Toolbox.com Expert's Guide:
Six Great Tips for
ERP Implementation

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Executive Summary

Recently, Ziff Davis surveyed its Toolbox.com community about the most common challenges in Enterprise Resource Planning (ERP) implementations. Responses varied widely, but most passionately argued that the time is right to rethink how we select ERP systems, how we implement them, how we use them, and, most importantly, how businesses can ensure that they get the most value for their investment.

The community response reflected high degrees of frustration with existing processes around ERP rollouts, as well as the very common disconnects between IT, vendors/partners, and users, all of whom frequently have divergent goals and expectations in terms of ERP. So how can this frustration be mitigated, goals reconciled, and IT brought in sync with users as more and more companies turn to ERP to solve a variety of business problems? Moreover, how can the very mature market of ERP solutions adapt to rapidly changing business needs and expectations?

This paper outlines several important considerations for organizations looking to roll out ERP systems, whether for small to midsize businesses or established enterprises upgrading to next-generation solutions.

Introduction: Lessons Learned and Best Practices

The development and sale of Enterprise Resource Planning (ERP) software has built some of the biggest companies in tech today. At the same time, newer entrants in the market are taking advantage of emerging needs for ERP solutions in heterogeneous enterprises, from small businesses looking to track inventory or manage customers to new lean manufacturers and global conglomerates that need robust, comprehensive solutions.

The ERP market is now sufficiently mature, segmented, and differentiated that organizations have unprecedented levels of freedom to choose solutions ideally suited to their individual needs rather than developing custom platforms in-house or customizing massive, monolithic systems originally designed for the largest enterprises. At the same time, the maturing market has left experts, consultants, and vendors with sufficient experience to outline best practices and learn from mistakes across many verticals, business sizes, and organizational structures. Overall, those businesses planning new ERP rollouts face significant challenges around user expectations, relationships with vendors, changing perceptions and use cases for ERP software, and the high stakes for most businesses turning to ERP solutions.

Perhaps most importantly, the fact that ERP software has evolved to become a broad and deep solution for virtually all aspects of running a business (each of which will have different needs and requirements) means that ERP selection can be difficult and tax the capabilities of even the most experienced project managers.

Top Considerations When Selecting and Implementing ERP Systems

Successful rollout of ERP systems requires deep understanding of the individual businesses adopting ERP software, expertise in the use of ERP, and strong organizational commitment to widespread adoption and use of the software. That said, key considerations for new rollouts and upgrades can be summarized in six statements:

1. Engaging stakeholders and allocating key resources is always harder than it sounds; start early, talk often, and plan carefully

2. Not every business needs every component of a complete ERP suite right away; phased implementations are okay

3. Education and training are essential for users and administrators alike; don't assume any retained knowledge from previous implementations or projects

4. Pick the right software based on a clear understanding of processes and requirements

5. Pick the right vendor/partner based on their clear understanding of processes, requirements, and the nature of the business

6. Don't be afraid to think outside the box and look at new software vendors and new approaches to implementation and use of ERP software

Key Consideration #1: Stakeholders and Resources

Engaging stakeholders and allocating key resources is always harder than it sounds; start early, talk often, and plan carefully.

IT consultant and experienced ERP reseller, David McKenna summed up the challenges related to stakeholders and resources very well, explaining

"A company only does an ERP implementation every 5-10 years so there is little retained understanding of what is involved," he explained. "It's not just the amount of resources but rather the range of skill sets you will need. The business will start with good intentions of freeing up its 'best people' to get involved in the project, but this doesn't always happen until you're up against the deadlines."

As McKenna points out, it's all too common for organizations to crash a project at the last minute rather than devote adequate resources all along. It's also critical to ensure that all of the right people at all levels of the organization are involved from the beginning of the project. When done right, ERP systems should be adopted and regularly used by virtually everyone in an organization. It follows, then, that a select group of IT decision-makers can't successfully roll out an ERP product in a vacuum.

