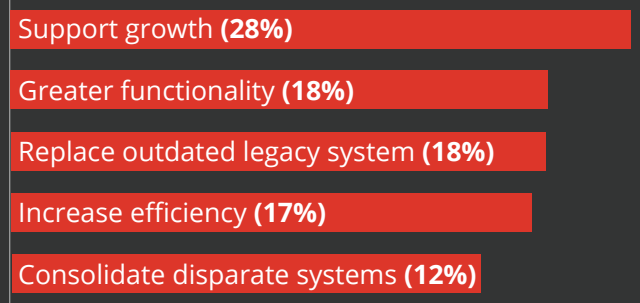
4. Can decision-makers get the data they need?

Stakeholders often need accounting reports, like P/L statements, to make decisions. If the accounting department must run these reports, then decision-makers must request them and wait. This is extra, unnecessary work for the accounting team. And it means that critical data is not in the hands of those who need it when they need it.

Reasons to replace your ERP

1. Your organization is growing, has grown or is planning to grow significantly.
2. Your organization needs enterprise software to better manage processes.
3. Your organization was acquired, or made an acquisition, and needs to align systems.
4. Your current system is outdated and cannot be upgraded.
5. Your current system is not serving the business and users adequately.

Top 5 reasons for a new ERP



SOURCE: 2020 ERP Software Report, Software Path

10 questions to ask before you get started planning an ERP project (continued)

Of course, needing a new ERP is one thing, and being prepared for it is another. Here are six more questions to ask to determine your organization's ERP readiness:

5. Are your business processes messy?

To get the most out of your ERP investment, you'll need to have efficient business processes. In many organizations, business processes have evolved over time with little or no documentation, even for something as simple as approving purchase orders. If you don't know what the steps are, it's difficult, if not impossible, to set up the ERP system to meet the demands of your business.

6. Is your data dirty?

The longer you've had an ERP system, the more likely it is that you've collected duplicate and outdated information. Before you can move data into a new system, you'll need to eliminate duplicates and make sure what you import is correct to avoid hindering your decision-making, customer service and other procedures.

7. Is your existing ERP preventing change and improvement?

If your business plans to expand its market share, you likely need to look at a new ERP system. And if the goals of the business require using real-time data, offering mobile access to employees, or integrating with new technology like IoT, an outdated system likely can't support those capabilities.

THE LONGER you've had an ERP system, the more likely it is that you've collected duplicate and outdated information.

8. Will employees be on-board?

It's unlikely that your employees will be excited about changes to their day-to-day work processes and the need to learn a new system. But if they're complaining about how long it takes to conduct simple business tasks, they may not resist change as much. Communicating the benefits of the new system and offering proper training will go a long way toward getting them fully on-board.

9. Will leadership champion a new system?

No new ERP system can be successfully adopted without enthusiastic, committed leadership. Make sure your executives understand the business benefits of the system. And make sure to secure the necessary executive sponsorship for the project.

10. Can you successfully select and implement ERP?

An ERP replacement requires evaluating multiple solutions to make sure they are the right fit for your organization, then undergoing data cleansing, business process improvement and other complex tasks, followed by the software implementation itself. These lengthy and often challenging processes probably should not be done using an in-house team. Experience shows that few companies have the knowledge and expertise required to achieve success.

MODERN ERP DELIVERS COMPETITIVE EDGE

An aging ERP system is like an automobile in that the older it gets the more it needs to be maintained. And, like a car, at some point it makes sense to purchase a new one rather than continue to fix the old one.

Estimates vary, but ERP systems typically have a lifespan of between seven and 10 years – although, with today's rapidly evolving technology, that may be pushing it.

While it's tempting to continue to squeeze as much life as possible out of a legacy ERP system, that may be counterproductive. Legacy ERP software can have significant technical or operational limitations and may not be able to support new business opportunities or strategies.

What are you missing? Here are five important and highly valuable capabilities a modern ERP solution offers your organization:

COMPREHENSIVE, REAL-TIME DATA ACCESS

ROBUST BUSINESS INTELLIGENCE

SEAMLESS INTEGRATION

MOBILE ACCESS

EASIER MAINTENANCE AND UPKEEP

8 big benefits of modern ERP solutions

1. Enhanced business reporting
- Better reporting tools
- Real-time information
- A single source of truth
- One integrated database

2. Improved customer service
- Better access to customer information
- Faster response times
- Improved on-time delivery
- Improved order accuracy

3. Improved demand forecasting
- Reduced inventory costs
- Fewer stock-outs and over-stocks

4. Improved cash flow
- Better invoicing and collections tools
- More cash on-hand

5. Significant cost savings
- Improved inventory planning
- Better procurement management
- Better customer service
- Improved vendor relationship management

6. Tighter Data & Cloud Security
- Dedicated security resources
- Prevent malicious software
- Data distributed across multiple servers

7. Modernized business processes
- Automate manual or routine tasks
- Smarter workflows
- Greater efficiency

8. Improved Supply Chain Management
- Effective demand forecasting and lean inventory
- Reduce production bottlenecks
- Transparency through the business

Modern ERP delivers competitive edge (continued)

Comprehensive, real-time data access

Today's business climate requires up-to-the-minute data for fast, informed decision-making. Older ERP systems may be able to adequately report on data within the four walls of the company but are not able to supplement internal data with external data. Modern ERP systems can pull in new data across multiple, easily connected solutions and platforms, and update large data warehouses continuously, allowing you to view real-time data from business, but also show you what's going on in your internal/external ecosystem.

Robust business intelligence

Older ERP systems often have shortcomings when it comes to analyzing data. Typically, business users must ask IT to create custom reports in order to see critical information and show important business trends. But modern reporting toolsets are more user-friendly and intuitive, and can pull information from across the organization. And self-service capabilities free up IT by allowing users to create and manage their own reports tailored to their role and needs.

Seamless integration

Monolithic single-solution ERP systems are giving way to fit-for-purpose applications, especially in the areas of customer relationship management, manufacturing execution or product configurators. Today's businesses require real-time data and robust business intelligence from across multiple solutions. However, to do that with older ERP software often necessitates custom, brittle integrations that cannot be replicated easily when new technology, such as a CRM system, is added. Newer ERP systems often use open APIs so that it's easy to transfer data from one system to the other, eliminating a lot of time spent connecting data sources and software.

