

GUIDE TO ERP IMPLEMENTATIONS: WHAT YOU NEED TO CONSIDER

INTRODUCTION

You have decided that your business needs a change. It may be to keep up with your competition, to become more efficient and lower operational costs, to shorten delivery times, or simply to take the next step towards growth. Putting that change into motion is hard enough – but knowing that it requires technology – or worse, *software*- will give most business leaders heart burn.

Enabling your transformation through an ERP implementation doesn't have to be something that keeps you up at night. But there are some key

things that you need to consider - things that will make a huge difference on the amount of sleep you and your organization will get while you embark on your business transformation journey.

Thought allied fearlessly to purpose
becomes creative force.

James Allen

DEFINE WHAT YOU ARE TRYING TO ACHIEVE

The answer to the question “what problem am I trying to fix” will define the path you take from a business and systems perspective. Typically, you will have a number of pain points that you would like to address, but there should still be an all-encompassing definition of the problem. The problem may look like:

- Unable to deliver the necessary financial reports to shareholders
- Can't meet legal compliance requirements.
- Cumbersome systems are impacting ability to compete.
- Reliance on manual processes
- Scattered and unreliable operational data
- Unstable systems that disrupt business execution

If you identify more than one problem, they should be prioritized so that when the two conflict with each other you can decide which takes precedence.

Once you know the problem, then you can set the vision for how things should be. This is done by stating clear **goals and objectives**. The purpose of clear goals and objectives is two-fold:

1. Set guidelines for decision-making
2. Establish metrics for success

Goals are the higher-level vision of what the organization wants to accomplish. It can be as simple as turning the pain-point into its desired outcome. Goals for the pain points mentioned earlier could be:

- To provide shareholders with standard financial reporting
- To attain accreditation for meeting compliance requirements
- To achieve industry benchmarks for product delivery.
- To automate business processes
- To establish a single-source Single source of information
- Need to mitigate the risk of aging technology and infrastructure

Objectives are specific targets to be achieved to reach to overall Goal(s). Objectives need to be SMART (Specific, Measurable, Achievable, Relevant, and Timely). This process **takes time** and it requires that an organization really dig deep into the purpose for their business transformation. It is a common mistake to skim-over this process.

To illustrate how SMART Objectives can drive help to drive the decision making, lets assume the goal is “to achieve industry benchmarks for product delivery”. A not-so-SMART objective would to reach this goal could be expressed as:

- To automate business processes to increase our product delivery cycle

This objective would leave the door open to automate *everything* regardless if it is cost-effective, or if there could be a better way. The project team would dive into finding ways to make every single process step within a software tool. Automatic doesn't always mean better!

