

HOW TO IMPLEMENT AN ERP SYSTEM – HASSLE FREE

Choosing an Enterprise Resource Planning and a Customer Relationship Management (ERP / CRM) system is one of the major decisions a company makes regarding operations.

*THE ULTIMATE
GUIDE*

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Introduction

Choosing an Enterprise Resource Planning and a Customer Relationship Management (ERP / CRM) system is one of the major decisions a company makes regarding operations. This guide provides strategies based on practical evidence for what works and, just as importantly, what to avoid while going through the selection process and implementation of a new Enterprise Resource Planning solution.

ERP / CRM systems have matured to the point that their legitimate benefits are in evidence

around the world. Anyone who has purchased a vehicle, been treated in a hospital, owns a smart phone, has flown on an airplane, or shipped a package has benefited from the pervasive benefits these information channelling solutions offer. ERP software is optimized for delivering the power of seamless business data throughout all companies, from the smallest to largest.

With tips from this guide, small and medium sized business can now benefit from software solutions that were formerly the territory of only large and sophisticated firms.



Chapter 1. Growth or Graveyard – ERP and CRM Systems can drive growth or failure



Enterprise wide software, such as an ERP / CRM solutions, deliver enterprise wide benefits. ERP and CRM systems are so

critical to the everyday functioning of most businesses that if the system is incorrectly implemented a new software solution can create potential disaster for your business. When benefits arrive as planned, companies can expect a positive performance leap including increased profitability and improved customer service. A poorly selected or poorly implemented ERP system will cause a world of trouble for any business.

Three important lessons have been learned from previous ERP implementations.

Lesson #1 - Set realistic expectations and work with an experienced implementation partner.

Work with an experienced, professional implementation team who has a wide range of implementation experience, a track record in your industry and the highest level of accreditation from the vendors that they represent.

Expect challenges which will test implementation timeframes, business, industry, application and technical knowledge. Having realistic implementation timeframes and schedules will allow time for problem solving.

“ALL MEN MAKE MISTAKES, BUT ONLY WISE MEN LEARN FROM THEIR MISTAKES.”

Winston Churchill

Lesson #2 – Only a truly tried and tested, mainstream ERP / CRM solutions should be implemented

An ERP / CRM implementation will affect almost every aspect of your business – finance, customers, suppliers, funding and employees. Make use of a tried and tested ERP supplier.



“THE ONLY SOURCE OF KNOWLEDGE IS EXPERIENCE”
ALBERT EINSTEIN

Lesson #3 – Investment is everything. A solution with a higher initial cost can often provide the highest ROI because the solution allows for improved business processes and scalability.

Only buy a top tier solution, from a top tier provider. Benefits from a successfully implemented ERP / CRM solution accrue quickly and grow yearly. The brief challenge of transitioning to the new system will quickly be forgotten, while business cycle improvements will be appreciated for years to come.

“THERE ARE ALWAYS TWO CHOICES. TWO PATHS TO TAKE. ONE IS EASY. AND ITS ONLY REWARD IS THAT IT'S EASY ”

V. BALDEZAC

Chapter 2. Defining Your Destination before Starting the Journey

Before considering a new ERP / CRM solution make sure that you understand your need for a new system and your business requirements.

Setting realistic objectives

We can think of setting objectives as identifying either “pain” or “efficiency” bumps within our business. We might say that our key objectives for a new ERP implementation are:

- 98% On time in full deliveries for our customers or,
- Mobility applications for our sales teams to allow better customer service and order taking in the field or,
- Integration of our existing website to our ERP solution for automatic picking.



The steps for creating objectives are to thoroughly document the existing system, benchmark the systems performance at each processing step, and then determine where the limiting factors are in capability, speed, process or quality.

Start with defining existing business processes

Using an organisation chart, work flow diagram, or a processing chart document all major operating functions and data inputs and outputs for each step. This step will likely

define the screens and logic of what is being used for information handling currently. With all major information requirements and processing steps defined, there is a base for reformatting to a more advanced and streamlined operation with the new ERP / CRM capability.