In particular, users from remote branches and smaller departments need to be brought into the process. At the same time, leadership across departments must help identify critical projects and times during which an ERP rollout would be overly disruptive. While it is unlikely that every stakeholder will have every requirement met in terms of timelines, features, or special considerations for their departments, the more time afforded to planning and user engagement, the better the chances of a smooth rollout and widespread adoption. Early and frequent discussions with users will also help project managers pinpoint additional workloads and potential pain points for critical departments and even customize the user experience to improve productivity and meet broad user requirements..

Key Consideration #2: Phased Implementations

Not every user in every business needs every component of a complete ERP suite right away; phased implementations are okay.

While broad user engagement is critical, most organizations would be well-served by phased rollouts beginning with a small subset of users or departments. In particular, early adopters should be selected from two groups:

▪ Savvy users who have the greatest need to adopt the new technology and the greatest likelihood to access the platform on a regular basis

- ▪ Smaller departments for which IT-related disruptions will have the least impact on customers and critical operations

These two groups are often mutually exclusive, so choosing the right early adopters is a balancing act between achieving sufficient scale in low-impact areas to test rollout procedures and system capacity and providing access to the new system to users who can provide the most valuable feedback.

Especially for champion users (those in the first group), maintaining legacy systems in parallel with the ERP system can mitigate the impact of any early rollout problems or challenges that these users discover as the system moves into production.

Another approach to phased rollouts that often works well with ERP systems that tend to contain multiple modules and far-reaching capabilities is gradual feature implementation. In many cases, administrators can, for example, provide access only to CRM, asset tracking, or human resources functions, complementing options for departmental rollouts. This also prevents IT shops from having to manage implementation of numerous features at the same time they are managing initial backend challenges.

In other words, get an ERP solution up-and-running as soon as planning permits to begin taking advantage of the benefits immediately. In addition to showing immediate benefit, it also provides an opportunity to apply any lessons learned and determine best practices for the rest of the project.

Key Consideration #3: Education and Training

Education and training is essential for users and administrators alike; don't assume any retained knowledge from previous implementations or projects.

Education, training, ongoing evaluation, and opportunities for customers to provide feedback and ask questions need to be very high on the priority list. At the same time, there are great ways to do this without costs ballooning out of control. In addition to providing their ongoing feedback, end users also need education up front on the nature and possibilities of ERP itself if companies want the platform to truly modernize their organizations. Even users experienced with other ERP software may not understand the potential power of workflows or ways in which ERP can be adapted to each line of business.

In-person training is useful but is often quite expensive, especially if an outside vendor is handling implementation. It also doesn't lend itself to ongoing training and feedback and does not create a knowledge base for users to reference when the system is in production. Conducting training via video conference (which can be easily recorded and repurposed), creating short videos covering specific skills, and disseminating a variety of written reference material (ranging from FAQs to product manuals and ebooks) are cost-effective ways to

leverage modern technology and develop a persistent library of training collateral.

Education also needs to be customized for the specific organization. A manual on a complex ERP system will often be overwhelming for users but short, bite-sized content describing how a system works in the context of the organization will be far more useful. For example, because most ERP software is highly customizable around the roles and processes in a business, organizations benefit from:

- Thorough understanding of those roles and processes

- Careful design of ERP systems to maximize benefit and streamline workflows

- Accessible training and documentation on the system as it specifically relates to the processes, roles, and teams who will be using the system.

Key Consideration #4: The Right Software

Pick the right software based on a clear understanding of processes and requirements.

As with developing customized training materials, this is easier said than done. For both in-house IT staff and contracted project managers, the temptation is to simply get a commercial off-the-shelf (COTS) ERP solution in place and then customize it as needed to meet departmental requirements. However, the ERP software market is now quite mature and highly differentiated with software available to suit diverse needs. Many vendors, in fact, offer custom modules and turnkey solutions for particular verticals, business sizes, and specialized requirements.

Taking the time to fully understand an organization's requirements before moving ahead with system design and implementation is de rigueur for most IT projects. It is a standard part of the systems development lifecycle (SDLC) that drives most waterfall-style projects (which would certainly include ERP rollouts). And yet the practice of detailed requirements gathering too often gets ignored initially when a comprehensive ERP system is being implemented. A big name ERP system is going to be able to meet everyone's needs, right?