Mobile access

If employees need to be physically present at their desks, or even at a computer, to access ERP system features, you may be missing out on opportunities. Modern cloud ERP systems and low-cost thin client devices and tablets break down physical and virtual walls, and let employees be more productive by enabling access from the factory floor or on the road.

Easier maintenance and upkeep

Legacy ERP systems are inherently more difficult to maintain and require highly knowledgeable IT staff to fine-tune them for optimal performance. And often, problems are not so much with the solution itself but because the business has not upgraded the solution in a timely manner or kept current on the latest release. The architecture of modern cloud ERP systems all but eliminates the need to maintain and update the solution, as the responsibility for upkeep of these solutions falls to the cloud ERP vendor.

THE BOTTOM LINE: To meet the demands of modern businesses, you need a modern ERP solution. Without an upgrade, you may miss out on opportunities to innovate and gain a competitive edge.

WHERE'S THE ROI IN ERP?

Every manufacturer and distributor is different. And every company will get a different return on their investment (ROI) on their ERP solution. Where will your organization find the payback?

When an ERP project is considered, one of the first tasks is to determine the ROI that your more efficient organization can realize with new technology and improved processes.

At the basic level, your return will come most directly from more efficient production and resulting reductions in operating, inventory and labor cost. But the benefits can be indirect, too.

Optimized processes streamline ordering, eliminate physical inventory, improve production quality and enable more efficient scheduling. Improved access to operational data offers more accurate materials planning, streamlined reporting, new dashboards and better, data-supported decisions. And there will be ROI driven by increased customer satisfaction, enhanced supply chain communication, delivery performance, and more.

CORE AREAS FOR ROI REALIZATION

Here's why it's important to determine ROI: It will provide the justification for your project. It will inform the software selection process. It will set up areas of focus and measurement – and give you the ability to determine whether your transformation process is a success.

When your organization sets out to make the business case for an upgraded or entirely new ERP solution, the search for potential ROI starts with the 11 core process outlined on the next page.

> **QUANTIFYING RETURN is a significant challenge – and where an outside ERP advisor can help with industry benchmarks, experience with similar projects and business process improvement expertise**

Calculating ROI

Total Cost of Ownership (TCO) includes:

- Initial license fees
- Ongoing license fee or annual subscription
- Implementation costs
- Consulting fees
- Hardware costs
- Maintenance costs

Use TCO (your investment) and the estimated value of your expected benefits to calculate ROI:

$$\textbf{ROI} = \frac{\text{Benefits - Investment}}{\text{Investment}}$$

Where's the ROI in ERP? (continued)

Financial Management

Management and the entire organization benefit significantly from increased confidence in financial results and analysis, accelerated information access, faster closing and period-end activities, and efficiencies driven by reduction (or elimination) of outside-the-system spreadsheets.

Forecasting

With the improved information and analysis that comes with robust Sales & Operations Planning (S&OP) capabilities, it's possible to accurately forecast demand, take advantage of trends and be able to quickly, precisely and proactively manage changing sales demand, handle market changes, disruption and economic shifts, and more accurately plan production and resource capacity.

Inventory Management

Better visibility into sales demand and improved forecasting enable more accurate inventory management, lower carrying costs and improved visibility into slow-moving and dead inventory.

Pricing and Margin Management

Powerful pricing tools enhance margin/profit analysis, which enables improved competitive positioning and, in combination with Product Lifecycle Management (PLM) analysis, offers information that can be used to more effectively manage product portfolio and drive higher profitability.

Product Development

PLM provide the ability to effectively manage product lineup and mix, R&D investments, and identify products that no longer meet the company's strategic objectives.

Production Management

Better production management capabilities offer improved capacity planning, plus the opportunity to conduct detailed analysis of production bottlenecks, routing times and material movement, workforce utilization, plant and equipment utilization improvements, maintenance scheduling and machine uptime.

Quality Management

QM tools delivered greater visibility of product performance, as well as improved Return Material Authorization (RMA) root cause analysis, visibility into rework activities, and better information on raw materials quality, supplied component products and third-party services.

Sales Management

Customer Relationship Management (CRM) capabilities provide comprehensive sales performance analysis and deliver an important insight into customer buying patterns, customer demographic data, sales activities and sales performance.

Supply Chain Management

With improved inventory management, the entire supply chain can be managed better, delivering lower logistics costs, more effective supplier/vendor management (and higher performance), shorter lead times, and data that can be used to support strategic sourcing and vendor negotiations.

Warehouse Management

Warehouse Management Systems (WMS) technologies improve speed and accuracy using high-efficiency managed pick-up/put-away, barcoding and routing.

E-Commerce

Enabling direct-sales channels, or improving existing e-commerce efficiency and customer experience, offers a significant competitive advantage and cost savings. A robust e-commerce capability drives higher customer satisfaction, repeat buying, better forecasting and higher margins. And there will be efficiencies that come from re-organizing warehouse operations to support efficient pick-pack-ship especially in a less-than-case-order environment.

WHY IT'S IMPORTANT TO BUILD A BUSINESS CASE

At its most basic level, the decision to implement a new ERP solution is about capabilities: Does your current system provide all the capabilities you need for today and for the future?

Of course, in reality, there are other, more complicated questions – and a compelling business case must be made for an expensive, potentially risky and definitely disruptive overhaul of your core business processes and enterprise management system.

Thirty years ago, companies justified a new ERP system mainly on its ability to improve the balance sheet and, hopefully, the bottom line. Back then, "modern" integrated enterprise applications delivered return-on-investment (ROI) primarily by making it possible to reduce inventory costs, improve days sales outstanding (DSO) and improve margins.

But today's "post-modern" ERP solutions (as Gartner calls them) are broader and more flexible – and deliver ROI in dozens of direct and indirect ways.

The challenge, for many manufacturing and distribution organizations, is sorting through the mountain of available information, compiling current operational data, predicting future performance metrics and determining ROI, and then, using that insight, build the business case. It's hard work.

It's necessary work, too. No ERP initiative should go forward without detailed analysis to ensure its scope is well-defined, that its budget is accurate and complete, and that its goals are clearly aligned to the company objectives. And no approval should come without determining ROI and the payback period.

Still, many organizations skip building a complete business case because they view it as simply justification for an investment in the technology. But a business case adds additional value beyond confirmation of a clear need: It is a critical vision- and goal-setting exercise. And, most important, it forces you to make a detailed plan that sets expectations, guides your project and drives your business transformation.