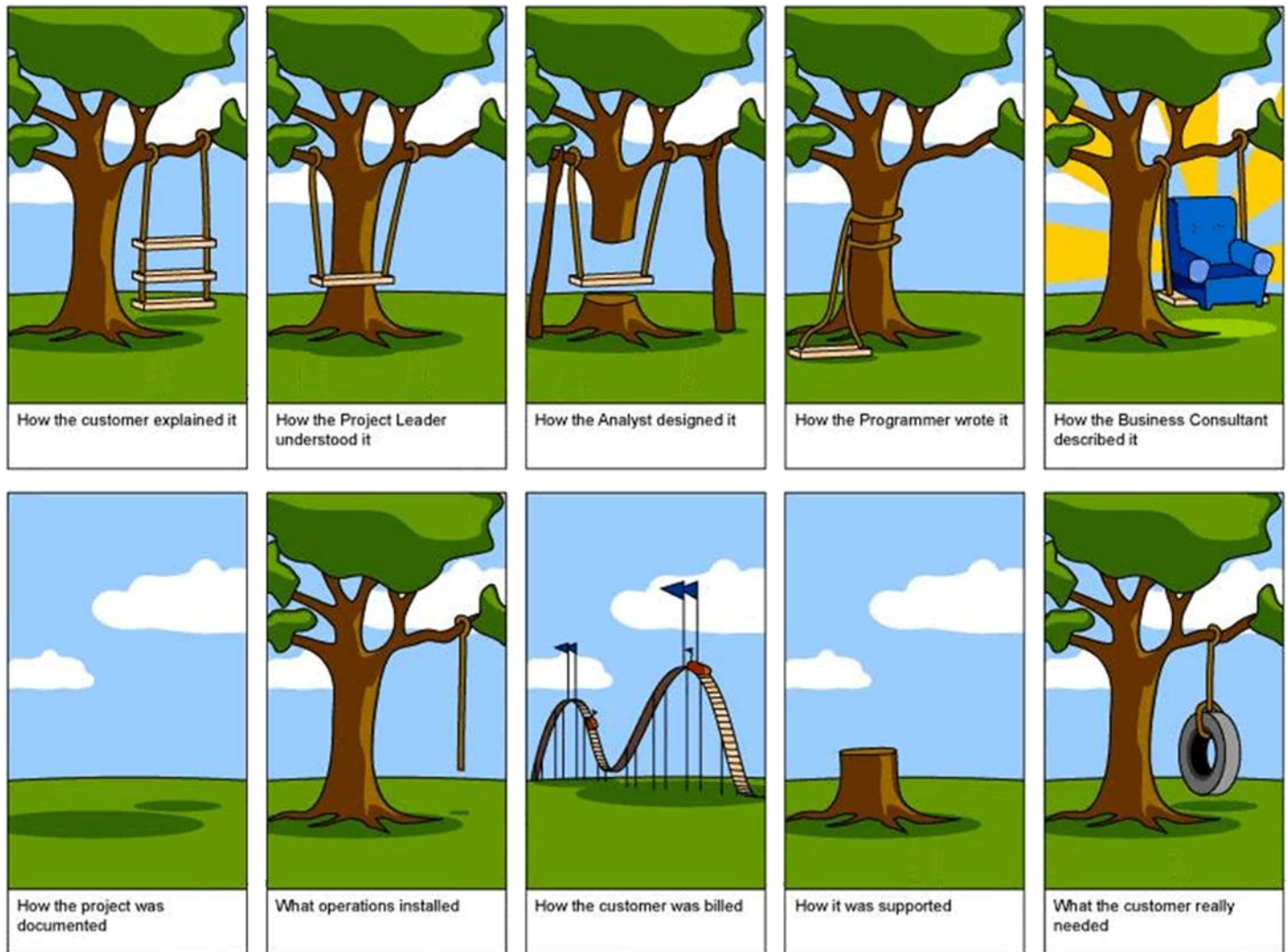
The SMARTer way to outline the objective would be to:

- To increase automation at go-live by utilizing the software's out of the box processes in order to attain a reduction of product delivery cycle of 5 days.

The 2nd objective would lead the team to focus on utilizing out of the box functionality to reduce the delivery cycle by 5 days. Much more focused and less costly.

SPEND THE TIME GATHERING DETAILED BUSINESS REQUIREMENTS

The importance of detailed business requirements to select a software vendor cannot be over emphasized. The business requirements are the basis for all communication throughout your business transformation. Similar to establishing SMART Objectives, it takes a lot of hard work to get business requirements right. The cartoon below depicts the challenges with communicating requirements:



There are plenty of studies that support the role of business requirements in the success of a software implementation project, yet many organizations do not enlist the help of a professional Business Analyst to help with this process or let the software vendors “pull it out of them” as part of the vendor selection process. The latter is a risky proposition as software vendors are ultimately trying to sell software and find ways to turn their solutions into your business requirements.

THINK TOP PRIORITY. THINK “A-TEAM”

The tone for your business transformation starts at the top. If you are serious about changing how you do business, your transformation and ERP implementation will need the top priority for your organization, or at least a close contender for the top spot. When something is that important, you need to put your best people on it on the various roles that will become part of your transformation project.