The question is not so much whether a large ERP system will meet everyone's needs but how many user requirements it meets out of the box. What are the goals of the ERP implementation and are there software tools that can help organizations achieve these goals more readily than others? Once the goals are clearly understood and the right people are involved in the decision making process, then the organization can begin the process of actually choosing the right type of ERP software.

Most comprehensive systems will require some degree of configuration ranging from workflow programming to database design, but selection of the right software platform upfront can ensure the system is rolled out to users as quickly and easily as possible. Sage, for example,

offers several platforms already configured for SMBs, sales organizations, manufacturers, etc., with modules that are specifically designed to support the needs of certain markets rather than requiring complete customization of more general solutions.

Key Consideration #5: The Right Vendor

Pick the right software vendor based on their clear understanding of processes, requirements, and the nature of the business.

While there are many vendors, ISVs, and others involved in the development and sale of ERP solutions, finding the best partner is equal parts critical and challenging. Long-time IT consultant and systems integrator, Richard Daigle, puts it bluntly: "If implementing ERP was easy, anyone could do it. It's not. You must have a specific set of complementary skills to pull it off."

Perhaps even more important than the skillset peculiar to ERP implementation is industry experience. Just as organizations need to clearly define their own goals and requirements for a new ERP rollout, so must the partners involved in the process understand ways in which ERP can specifically benefit sales teams, non-profits, distributors, or other industries with unique needs. Hospitals, for example, are prime candidates for ERP systems but a vendor or consultant without significant healthcare expertise will be hard put to bring ERP to this largely underserved market.

Organizations also shouldn't just take vendors at their word or even solely based on referrals. As with many things in IT, the acronym "YMMV" (Your Mileage May Vary) absolutely applies. Even within specific verticals, individual businesses can have widely divergent workflows and processes and need to understand if a vendor is up to the challenge of delivering a viable solution configured for the organization.

Travis Truax, an IT manager with a mid-sized manufacturing firm, explained how they would evaluate a vendor: "We would require the vendor to 'prove' functionality before paying for anything because implementation takes a lot of work and time," say Truax, "but a base software package should be able to be deployed in your environment with dummy data and be completely functional in days. The only way to truly know what you're getting is to get it in front of you and play with it."

Key Consideration #6: Think Outside the Box

Don't be afraid to think outside the box and look at new software vendors and new approaches to the implementation and use of ERP software.

Even for organizations that have an existing ERP solution, a new ERP rollout is a powerful opportunity to think outside the box, reinvent processes, and look at new ways of using ERP to achieve business objectives. Implementing any ERP solution is labor intensive and requires a close look at processes and workflows to select, design, and customize the platform. As

a result, there is little sense in going through the effort of a full internal evaluation without allowing an organic re-evaluation of how an organization does business.

Whether this is a company's first ERP rollout, an upgrade, or a full-blown replacement, the scope and capabilities of ERP software have changed so dramatically in the past several years that organizations would be remiss if they didn't carefully examine

- New competitors in the market
- New ways that ERP could enhance their business
- New means of modeling business processes in ERP systems
- New and improved processes that can be enabled by modern ERP systems
- New ways of automating workflows and introducing new efficiencies

Conclusion: Where Do We Go From Here?

Given the evolution of the ERP market (and some might, in fact, call it a revolution), it's clear that more organizations than ever before can benefit by implementing an ERP system. Vendors, partners, and businesses themselves have learned a great deal about best practices both for the rollout and use of ERP.

So, what is the takeaway message here?

Start with the basics of user requirements. Fully understand both the available solutions on the market and the needs of the business. And find a vendor and/or solutions partner that wants to hear about those needs and requirements rather than moving businesses toward a one-size-fits-all software suite. The market is sufficiently mature that businesses of all sizes should be able to find a customized and cost-effective solution that enhances what they do rather than simply disturbing established processes and workflows.

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Chris is a writer, educator, consultant, and technologist, focused on the effective use of web and mobile technologies for large businesses. In particular, his wide range of experience in education and training, marketing and SEO, data analytics, and web-based voice and video have left him with unique perspectives across several verticals. Chris has done everything from teaching high school math to analyzing clinical drug trial data to heading up US operations for an Indian startup.

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