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HOW TO BUILD A BUSINESS CASE FOR ERP

1. Identify current problems and reasons for change

What are your pain points? Which processes do you want to fix? You can't make improvements if you don't know which processes are slow, bad or broken – and without identifying any obstacles to change and growth.

2. Determine and analyze opportunity

How can your organization benefit from process improvements? What are the solutions to your pain points? The majority of ERP benefits come from the interconnectedness of functions and processes – and the integration and accessibility of data across all departments.

3. Determine focus and define goals

What does your organization want to accomplish? What is your vision for your future state? With the potential benefits identified, the next step is to know which ones are critical to achieving your organization's future state and aligned with its transformational vision.

4. Evaluate potential solutions and vendors

Which vendors have expertise in your industry? Which solution offers capabilities to support your goals? After identifying pain points and their solutions, and clarifying your goals – you've got insight into your needs and how your organization can benefit from specific improvements – and are able to identify solutions suited for your organization and processes.

5. Estimate costs

What is an accurate number for the project cost? What cost factors should be included? A realistic and valid business case requires an accurate estimate of the total cost of ownership for a new ERP solution. The other significant cost is implementation services, including software configuration, change management and project management.

6. Analyze return on investment

What is the net cost of the new solution? What is the value of the intangible benefits? Revisit the opportunities identified and goals defined, and calculate their ROI. Typically, your return will come mainly from more efficient production and resulting reductions in operating, inventory and labor cost. Quantify these benefits. Remember to compare the operating cost of your current system with the system that will replace it. And know that indirect benefits have real value. For example: higher customer satisfaction = X% more repeat sales = $X revenue.

7. Identify risks and provide a mitigation plan

What factors put potential benefits and project success at risk? What mitigation efforts will reduce risk? Any major change to your enterprise systems creates risk. But careful and comprehensive project planning, effective change management and expert resources mitigate that risk.

8. Create a high-level implementation plan

How will the solution be implemented? A detailed evaluation of the business value of the project needs to include a big-picture view of how it will proceed, and a projection of both the resources required and the implementation schedule.

9. Present the benefits and value

How will each department and function benefit? What is the argument for a new ERP? You need to convince stakeholders across your organization that the long-term benefits will be worth the short-term pain. Focus on the value driven by improvement in their functional areas and processes.

> **The business case is not simply justification for your project. It's due diligence, a vision document, the roadmap for your business transformation and, ultimately, the basis for deciding whether your organization realizes the benefits it expected.**

Begin with Business Process Improvement

Experience shows that the most successful ERP projects start by optimizing operational performance.

Here's why: A detailed analysis of your business processes, practices and technical environment:

- Pinpoints areas for improvement
- Accelerates time-to-benefit
- Informs the software selection process

PART 3: IMPROVING BUSINESS PROCESSES

- 3 Questions that Business Process Improvement Answers
- Top 5 Reasons Business Process Improvement Projects Fail

3 QUESTIONS THAT BUSINESS PROCESS IMPROVEMENT ANSWERS

Evaluating and improving your business processes is essential to ERP success. To change how your business works, and to transform your organization, you need to answer these three questions:

Where are we now?

The efficiency of most business processes declines over time unless a conscious and continuous effort is made to re-examine, re-imagine, re-engineer and improve them. An ERP implementation is the perfect opportunity to take a close look at how your organization currently performs its strategic processes, to document the current state, to determine the opportunities to apply best practices, and to streamline and improve these processes.

A view of your current state clearly exposes any problems that exist. While many executives are aware of inefficiencies in their business, they are often surprised by the extent of those inefficiencies, waste or problems in core processes.

What is possible?

Once the current state is reviewed (and inefficiencies revealed), your business process owners probably need to be shown what can be changed, enabled and accelerated using today's technologies.

As you would expect, most managers and users are not up to date on the capabilities of modern ERP solutions and current best practices for core processes. They know your system, and they may have some insight from a past position and solution, but that is not the in-depth knowledge required.

Through a shared understanding of the possibilities and problem areas, your entire organization can develop an appreciation of potential process improvements and opportunities for new efficiencies.

What is our desired future state?

With the current state determined and documented, and with possibilities and best practices known, a vision for improved processes and workflows – the future state – can be developed.

This effort starts with a review of your current processes and their inefficiencies, applicable best practices, future requirements and technological capabilities – and ends with your desired improvements and plans for future processes.

BPI Delivers ROI

Optimized processes deliver new efficiencies – and the biggest share of ERP ROI. Here are 11 core process areas for ROI realization:

1. **E-commerce**
2. **Financial Management**
3. **Forecasting**
4. **Inventory Management**
5. **Pricing and Margin Management**
6. **Product Management**
7. **Production Management**
8. **Quality Management**
9. **Sales Management**
10. **Supply Chain Management**
11. **Warehouse Management**

75% of organizations say BPI initiatives helped their organizations accomplish their goals.

– BPTrends "The State of the BPM Market 2020"

TOP 5 REASONS BUSINESS PROCESS IMPROVEMENT PROJECTS FAIL

Manufacturing and distribution organizations initiate business process improvement (BPI) projects to streamline business processes, identify areas where efficiency can be improved, and enable better, more effective utilization of resources and assets. But, experts say, the majority of BPI projects do not achieve their goals.

Why do so many much-needed BPI efforts fail? Here are the top five BPI pitfalls:

Failure to Assess Current State

Before any real change can be made, and before goals can be set, it is critical to know and understand the current state of the business. This involves gathering key performance metrics, then mapping business processes to identify where improvements will make a significant difference.

Flawed Project Team Composition

The BPI project team must represent the entire organization. Ideally, the team will consist of six to 10 representatives from different departments affected by the changes, super-users and management. Some team members will be driving change, and some will be in supporting roles. It's critical to choose people from multiple levels who know and understand the processes and support the initiative.

GETTING UPPER MANAGEMENT on board is absolutely critical for success.

Poor Alignment with Business Goals

Every BPI project needs to be linked to business goals. If the right metrics aren't being identified for the project, or the project scoping doesn't include a variety of areas in the company, it's unlikely to meet the overall objectives of the business. If the business doesn't have clear goals, or the goals conflict at different levels in the business, the project won't have clear direction.

Make sure that the BPI project is focused on meeting business goals. Define what the business wants to achieve before launching a project.

Weak Support from Upper Management

Without a champion at the top, a BPI project is doomed. Getting upper management on board is absolutely critical for success because, without their commitment, the plug can be pulled prematurely.