The success of creating the original business process documentation or charts, and the ability to optimise processes, depends on bringing together all the company departments. Each department must clearly define their steps, their processes, and their decision criteria. Once all the current processes are in the chart or step-by-step documentation, then the re-engineering can launch with good information.

Redefine and optimise for the most efficient business processes within the ERP / CRM implementation.

The easy temptation is to adapt the new solution to the old problems. This has been the downfall of many implementations. To avoid this trap first re-engineer the operations for maximum efficiency and quality – what business objectives do you want to achieve (without the limitations of your old ERP system?). Then overlay the new enterprise software onto the newly optimized business processes.

Determine key bridges to success

Make sure you understand the key elements required for a successful project. Some common ERP project mistakes include:

- Lack of buy-in from key employees or whole departments.
- Inadequate resources allocated (internal resource and / or implementation partner resource).
- Unrealistic expectations for ROI or overall benefits.

- Poor communication to consultants.
- Lack of timely and correct project information leading to poor planning or project management.

The list could go on and on. Without solid management backing, and all cards on the table from every department, a company wide solution will have obstacles coming from all directions. As long as all departments perceive benefits from the new system, and not threats, the change process will be easier to achieve.

Some benefits of a new ERP solution that can be “sold” to department heads include:

1. Reduced paperwork.



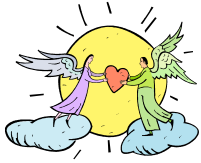
2. Reduced processing errors from manual data entry.
3. Simpler report development.
4. Real-time information across all departments. Guessing inventory or walking back to check stock will become unnecessary.
5. Transparency across all departments. Each function can see what the other department requires.
6. Purchasing, accounting, manufacturing, and engineering can review current and forecast workload with a well-designed ERP solution.
7. Sales to accounting transparency can help avoid credit issues, shipping problems, and customer service issues.
8. Executives can track quoted, closed, in-process, and shipped orders without any delays.

9. Data re-entry and duplicate tasks are reduced or eliminated across all functions.

This is a small sample of benefits for “selling” the changes an ERP / CRM system brings.

Once everyone is behind it, an organization can quickly move towards fully integrating their new software solution without having to deal with internal conflict.

Chapter 3. Selecting your Software Partner / Vendor and software application. Keeping the Relationship in Heaven, Not the Other Place.



This chapter goes into detail on how to approach the software and consultant selection process. An ERP / CRM partnership is a strategic

relationship. Your ERP partner will have access to your key company data and will be responsible for your business management solutions – finance, customer relationship management, supplier management, inventory control and more. The relationship should be built to last. Considering the importance of this relationship, it pays to step logically through a decision matrix prior to committing to a vendor.

Lesson #1 - Make sure someone else was the guinea pig. Get a tried and tested ERP solution installed in companies with requirements similar to yours.

Key criteria for software include:

Technical / architecture criteria:

- What database is required to run the ERP solution?
- Is the database mainstream and globally supported?
- Is the solution scalable?
- Can the system be customised and if so what programming frameworks and languages can be used?
- Can third party applications be integrated to the application?
- What add-on solutions are available?
- Can user defined fields and tables be easily added to the solution?
- Is Cloud an option?
- How is remote access achieved?

Functional requirements

Functional requirements are usually specific to each company's requirements – some examples include:

- Does the solution include multi-warehouse functionality?
- Is Customer Relationship Management integrated to the rest of the ERP solution?
- Is recurring invoicing available?

Reporting

- Which reporting applications are integrated?
- How easy are the table and field names to understand?
- What standard reports are available?
- Is ODBC integration to MS Excel Pivot Tables available?



Data Conversion

- How much data will be converted?
- Will only master data be converted?
- What format will data need to be presented in for data import?

With almost all of the top software vendors, the answers will be either a "Yes," or "It can easily be modified for that." This leads to a question as important, or possibly more important than the decision about which software to invest in. That possibly bigger question is: who is going to get software out of the box and implemented so it works as promised? The software consultant or solutions provider will play a role at least as important as the actual software application.

Lesson #2: Vet the company, code, and implementation team. A checklist for assuring a successful consulting relationship.



