

ERPeasy or ERPain?

The Zest BPM guide to a successful ERP Project

Having attended many different ERP vendor conferences and user groups in the past it is always fascinating to listen to and understand presentations from the customer perspective on their ERP projects, whether a brand-new implementation or an upgrade.

As a business with a strong heritage in ERP project management and support and putting ourselves firmly on the customer side of the ERP continuum, Zest BPM is well placed to offer its personal viewpoint on the factors that can influence the outcome, and which will ultimately determine whether the project ends in fantastic success or utter disaster!

1) ERP – Simple Definition

Almost everywhere we go people ask us what does ERP stand for and what exactly does it do. (No such thing as a stupid question, right?)

The simple answer is, Enterprise Resource Planning – but I suspect the majority of enquirers are none the wiser upon hearing this definition!

Basically, ERP is software that represents a suite of integrated applications that can be used to collect, store, manage, analyse and interpret data from many or all business activities and processes.

The modern-day ERP is built for businesses of any size and industry, whether installed on the premises or in the cloud, dispelling the myth that ERP systems are only suited to large corporate companies in the industrial and manufacturing industries.

2) ERP – The selection dilemma

There are hundreds of different ERP systems on the market. These include IFS, Oracle, SAP, Microsoft, Infor and Epicor to name but a few. Then there are hundreds of industry specific ERP systems, these are the systems with an ERP functionality designed around a specific industry sector.

The crux of the matter is that the selection process must be carefully considered and planned with key stakeholders in the business. Ensure the vendor works hard for your business, do not fall prey to just a basic presentation from the sales team. Ask for multiple reference site visits, do your due diligence on the company including reviewing any problematic projects they may have handled (these are always harder to find!)

Often the vendor can show a prototype of how the software might perform for your particular business. Do not necessarily accept that an industry specific ERP is the best fit for your company. Many ERP systems are built in a way that provides an option to easily customise the software and to accommodate your bespoke business requirements and often they already feature the required functionality.

Lastly, negotiate hard on all associated costs. There is always a deal to be done on the software, licensing and hardware costs as well as the vendor led consultancy. Often an independent ERP company with experience of dealing with many software vendors can get the costs reduced, as well as making savings on the overall consultancy and project management.

3) ERP – Start with Why?

It is not what you do, it is why you do it. A phrase everyone is familiar with and made famous by Simon Sinek. Many businesses running on Excel or legacy systems might raise the question; why even bother with an ERP system?

Therefore, it is incredibly important that you know why you are doing the ERP project and not just what it is doing.

The investment is usually significant. A recent stat suggested that the cost of an ERP system could equate to circa 6.5% of the annual company revenue - and that 90% of businesses implementing ERP for the first time might not see a ROI for 5 years (ERP Focus.com).

The key consideration here is that an ERP implementation represents an investment in the company's future. It can be a long and challenging journey where projects are likely to over-run and (even with the best intentions) be over budget, and of course, the go-live is usually only the beginning of the journey and never the final destination...

However, this must be balanced with a number of benefits, some of which we have listed below - the success and structure of the project will influence when some of these benefits can be realised

- Improves overall business performance and efficiency
- Enhances business collaboration across departments/sites/companies
- Creates and expands knowledge of key business data
- Positions the company for growth
- Improves customer service
- Makes employees jobs easier and more worthwhile
- Standardises business processes and increases data integrity
- Reduces cost across the business (reduced headcount through automation – law of unintended consequence)
- Continuous Improvement Journey

4) ERP – Squad Goals

The fundamental factor influencing the success of an ERP implementation is quite simply people, it is people who determine the success of any ERP project specifically and those with an innate understanding that this is not 'just another IT project' are most likely to triumph. It is a business-wide critical initiative that the company needs to take ownership of and deliver.

Other critical success factors are listed below

- Clear goals, objectives and scope from the outset
- The ability for business process re-engineering (current and future state mapping)
- End user involvement and communication (away from the main project teams)
- Top management support and involvement with the decision-making framework – removal of any gatekeepers / agitators who may hinder the decision-making process

- Understanding the business culture and any previous historical response to change – are the people capable of accepting and embracing change? Perhaps the case for change is not sufficiently compelling.
- A focus on user training and education
- Project team competence
- Project champions, process owners and super users
- Minimal (or ideally zero) modification
- A clear vision of how the data will be analysed and converted (reporting tools, dashboard, business intelligence)
- Accepting that things are going to change! Articulate the need for change and get everyone on board as part of wider business initiatives. ERP should be a part of the change paradigm and never the sole driver

It is worth creating a checklist to identify if the above criteria are in place and it is essential to get these right given the fact that with an ERP project the financial and cultural well-being of the company is at stake.

This is where an independent, experienced ERP project support team can work in your favour, representing a valid investment to ensure an effective ERP implementation.

5) ERP – Common reasons for failure or delays in the project

It is suggested that 55-75% of ERP projects fail to meet objectives (Gartner). It is important to look, measure and compare what actually happened versus what you wanted to happen to really understand anyone defining the project a failure

John Wooden once said, “Failure doesn’t have to be fatal, but failure to change might be”. Often ERP project failures can be attributable to poor change management in the business.

Other common reasons for failure include

- Incomplete requirements
- Lack of user involvement in the early stages of the project
- Unrealistic expectations
- Lack of top-level support and inadequate sponsorship – if decision makers do not clearly support the need for change, budget and resources will be adversely affected
- Changing requirements as the project progresses
- Lack of formal project planning
- Lack of IT management
- Technology illiterate personnel

6) Managing the Go-Live

So, you have powered through the implementation journey and have reached the monumental 'Wow, we are now live' stage. So what to do now to avoid it feeling like Skynet becoming self-aware?

- Plan and resource for adequate support – this is unlikely to be one week, but rather months...
- A dedicated 'war room' is a good idea, representing a place to meet daily to discuss and resolve issues
- Communicate and celebrate picking the low hanging fruit. Some benefits are immediate, and when these are clearly realised ensure you celebrate them
- Identify any lack of engagement from users – provide refresher training if needed and work hard to understand their concerns
- A common issue is people clinging on to old systems for dear life – try to avoid any parallel running for too long – older systems should now only be viewed as a source of historical information
- Empower super users to deal with issues and to act as the first line of defence
- Expect and communicate that there will always be issues but reacting to them calmly is the best approach! Pain is temporary, but victory is forever!
- Perfection is the enemy of good – manage the business expectations at go-live and accept there will be changes needed to be addressed and also functionality and technical items that need to be developed in later phases of the journey.

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