Obtaining support from upper management can be done in several ways. An orientation session can help bring them up to speed with the why and the how, and including them in regular briefings and updates will let them see progress. Also, it helps to make the case for how this project will improve the bottom line.

Insufficient Focus on Business Objectives

The saying, "can't see the forest for the trees" often applies to BPI projects. If the organization typically operates in siloes, so will the project, with different functions and teams lobbying for what they need without understanding the overall goal.

One way to avoid this is to prioritize pieces of the project linked to the overall business goals – to shift the focus to moving the entire organization forward. Every BPI project needs to benefit the organization as a whole, without detracting from another function.

Selecting the Right Solution

Choosing an ERP is a critical decision for any organization. There's plenty of uneasiness and concern when it comes to choosing the right platform.

Because, if you get it wrong, your ERP could end up being a costly, short-term solution.

To get it right, you'll need to gather an ERP requirements list and put it into context for your business.

PART 4: ERP SOFTWARE SELECTION

- Think Beyond Functionalities to Make a Smart Choice
- 5 Critical Enterprise Software Selection Factors
- Best Practices for ERP Vendor Selection
- How to Select the Wrong ERP Solution

THINK BEYOND FUNCTIONALITIES TO MAKE A SMART CHOICE

DETAILED PROCESS MAPPING will show you every place where an ERP intersects with customer and employee actions.

Align ERP requirements with overall business objectives

What do you want to accomplish with your ERP adoption and selection? What are the uses and needs of the separate groups who will use the ERP have?

Common goals for a new ERP solution include automation, improving customer response, enabling real-time data delivery, and more.

You'll want to determine which goals are most relevant and critical – and what process changes or ERP modules will be needed to achieve them. For example, if you're going to reduce overhead or inventory costs, then you'll want an ERP that includes warehousing and shipping modules designed to help you analyze your orders and inventory needed to meet those orders.

ERP vendors are eager to provide case studies and reports about what their customers have achieved. When you hit a stage where you're wondering if an ERP can help with a certain business goal or improvement, ask for these proof points.

Prioritize ERP requirements around process mapping

Look at how your organization accomplishes related tasks. If you want to improve HR efficiency, you need to first define your existing practices. Mapping these processes will show you where an ERP module can integrate and may clarify what kind of support you need.

Detailed process mapping will show you every place where an ERP intersects with customer and employee actions. It's an excellent exercise to learn specific requirements you have as well as to identify bottlenecks and pain points that exist in your operations. Identifying these areas also can help you prioritize changes.

Take another read-through your requirements list, adjust it relative to your pain points, and articulate the value of each module or tool in precise terms. Be specific. For example, if your business processes 8,000 transactions per month, automating these with the ability to scale up to 12,000 transactions monthly would deliver immediate savings by reducing time and labor, but also allow you to grow significantly without needing any new software or upgrades.

Consider the impact of new processes and functionalities

The most valuable functions of a new ERP are the ones that will be use. If you know how your team will adopt a new functionality, that's good. If you're stuck on how to get staff to use a function, it might not be right for you. For example, if you're outsourcing your warehousing or have customer service reps who spend more time in the field than at the office, some standard ERP modules might not be useful.

Business process re-engineering (BPR) is a change management practice, that asks you to look at adjusting your workflows before running headlong into automation. Instead of trying to automate your existing processes, look at what changes you could make to create an entirely new process when you adopt an ERP.

With HR and accounting systems, could you change how you onboard employees or invoice customers? Could a warehouse tool allow you to change how you pick and pack orders, or change your inventory layout to be more efficient?

If you currently have separate systems that your ERP would replace or integrate with, you'll be able to improve your operational efficiency with the new system and a BPR plan to implement it.

5 CRITICAL ENTERPRISE SOFTWARE SELECTION FACTORS

Buyer's remorse for enterprise software is a very real phenomenon. Up to 40% of companies regret their software purchase because they don't use it, it doesn't align with their business processes, or it can't scale to meet their needs. To avoid this, here are five critical selection factors:

Alignment of Functions and Needs

Most companies will choose enterprise software that solves a business problem, such as reducing manual errors or automating month-end financial closings. When looking at new software, it's critical to note whether the vendor's offerings align with the company's needs. For example, if the organization needs an automated expense reporting feature, and the software doesn't offer that, keep looking.

Vendor Investment in Product

Before making the commitment to a new solution, researching the vendor's roadmap for the product can prove very illuminating. If the vendor doesn't have a clear vision or path for updates, that may indicate that the product will be sunset in the all-too-near future. Additionally, the technology roadmap needs to fit with the business strategy – or the organization risks choosing software that will not fit its needs.

Strong Support Ecosystem

Chances are that the internal IT team can't answer every question or address every issue that arises. When evaluating any kind of enterprise software, the support offered should play a critical role in the selection process. Ideally, the vendor has a strong ecosystem of support partners, including but not limited to their own phone support, as well as consulting firms and implementation partners.

Interface and User Experience

One way to ensure that nobody in the organization uses the new software properly – or at all – is to choose a solution that is difficult to use. If the majority of employees don't understand the interface or have difficulty navigating to the functions they need, they'll find workarounds that may not align with the original reasons for purchasing the software.

Total Cost of Ownership

While cost isn't the most important factor in choosing software, it is significant. There can be a lot of hidden expenses, particularly when selecting subscription-based enterprise software. Companies need to consider:

- Licensing fees
- User fees
- Annual maintenance
- Implementation services
- Upgrade costs
- Third-party integrations
- Support

All of this can add up quickly, and in some cases, might not be apparent until after the implementation is completed. For example, one large ERP vendor charges when third-party programs access data inside the ERP system. This is not a common pricing model, but it's worth investigating whether this will apply to any chosen vendor.

BEST PRACTICES FOR ERP VENDOR SELECTION

Whether your company is implementing an ERP system for the first time, or replacing a legacy implementation, it's critically important to make the right choice.

An ERP solution is, at its foundation, a strategic choice. What new capabilities does your organization need and want? What problems are you trying to solve? What do you want your core processes to look like? How can new tools enable your organization's digital transformation?

ON AVERAGE, companies spend 17 weeks selecting an ERP solution.

SOURCE: 2020 ERP Software Report, Software Path

1. Emphasize Industry Experience

Focus on industry experience when choosing an ERP vendor, including (and especially) industry segments. Here's why segment expertise is important: An ERP vendor may have manufacturing experience but may not have deep knowledge of the unique needs of a specialized segment like aerospace. Look at their presence in your industry segment, particularly if yours has stringent regulatory or customer requirements.