SAP, Oracle, and Microsoft are unlikely to go broke any time soon, if ever. Moving lower down the list of ERP / CRM developers, and the companies become less financially robust - quickly.

Even if a company does not have financial problems, a particular software division may no longer be viable or certain products will be discontinued. With the larger software providers, this is less of a problem than with smaller developers.

Vetting any party involved in the ERP / CRM will help confirm that they have the staying power to get through implementation and ongoing support commitments. Remember that even if your ERP implementation only takes three to six months you will be planning to use the ERP implementation for ten years plus. This means that you will need a software vendor and implementation partner that will be there every step of the way – for ten years plus.

Main criteria for choosing an implementation company and team include:

1. Length of time in business. Seek a minimum of 5 years.
2. Rating with their software suppliers. Top tier consultants are the way to go. These will sometimes be called “Gold Level”, “Premier”, “President's Select”, etc. providers. These designations mean that

the consulting firm has the best trained technicians, most highly qualified project managers, largest sales base of experience, and a direct connection to the top level support of the software vendor. This can spell the difference between getting problems solved, or getting excuses.

3. Evaluate their training, support, project management and problem resolution capabilities. It is fair to ask for basic experience levels from each member of the team, and references for their work. Look not only at the implementation partner – also consider the experience of their individual team members.

“Is the solution provider local?”

Besides saving significantly on travel expenses, which can add up fast, having a solution provider with a local presence means any problems can get resolved quicker. No matter how impressive a consultant's credentials may be, if they are not local, they are not as accessible, nor as responsive.

The other main questions for a solutions provider are similar to those for the software vendor.

1. Have they installed systems in similar organisations with requirements that closely match yours?
2. Are they a top tier provider for the software solutions they work with? Top tier solution providers tend get access to better resources, faster problem solving and better support from the vendor.
3. How experienced are the lead consultants, management of the implementation partner and project managers? The longer an implementation partner has been implementing the same line of software, the more secure they are with implementing it.

4. How deep is their technical bench? Do they have several programmers, technical and applications consultants that can handle this project, and how much experience do they have?
5. Can the solutions provider offer a turn-key installation or will they have to call in multiple subcontractors? While hiring sub-contractors is not always inadvisable, it is better for clients if a consultant has the resources to keep everything in house.

Confirming these questions at a minimum will go a long way towards guaranteeing a positive outcome.

Though a thousand more questions could be asked, getting these 5 main ones cleared will strongly suggest whether a company and key personnel are up to the task of handling your implementation.

Lesson #3: Critical factors for each stage: committee creation, evaluation process, defining the statement of work, project plan, scope and deliverables with a time line.

Top level executive buy-in regarding the need for an enterprise solution is critical and can then drive subsequent steps.

Step 1. Committee Creation: Occasionally a CFO, CIO, head of engineering, or other C-level executive will handle the selection process entirely. This “one person evaluation” can lead to a speedy decision. It can also lead to a decision where too many factors are overlooked and there is push back from all departments during implementation. More often, companies establish committees for managing the selection process.

From experience of both successful and unsuccessful committee selection processes, there are a few basic factors for getting to a sound decision, in a reasonable time period.

1. Set a time limit for the committee to reach a decision. 3 months or less is reasonable for a small to medium business. More time will be required for a larger corporate.
2. Include all departments in the committee, and designate back up people for each department. This avoids delays when a department person is not available.
3. Create a decision matrix that each committee member fills out with their concerns, and a point rating system. By doing this, a decision can be quickly reached by numbers, as opposed to debating it without knowing the real criteria.



An example of a generic decision matrix:

Selection Criteria	SW 1		SW 2		SW 3		Total
	Importance	Score	Score	Total	Score	Total	
Technical							
Cloud	1	0	0	5	5	10	10
On premise	10	10	100	10	100	10	100
SQL Server	5	10	50	0	0	10	50
Remote access	10	10	100	5	50	7	70
Support							
Local support available	10	10	100	0	0	5	50
Dedicated support desk	10	10	100	5	50	0	0
Finance modules							
Flexible COA	10	5	50	10	100	5	50
Dimensions	5	10	50	5	25	0	0
Recurring journals	2	10	20	4	8	2	4

Using these simple guidelines will help a committee avoid one of the well-known pitfalls of committees called “Paralysis by Analysis.” Setting a decision date, having back-up members for key departments, and establishing a numerical decision matrix will help make their work not only easier, but more efficient and accurate.