The **Steering Committee** will need to include the right members of the executive team guiding the project. A full-ERP implementation impacting all areas of an organization’s business would require participation from the full executive team: the VP’s heading business units or departments, the CFO, CIO, the head of Human Resources, Chief Legal Counsel, and, in some cases, the CEO. The Steering Committee should also include representatives of key areas that will be impacted by the implementation that may be external or indirectly related to the organization.

The **Executive Sponsor**, usually the CFO, should have some key attributes needed to guide your ERP initiative to success: understands the problems the project will resolve, can actively participate to remove barriers, helps assign the right resources, acts as an advocate and coach for the project, can re-inforce “good enough” practices, and acts as a Change Agent for the organization.

The **Project Team** needs to include senior **Subject Matter Experts (SMEs)** who understand the way business is performed today, and senior **Department Heads** (Directors, VPs) who have the vision of how business should be done moving forward for each of their areas. It should be noted that the project will consume a lot of their time, and it is highly advisable that the organization plan to **backfill** these individuals, at least partially, to help free some of their time.

The **Project Manager** will play a significant role in the success of your business transformation. It is recommended that your Project Manager be an external resource who does not have concerns for their future role and relationships within the organization. A successful project manager will not only have the required expertise and experience to run an ERP project, but will also be able to deliver difficult news, navigate dynamic environments, deal with conflict, and say “no” when needed.

The **Software Vendor / Implementer** will influence the project outcome as they provide the technical skills and software expertise on which your business processes will run. Similar to other team members, you need to think about enlisting the A-Team here too, even if it appears expensive. “You get what you pay for” applies as much to software as anything else. required expertise and experience to run an ERP project, but will also be able to deliver difficult news, navigate dynamic environments, deal with conflict, and say “no” when needed.

PLAN FOR IT

Spending the time upfront to plan your business transformation project to the *right level of detail*, will not only help to properly set expectations, it will help you identify issues and risks early-on, while you still have time to mitigate them. The level of planning required will be determined by the complexity of what you are trying to achieve (as outlined by your goals, objectives, and detailed business requirements). The *right level of detail* varies from project to project. It is the point at which you can identify inter-dependencies between the various moving parts (business processes, data, customizations, testing, etc) and establish early warning mechanisms / metrics for issues and risks that can derail the project.

Once plans are laid out, there is still the question the accuracy of the estimates used to build the plan. The Project Manager will need to see if the organization is an “optimistic planner” that provided estimates that were too aggressive or is a “cautious planner” and over-buffered the majority of timelines. Adjustments to estimates will need to be made once the plan starts to execute and “plan vs actual” timeline trends start to emerge.

DON'T UNDERESTIMATE CHANGE IMPACTS

Most of us don't like change. We are creatures of habit and prefer staying with what is familiar and comfortable. The impacts of a business transformation initiative on your employees can be significant, and it justifies enlisting a **Change Management Professional** to make the transition as smooth as possible. Without a structured approach to introducing and absorbing change, you may seriously compromise your ability to achieve your end goals. Start your Change Management Program early – as you are defining business requirements. Your organization will need the time to absorb the new way of doing business and persuade themselves why it is worthwhile to let go of the old ways.

SUMMARY

In order to successfully complete your Business Transformation initiative through and ERP implementation, it is important you clearly identify the problem that needs to be fixed, establish clear goals and SMART objectives, and gather detailed business requirements. These steps have to be followed with a top priority call from the organization, in the form of assigning your “A-Team”, allowing time for planning, and recognizing the need to formally manage and re-enforce change. If you can do this, you and your organization will be able to sleep well at night as you move forward with your plans.

ABOUT SURGE ERP

SURGE ERP Consulting consists of a team of highly experienced Management Professionals who help their clients achieve their business transformation goals through the use of technology. SURGE guides their clients through the process of selecting, implementing and maximizing software tools including best-of-breed applications and Enterprise Resource Planning (ERP) systems, either "on the cloud" or on premise. SURGE is not aligned with any single software vendor and can be completely impartial when facilitating the selection process.

For more information, visit their website at: www.SURGE-ERP.ca