Ask your potential vendors to tell you how they plan to be a leading solution in your industry. Evaluate their features and functions to see how well they align with your industry's challenges. Read the case studies and success stories provided by the vendor – they are a good source of insight into how they build solutions for companies like yours. Ask for the product roadmap for your industry segment.

2. Assess the Total Cost of Ownership

Establish a budget in terms of implementation and total cost of ownership (TCO), then ask your potential vendors if your budget and their solution are a fit.

A solution quote usually includes software, first-year support and implementation consulting. (Additional sites and add-on modules will be extra.) TCO, however, is broader, and takes into consideration per-user license costs, training, maintenance, customizations, upgrades, internal costs and other fees.

If the system is Cloud or Software as a Service, take a hard look at the Service Level Agreement (SLA) for any hidden costs, such as system enhancements and upgrades.

The scale and complexity of most ERP projects make it difficult to get, and stick to, a fixed price. Be aware that ERP vendors that offer a fixed price might exclude necessary work and training. Identify and note all inclusions and exclusions.

3. Consider Technology Strategy

Know that an ERP solution must fit the overall IT strategy of your organization. And because the IT department plays a primary role in determining whether an ERP system is feasible, it should determine and provide any technology requirements at the outset.

If on-premises ERP systems are a consideration, the IT department will need to have the resources to maintain and upgrade the software, as well as be able to provide the necessary infrastructure, servers, databases and security.

If the company is going with a cloud-based system, it's still essential to have the IT department involved in the ERP vendor selection process. There may be connectivity and integration issues with existing systems, particularly legacy on-premises systems.

Best practices for ERP vendor selection (continued)

4. Put the Vendor Under a Microscope

Where will the vendor be in the next five or 10 years? Many niche players have been acquired or merged with other ERP vendors – with both positive and negative results.

What's important to your company? The major ERP vendors offer big, broad solutions that will meet most of your needs. Specialized vendors offer "smaller" solutions that will meet your industry-specific requirements but may not be as strong in some core functions.

5. Speak with Real Customers

Don't let your ERP vendor get away with giving you a list of hand-picked customer references in a variety of industries.

To get the best idea of how a solution will perform for you, ask for references that have been on the solution for at least a year, are in the same industry as your company, are roughly the same size, and have similar requirements. Then make the effort to speak with these customers (particularly their ERP professionals) to get their insight, opinion and feedback. Choose one for an on-site visit.

Top 10 ERP Selection Criteria

1. Functional fit
2. Industry experience
3. Software price, TCO and ROI
4. Vendor viability
5. Implementation considerations
6. Technology
7. Risk
8. Scalability
9. References
10. Post go-live support

By applying these best practices, your company will better understand the strengths and weaknesses of potential ERP vendors. And it will be easier to narrow down the list and choose a software solution that will deliver greater efficiency, improved visibility and a competitive advantage.

HOW TO SELECT THE WRONG SOLUTION

The enterprise software selection process is a long and complicated process – for several good reasons. The solution you choose will affect the way you conduct business for years to come, and it will impact virtually every function. It's a significant investment. And with as much as 50% of ERP implementations failing to achieve their goals, it's critical to find a solution suited to your business and its unique needs.

Here are the top five misconceptions that derail the enterprise software selection process:

OBTAIN VARIOUS VIEWPOINTS from across the organization when you gather requirements in the software selection process.

Thinking that technology is the most important consideration

Many companies replace their enterprise software because it's outdated or no longer supported by the vendor. While these are valid reasons to move to a new system, they shouldn't be the only ones. The software selection process is the perfect time to evaluate business goals and map them to your new solution. For example, you may want to reduce operating costs or improve order accuracy. If you have these goals in mind, you're better able to narrow down your choices and request relevant demos from vendors.

Assuming that all ERP solutions are the same

If you've ever bought a new car, you know that every model is different, even those built on the same platform. Each includes various features and benefits, including subtle differences in appearance. It's the same with ERP. At first glance, it may seem like two solutions are exactly alike. But once you look under the hood, you learn that one is more powerful. As you test drive with a demo, you may find that one is more comfortable. The differences may seem small, but looking critically at them is the key to finding software that fits your business.

Believing that a highly detailed RFP is required

Many companies think they need to spend hours creating lengthy RFPs, which often amount to hundreds of pages. But since most vendor offerings address core problems, such as automating reports, these documents don't need to be nearly as long. Instead, companies should look at the business problems they want to solve with the new software, not core functionalities that typically are the same across multiple vendors. It is more beneficial to create a shorter RFP that includes specific problem areas vendors need to address.

Thinking that an ERP project is an IT project

Companies need to get various viewpoints from across the organization when they gather requirements in the software selection process. All too often, important stakeholders are left out of the conversation. Before looking at different systems, assemble a team with employees from every department that uses, or will use, your ERP. Whether it's accounting, sales, marketing, shop floor, warehouse, logistics, operations or any other department, it's important to know what is causing problems and what they need to do their jobs better.

Assuming that big-name solutions are always the best solutions

Many organizations start ERP selection with a list of the biggest and best-known companies in the ERP software marketplace. The big-name vendors offer excellent choices for small, medium and large enterprises in a variety of deployment models. Their powerful products may not be right for your organization, however. Extensive customization may be necessary to meet the requirements of your industry and company. Or you may have to purchase specialized industry add-ons to get it to function the way you want. Instead, consider all the options available.

Navigating an ERP Implementation

A new ERP system offers a rare opportunity to transform your company by increasing efficiency, enabling new capabilities and improving business performance.

But, while a modern ERP solution can supercharge your organization, its implementation is one of the most complex and high-risk projects you will ever undertake. Learn best practices and how to avoid common pitfalls.

PART 5: IMPLEMENTING ERP SOFTWARE

- Top Two Tips for Implementing ERP
- Win with these ERP System Implementation Best Practices
- 4 Implementation Pain Points – and How to Avoid the Sting
- Smart Implementation: Critical Change Management Strategies

TOP TWO TIPS FOR IMPLEMENTING ERP

An implementation is about more than just software. To ensure a successful outcome, consider these elements too:

1. Use an implementation partner

Using an implementation partner is highly recommended. Choosing a partner is a lot like choosing your ERP software: You need to find one that is the right fit for your industry, organization, and processes. But what should you look for?