Chapter 4. Assuring a Smooth Lift Off With Everyone On Board

Managing the integration challenges with all departments



Management has established the need and set the direction of getting a new ERP / CRM system. They have involved a committee in the decision making

process. The committee brought in solution partners with varying software offerings, vetted both the software and the implementation consultants and made their decision. Now the real work begins.

Step A. Full management buy-in

Though top level management may have set the whole process in motion, they may not have been completely involved in every step of the decision process. Their support needs to be rekindled for the implementation to be successful. Only with top level confirmation that “all hands on deck for implementation” is the clear directive, will the consulting team get their meetings scheduled, their questions answered, and the project moving forward with enthusiasm.

The price tag may be one reason for management to hedge their earlier support. Considering the price reductions, the reduced installation times, and decades of history verifying the financial benefits for ERP / CRM systems, this price objection can be allayed by reviewing the benefits and improved metrics expected.

Whatever it takes, management must get 100% behind the transition. As the head goes, so goes the body. With the highest level of support in a company made clear,

departmental divisions and resistance will be minimized.

Step B. Integrating departmental needs, customer requirements, and transitions from legacy operations

Implementation consultants will have a good idea of basic departmental needs even before the project starts. After handling multiple installations consultants can begin to design systems based on “best practice” or configurations that have worked well in similar industry verticals.. All shipping departments have certain basic documents. All inventory screens contain similar fields. Accounting, purchasing, and customer service requirements have variations across industries, but from one competitor to another in an industry, there are similarities.

The project manager will go through the business processes as they are currently and will get details on all information fields, processing, approvals, decision criteria, workflow, and outputs. They will then assess what the current metrics are based on the current system.

Process re-engineering is a critical part of the implementation - a beneficial approach outlined earlier. Consultants will reconfigure the business process chart to take advantage of the capabilities of the new ERP / CRM solution. It is pointless spending hundreds of thousands of dollars on a new system to keep doing things the way you used to. When implementing a new ERP or CRM solution take this opportunity to re-engineer business processes to streamline operations.

Two critical points here:

1. The re-engineering process requires approval and interaction with all departments. Last minute surprises about new input screens and new ways of handling their departmental workflow are

not the output of a well thought out implementation. Setting expectations of changes coming will make those changes both easier to implement and better accepted.

2. Often neglected, but holding the most important position on any business process chart, is the role of the customer. This applies to both the CRM than ERP solutions. If a CRM screen requires that a customer service rep asks too many questions before being able to access information for a customer, the CRM can cause poor customer experiences. The same applies with an ERP solution that does not allow flexibility for answering unique customer needs. Both the company and the implementation consultants must keep the customer experience foremost in their mind. The customer is the reason we are in business.

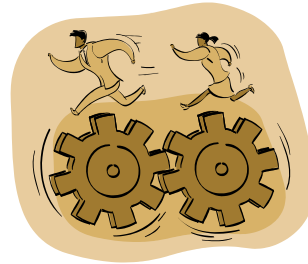
Several of the examples of failed ERP / CRM systems show that the systems worked well behind the wall (internally), but were a disaster with the customers. A correct approach is to make sure the customer experiences improved service levels. A successful re-engineering of business processes should produce an improved customer experience.

Step C. Rolling out the new system smoothly

Some of these recommendations will seem obvious. Rest assured, every single one of them has been violated by several companies implementing ERP and CRM solutions.