A potential partner should have previous, relevant and recent experience with both the software you've chosen and your industry. Additionally, consultants should be certified and have substantial technical experience.

While your potential implementation partner doesn't have superpowers to make your project perfect, they can simplify a complex process and provide leadership and guidance. Select a partner with a proven methodology. No project is exactly the same, but having a roadmap to follow ensures all the boxes are checked along the way. Your partner also should be equipped with tools for team communication and project management.

To achieve and measure progress, you'll need to have milestones and goals. An experienced partner will have the knowledge to understand what is doable and in an appropriate timeframe, as well as the leadership necessary to navigate the process.

A trusted partner also will have advice to provide regarding the technical and functional aspects of ERP software, as well as the implementation process itself. This can be in the form of recommendations for additional applications or tools that can optimize your organization's functionalities, or how to best leverage advanced technologies like the internet of things (IoT), artificial intelligence (AI), machine learning and predictive analytics.

Choose your best people for the implementation team. It should consist of the people you least want to pull off other projects

2. Apply best practices

Your software, by itself, is not the reason for your success or failure in an implementation. It's only a tool. And it's important to use it properly.

Good data is critical. Your solution offers powerful tools, but bad data will make them useless. Convert your data properly so that it is complete, correct and coherent before migrating it to your new system. Plus, you should improve your business reporting processes in order to better understand and utilize your business data and ERP system's tools.

Choose your best people for the implementation team. Your team should consist of the people you are least likely to want to pull off other projects – the ones who know your business, understand your functions and processes, and are capable of making intelligent decisions. They'll need to be able to commit a significant amount of time to the project, too. Additionally, an executive must serve as the project sponsor, and the C-suite needs to be involved in order to provide leadership and make final decisions.

Use a proven methodology. Your implementation partner's approach should be tested and formal, but flexible to accommodate your industry's requirements and your company's unique needs. Communications conduits should be established to enable interaction among teammates and between teams – and to keep the project on track. A training plan will ensure employees are properly trained. And it's necessary to set up a process for measuring success toward project goals and benchmarks so you will know that your project is a success.

WIN WITH THESE IMPLEMENTATION BEST PRACTICES

Implementing enterprise resource planning (ERP) software is a complex process, and it's important to approach the project with tactics for success in mind.

Leverage a methodology

A methodology is an essential framework that shapes an ERP system implementation process. It provides structure and helps teams tackle the complexity of an implementation by dividing the work into manageable phases, workstreams and tasks. A methodology also helps to ensure that everyone involved on the project team is on the same page.

Test, test, test

Functionality is all hypothetical until you test how it works. Focus on testing end-to-end business processes. It's not enough to demonstrate individual transactions are working. Only when you can run a complete business process – quote-to-cash, for example – have you proven that your ERP system can support your business requirements.

Don't wait to integrate

Integrations are one area where, if neglected or delayed, can cause issues. The development of robust interfaces between third-party software and the ERP software requires coordination with external parties, and involves the use of multiple applications and integration tools. Involving all parties in the interface development is essential to keeping the integration effort on track. Setting realistic expectations and assigning clear responsibilities for every team member involved ensures efficient design, development and testing efforts.

Communicate early and often

The importance of frequent and clear communication during an ERP project can't be stressed enough. You'll need an ERP implementation project website where all key information and documentation is shared. Create a comprehensive communication plan early in the project – and then follow through.

The Seven Deadly Sins of ERP Implementation

DEADLY SIN #1: ***Poor project planning.*** It's not possible to overstate how essential proper project planning is to success.

DEADLY SIN #2: ***Less-than-thorough requirements gathering.*** Comprehensive requirements gathering is the foundation of successful implementations.

DEADLY SIN #3: ***Excluding critical users from the process.*** When users and functional managers are involved, you get critical decisions correct.

DEADLY SIN #4: ***Not prioritizing the user experience.*** The new generation of users expects an Amazon- or Apple-like experience from their ERP system.

DEADLY SIN #5: ***Failing to consider an industry-specific solution.*** Some ERP vendors understand your business at a deep level – and offer important and useful features.

DEADLY SIN #6: ***Providing inadequate internal support.*** A successful rollout is achieved with top-to-bottom buy-in, committed resources and proper budget.

DEADLY SIN #7: ***Neglecting change management.*** Resistance to change is normal, and plans must be made to minimize its impact.

4 IMPLEMENTATION PAIN POINTS – AND HOW TO AVOID THE STING

For many companies – big, medium and small – the solutions to many of today's tough business challenges lie in modern ERP solutions and other technologies – solutions that help them manage more effectively, streamline key functions and enable digital transformation.

Of course, the ERP implementation process often present challenges of their own. To steer you around trouble and help you drive success, Ultra's expert consultants compiled this list of common pain points – and their solutions.

Pain Point #1

Generating a feasible and realistic implementation plan

Relying on a vendor-templated plan, which rarely caters to special needs, may leave many parameters unmet.

Solutions:

- Leverage the vendor's approach but create a customized version that addresses unique requirements and includes all supporting activities.
- Have realistic expectations that align with a transformation roadmap.
- Generate a budget that will meet the needs of the plan.

Pain Point #2

Estimating resources needed, making a backfill plan, and upgrading aging hardware

The implementation effort often is misunderstood and underestimated. Most implementation failures are attributable to resource issues.

Solutions:

- Develop a realistic view and honest assessment of resources available.
- Mitigate conflicts with backfill plans.
- Anticipate circumstances that will result in utilizing outside resources or purchasing new hardware.
- Gain solid leadership support and core team sponsorship.

Pain Point #3

Building effective organizational change management

These aspects often are forgotten, and even the most robust implementation plan will fail without them. Change causes stress, and knowing who will be impacted – and proactively communicating to all stakeholders – will go a long way toward mitigating uncertainty and fear, and will help ensure a positive outcome.

Solutions:

- Implement strong governance protocols and have effective collaboration tools in place.
- Document accountability measures, and get buy-in and sign-off from all relevant parties.
- Prepare for resistance to change—and be ready to manage it.

Pain Point #4

Managing implementation partner performance and ensuring accountability

Project charters without specific deliverables, guarantees, performance incentives, breach penalties and exit clauses are almost worthless.

Solutions:

- Insist on a proper project charter.
- Pay close attention to contract details and clauses – and demand clarity.
- Establish a risk management plan to avoid mid-implementation questions and confusion.
- Monitor adherence to budget, timeline and scope.
- Communicate effectively when there are risks – and escalate when appropriate.

SMART IMPLEMENTATION: CRITICAL CHANGE MANAGEMENT STRATEGIES

Of all the possible errors you can make, poorly executed change management (or none) is perhaps the most avoidable cause of project problems and failure. Resistance to change, even positive change, is normal and expected human behavior – and plans must be made to minimize its impact.

It's important to understand that change management is not a discrete phase of implementation. Instead, it should be woven throughout the project, embedded in the methodology and infused in the project team culture.

CHANGE MANAGEMENT should be woven throughout the project, embedded in the methodology and infused in the project team culture.

With that in mind, here are six change management strategies designed to support and enable a successful ERP implementation:

1. Develop and share the vision

Determine what your post-implementation organization will look like and how it will run – and then share it with your organization.

Every company expects a new ERP solution to "transform" their business. But what exactly does that mean? Developing the desired future state – and then communicating it throughout the organization – is the key first step to successful change management.

2. Articulate the Case for Change

Ensure that every person at every level of your company understands why it is vital to re-make core business processes and implement a new ERP solution.

It's critical to clearly articulate the case for change to your entire organization. What's more, we encourage clients and the implementation teams to communicate project scope, rollout strategy and implementation schedule at the start of the project.

3. Mobilize and align leaders

Create a guiding group of leaders who share a common vision for your organization's transformation and embrace the changes to come.

These top managers must thoroughly understand and communicate the benefits of the project and position it as a top-priority business transformation initiative.

Smart implementation: critical change management strategies (continued)

4. Engage with employees and stakeholders

Analyze the impact of every change, and communicate often with every employee, team and function that will be affected.

An important tactic when it comes to organizational change management is to develop and execute a detailed employee communication plan. Your plan should cover what will be communicated, why, to whom (audience), by whom, when, and how. All communications should include the project scope, objectives, milestones, and deliverables, present critical success factors and approaches, and discuss the transition to the new solution.

Also, it's vitally important to identify key stakeholders – influencers – within your business and determine their understanding of, and level of support for, the ERP initiative. Make a plan to maintain and boost their knowledge and support throughout the project.

And, on an ongoing basis, assess the readiness of your business and people for change. Monitor the mood, enthusiasm, morale and level of support of your people by conducting mid-implementation check-ins.

5. Create the future organization

Develop and design the desired organization and future state.

Analyze the current condition of your business, locations and departments in terms of processes, organization and people systems. And, most important, make a transformation plan. This plan should detail the actions, responsibilities (and a timeframe) to get your organization to a new endpoint.

Define new processes using industry best practices, and adapt them to your specific needs as necessary. Assess job redesign and competency requirements for the new environment. And you also will want to analyze HR implications such as performance management, compensation and classification, recruiting, hiring and on-boarding, etc.

6. Prepare and equip your workforce

Enable your people to thrive in the transformed organization.

This phase is more than training your workers on a new technology – it usually requires significant job redefinition, skill acquisition and organizational design changes. Determine new competencies that will be required.

Make the effort to assess your workforce in terms of skills, abilities, experiences and capabilities, and assess any staffing impacts that will come with the new ERP solution. Then develop, plan and implement training strategies to close learning gaps. And, well before go-live, help everyone – end-users, leaders, implementation team members, process owners, customers and suppliers – clearly understand how their processes and work will be impacted.

AT ITS FOUNDATION, the key to effective change management is to communicate comprehensively and frequently about the project – and to articulate the case for change clearly and consistently. And it is critically important to reinforce and reiterate this messaging to ensure all levels of your organization stay focused on the benefits that will come with the future state – and not on the disruptions and uncomfortable changes that come with ERP implementation.

Enabling ERP Success

An ERP project is a huge investment of:

- Time
- Money
- Valuable resources

The content shared in the following section is a product of countless years of ERP experience. Read on for a compilation of knowledge gained, helping hundreds of businesses with successful ERP projects.

PART 6: ERP SUCCESS FACTORS

TECHNOLOGY ISN'T THE REASON YOUR ERP PROJECT FAILS

When an ERP implementation goes badly, people usually say "it's the software." But that's not the reason. Software is a tool. By itself, it won't cause failure – and it won't ensure success.

To make your ERP software work for your business, it's important not to focus on data conversion, integrations and reporting from day one of the project. Many companies don't look at these important technical steps until later in the project, when it's too late:

Data Conversion

One of the biggest issues during an ERP project is data conversion – moving data from the old system and mapping it into the new ERP.

Incomplete, incorrect and incoherent information, duplicate data, bad data, little data – all can cause big problems. Get organized by reviewing and identifying your master data entities, including your customer master, supplier master, item master and account master.

The data cleanup exercise can be quite lengthy and can extend the project timeline and cost beyond your original plans. A new ERP system will not operate effectively with bad data. Start data cleanup before the implementation even begins to get a head start.

Integrations

Early in the project, start thinking about what other systems need to integrate with your ERP system. Ensure that the software for these systems is new or upgraded to the newest release. Spend time documenting the inputs and outputs from any third-party systems that will integrate with your ERP early in the project. When working with third-party systems, make sure your third-party vendors understand your ERP timeline and critical milestones, and schedule their resources accordingly to meet your ERP project goals.

Reporting

One of the biggest benefits of implementing a new ERP system is gaining one source of truth for your business. Reporting often is one of the most time-consuming tasks associated with an ERP project, so don't leave it to the end.

Very early on, ask employees to send an example of any business report they can't live without. Once you collect this input, catalog and prioritize the list of reports. Having this information in-hand can help drive decisions when configuring the software. It can enable better project planning because you know from the beginning what reports you need to have in the end.

Businesses that wait until late in the project to define and write reports find themselves either pushing go-live, or sacrificing key reports until after go-live. In these cases, many of the reports never end up being developed.

AN EMPOWERED IMPLEMENTATION TEAM MAKES A DIFFERENCE

Implemented by the right people from your organization, your ERP solution can be harnessed to bring your strategic business vision to life.

Gather Your "A" Team

In addition to leadership involvement, your company's top IT and busines process people need to be involved. And you're going to need them to invest a significant amount of time to the project – probably between 30% to 60% of their time for the duration of the implementation. These team members need to know the business, need to be able to be drivers of change, and need to have authority to make some decisions.

What's more, the people you choose should be leaders and innovators, and come from different areas of the business. Different departments have different needs, and your project team needs to work together to make decisions that have the best interests of the whole business in mind.