Tips for a successful start-up and launch of enterprise wide software:

1. Run multiple trials at department levels. Keep test data completely separate from real operating data.



Test the new system in a “boardroom pilot” or “user acceptance testing” environment. This involves inputting data into your new ERP system and current system for a defined period of time to test the outcomes. This is not a full parallel run of the new and old system – but is acceptance testing over short periods of time. Many years ago implementation methodologies called for parallel running of systems. Over the past few years this process has graduated towards user acceptance testing rather than full parallel running. User acceptance testing allows users and your ERP implementation partner to test key scenarios and business processes in the new ERP system before go live. This will highlight any potential issues with configuration, training or system scope in a test environment prior to go live. As an example you might decide to do user acceptance testing on accounts receivable for one day. This would entail checking invoice layouts, statements and debtors ageing reporting in the new system Vs old (for that one day). Whilst most implementation methodologies include user acceptance testing as part of the implementation what is often overlooked is the detailed plan for user acceptance testing.

A good ERP user acceptance plan will include:

- What scenarios will be tested?
- Who has responsibility (user and / or implementation partner) for testing which scenarios?
- What type of testing will be done?
- How long will the testing be done for?
- What tools and systems will be used during testing?
- How will test results be recorded and reported during testing?

Once the user acceptance testing is complete let's not forget to ensure that feedback is provided to the project team so that any required changes can be made and the system can be re-configured and re-tested as and when required.

2. Phase your implementation into realistic elements. Based on your budget and internal resources you might have to put three phases of implementation into the project plan. Phase one might be finance, distribution and manufacturing. Phase two might be CRM and phase three could be mobility. This phased approach will give your internal resources time to digest all of the new available technology. Let's not forget that while you are implementing a new ERP system you still have a business to run. Set realistic goals.
3. Anticipate challenges and problems. Make sure that you have a process in place to deal with the inevitable challenges and issues associated with a new system.
4. Have regular project meetings to follow the progress of the project, raise any issues and ensure that all stakeholders are committed to the deadlines.

Summary: Even though the switch over to a new enterprise wide software solution would seem to be a heart stopping event, it need not be. Planning, installing, evaluating, testing, and proceeding incrementally with experienced implementation consultants guiding the way will make the transition run smoothly.

Chapter 5. Action and Reaction Steps

Pre-planning for inevitable transition challenges

Having an implementation consultant with a well-tested general project management map, customised for your specific needs, is part of what is needed for a positive transition to your new ERP solution. But this is only part of the picture.

This chapter covers how a company can make the consultancy team more efficient, the changeover a smoother process and get through all phases of implementation with the least impact to on-going operations.

Making the implementation plan work from start to finish

One of the common refrains about Project Managers is - “all the responsibility, none of the authority.” It pays to have an individual serving as the internal / company Project Manager for the ERP / CRM transition. Sometimes the CFO, CIO or high level manager takes this responsibility on, though more often a less senior staff member takes this responsibility.

The key tool needed by the project manager, is the full backing by the executives and a clear statement to the general company that their cooperation with this project manager is

part of their performance expectation.

A project manager within the company tasked with working alongside the ERP / CRM consultants can dramatically speed process definitions, business cycle measurements, data translation needs, and overall intelligence flow from the various departments to the ERP / CRM consultants. Single points of contact for problem resolution also sidestep the “committee situation” where everyone is responsible, making no one responsible.

The company project manager has defined responsibility for getting the consultants what they need, when they need it. This translates to a task list for each department describing what information collection or observation steps are needed for defining their data and business requirements.

For each step the consultant includes within their project planning, an internal project manager is likely to have similar entries.

As an example of this dynamic:

The Below simplified ERP / CRM implementation plan might serve as the basic guide for the project managers, ERP implementation consultants and you – the customer. Note the elements of the project plan :