Drive Success from the Top

An ERP project is not an IT project. It's a business project. To be successful, top executives from your organization must be involved in the project. One of those top executives needs to function as a project sponsor – a leader to champion the project and be the final decision-maker throughout.

IMPLEMENTED BY the right people from your organization, your ERP solution can be harnessed to bring your strategic business vision to life.

PROCESSES ARE CRITICAL TO SUCCESS

ERP solutions are built on processes, and a successful ERP implementation is built on processes too:

Methodology

You wouldn't go on a road trip without a roadmap to ensure you successfully reach your destination. The same goes for your ERP project. A formal, highly structured process – one that's proven successful – should be applied and followed. And the methodology should be flexible enough to align with the way your business operates.

Communication

An effective communication process is one of the most important factors in any successful ERP project. Change can be scary. Employees are afraid of job loss. They worry they won't be able to adapt. They fear the unknown. Communication is key to putting those fears to rest and ensuring that your employees are onboard and engaged.

Regularly communicate this information to your entire organization (not just the project team):

- Project goals
- What the project will do
- What the project won't do
- Project status updates
- Key milestones and successes (big and small)

Knowledge-Sharing

Your implementation partner knows software. You know your business. It is the job of consultants to transfer their knowledge to your team. Build processes to make it happen:

- Up-front core team training
- Supplemental training from the software company
- Conference Room Pilot (CRP) tests/ Integrated Conference Room Pilot (ICRP) tests
- End user training
- Working side-by-side with the consultant

Performance Measurement

How will you know how you're doing if you don't measure? Identify key goals and metrics and processes measuring success during and after the project. Measure regularly to determine if you are making progress and if you are revisiting the same issues over and over. At the end of the project, what is required for you to call your project a success?

Identify specific goals or benefits for the project:

- Measure the current state against the future state
- Ensure the goals are quantifiable

Define specific measurements for the project and review regularly:

- Adherence to project schedule and tasks
- Budget dollars versus actual dollars
- Participation by core members of your team
- Acceptance of change
- Communication
- Resolution of issues in a timely manner
- Achievement of key deliverables

7 ESSENTIAL STRATEGIES FOR A SUCCESSFUL ERP PROJECT

Implementing a new ERP solution is a complicated project – and not one companies do often. So it's common for organizations to be unfamiliar with the best practices and potential pitfalls. The following pages outline key considerations to effectively managing this enormous, business-critical project.

1. Make the project top priority

An ERP project is a major undertaking that will impact (and involve) your entire organization.

To help ensure success, management must make it the most important project. A rule of thumb: If a new ERP system is not your top priority, delay it until it is.

When the priority is clear, and when the project is enthusiastically supported by all top executives and management, there's a significantly better chance of achieving your business goals.

In fact, when the new ERP is not a clear organizational priority, the project likely is doomed. Users perceive the project as something that is not important, and users and managers do not buy in and will not invest the time necessary for success.

2. Resist the urge to go fast

The goal of the project is success. How quickly you can get your new solution live is not the most important consideration.

When you speed through or gloss-over the business process improvement and software selection phases, it's easy to make bad choices – mistakes that will negatively affect the way you do business for years to come.

The foundation of a successful ERP implementation is business process improvement. When you understand your requirements, know your current state, determine your desired future state and optimize your core processes, you ensure your new solution will deliver value. And with that critical insight in-hand, you can implement a solution that will address your unique needs, deliver efficiencies and improve business performance.

3. Determine the ROI

As an ERP project gets underway, you must know and understand the needs, cost, benefits and, most important, the return-on-investment that optimized processes will deliver to the organization.

Look at both direct and indirect benefits. Optimized processes streamline ordering, eliminate physical inventory, improve production quality and enable more efficient scheduling. There also are other important efficiencies that will be the result of improved access to operational data, including more accurate materials planning, streamlined reporting, new dashboards and better, data-supported decisions. And there will be ROI achieved from increased customer satisfaction, enhanced supply chain communication, delivery performance, and more.

4. Set up regular communications

Your executive team needs to set the tone by communicating the importance of this project.

The project cannot be viewed by the organization as an IT project. It must be viewed as a productivity improvement investment that will make the company more competitive, profitable and successful. It should be communicated that the ERP investment is as important as a new plant or a new product line. And the executive team needs to give the project the same attention as any other top-priority project.

7 essential strategies for a successful ERP project (continued)

5. Establish teams from across the business

Your ERP project requires the best resources from your organization. You will need to create the following rolls:

The steering committee should be made up of the CEO and the top executives from the functions of the business that will be impacted by the new system.

The executive sponsor should be a leader who will drive the project forward. Ideally, the sponsor has been through an ERP project before.

The project manager is a critical position that will quickly grow into a full-time role. The project manager should thoroughly understand all parts of the business that will be impacted. Previous ERP project experience is ideal. If a full-time resource is not available, it will be necessary to engage expert outside resources. The project manager reports to the executive sponsor.

The project team must consist of the most effective people from the functions impacted. This team will guide the rest of the organization to use the new system to improve the business. The team usually consists of up to 10 members representing sales/marketing, customer service/technical service, R&D/engineering, manufacturing and supply chain. The structure of the team can be more complex if there are multiple locations involved. Bring into the project key users and managers temporarily as needed.

6. Educate the teams

To effectively chart a course toward a future state vision of optimized processes, the teams need education in the current capabilities of modern systems.

Experience shows that the typical ERP project team does not have a good understanding of best practices. Team members typically know their current system or systems at previous employers – all of which is outdated knowledge. This phase of an ERP project should include a thorough education using a curriculum that utilizes up-to-date information from vendors, subject experts, webcasts, seminars, consultants and other resources.

One more thing: An ERP implementation is only as good as an end-user's ability to operate it. The team must design workshops and instruction to teach all business users how to utilize the system to its full potential.

7. Establish a project charter

The ERP project needs a well-defined charter that clearly states its mission and objectives, is endorsed by the entire project organization, and includes these topics:

- Project mission objectives
- Organization (resources)
- Organization responsibilities
- Scope
- Problems
- Needs
- Alternative solutions
- ROI
- Benefits of new system
- Costs (over 5 years)
- Expected returns (over 5 years)
- Budget
- Schedule

IT'S CRITICALLY IMPORTANT to "sell" an ERP initiative by making the case for change, communicating fully, leading effectively, supporting users and managing expectations.


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