Planned Start Date	Item	Time HRS	Status	Customer Time (HRS)	Customer Role	Responsibility	Comments
	Handover						
Thursday, 1st August 2013	Kick off Meeting with Customer	1.00	NOT STARTED	1.00	PROJECT LEADER	Impl partner / customer	
Thursday, 1st August 2013	Create project plan - timeline/resources	3.00	IN PROGRESS			Implementation partner	
	Hardware available		NOT STARTED			Customer	
	Install Software						
	Install ERP Software on Server and client machines	4.00	NOT STARTED	0.50	IT	Implementation partner	
	Process Analysis and Design						
	<i>Clarify and elaborate on all business processes defined in the pre-sales phase</i>						
Friday, 2nd August 2013	Get customers business process needs in details. Divide into subjects:	15.00	NOT STARTED	15.00		Impl partner / customer	
	Financials and Chart of Accounts		NOT STARTED		FINANCE	Impl partner / customer	
	Contract Management		NOT STARTED		FINANCE	Impl partner / customer	
	WIP / Project Analysis		NOT STARTED		FINANCE	Impl partner / customer	
	Timesheets / Project Tracking		NOT STARTED		OPERATIONS	Impl partner / customer	
	Fixed assets		NOT STARTED		FINANCE	Impl partner / customer	
	Sales Process		NOT STARTED		OPERATIONS / SALES / AR	Impl partner / customer	
	Purchasing Process		NOT STARTED		OPERATIONS / PURCHASING / AP	Impl partner / customer	
	Banking		NOT STARTED		FINANCE	Impl partner / customer	
	Authorization and data ownership requirements	2.00	NOT STARTED	2.00	SUPERUSER	Impl partner / customer	
	Review data conversion needs - type and amount of data	4.00	NOT STARTED	4.00	PROJECT LEADER	Impl partner / customer	
	Document all major business process						
Friday, 9th August 2013	Document Processes designed in steps above	7.50	NOT STARTED			Implementation partner	
	Solution possibilities – User-defined Fields/Formatted Search/Queries/development	7.50	NOT STARTED			Implementation partner	
	Update project plan and assign tasks	1.00	NOT STARTED			Implementation partner	
	System Initialization						
Monday, 12th August 2013	Create customer databases	3.00	NOT STARTED			Implementation partner	
	Perform system initialization and definitions in ERP software	7.50	NOT STARTED			Implementation partner	
	Install and configure third part solutions	7.50	NOT STARTED			Implementation partner	
	Install and configure Fixed Assets	7.50	NOT STARTED			Implementation partner	
Friday, 16th August 2013	Complete setup of user-defined fields	7.50	NOT STARTED			Implementation partner	
	Master Data Migration						
Thursday, 1st August 2013	Deliver relevant templates for data import, including user fields needed to be imported	2.00	NOT STARTED	2.00	PROJECT LEADER	Implementation partner	
Friday, 2nd August 2013	Prepare data migration steps	1.00	NOT STARTED			Implementation partner	
Friday, 2nd August 2013	Prepare master data as per templates		NOT STARTED	37.50	ALL PROJECT MEMBERS	Customer	
Friday, 16th August 2013	Import data - master data	7.50	NOT STARTED			Implementation partner	
Monday 25th November 2013	Import data - fixed assets	7.50	NOT STARTED			Implementation partner	After go-live
Monday, 26th August 2013	Test / verify imported data	7.50	NOT STARTED	7.50	ALL PROJECT MEMBERS	Impl partner / customer	
Workforce 28th August 2013	Customer sign off for imported data		NOT STARTED				

- Planned start date of activity,
- A description of each activity,
- The hours allocated to each activity,
- The status (started, in progress etc.),
- The customer time allocated to each activity,
- The role of the customer in each activity,
- Who has responsibility for each activity and a general comments section.

It is important that the project plan is updated on a regular basis and those roles and responsibilities are clearly defined. It is important that completed tasks are tested and verified. It is no use ticking an item off the project plan as completed to find out later during the project that the item has not been completed to specification or to the desired outcome.

Cost controls for implementation

Since the advent of the Material Resource Planning systems through the evolution into ERP and CRM solutions, only the largest, best financed firms could afford these mainframe level systems. The times, and the costs involved, have changed. Today small to medium sized businesses have access to software solutions, cloud solutions and consultancy at a fraction of the required investment ten years ago.

Even so, a major consideration for any size company implementing a new ERP or CRM system is control over the costs associated with implementing the new system. How do we ensure that what is quoted is what we get invoiced? Here are a few hints and tips to help:

1. Fixed price Vs “do and charge”. There are several different methodologies

available and several different ways to slice and dice an implementation of ERP and CRM software but fundamentally you have a “high level” choice between defining the scope upfront and getting a fixed price for implementation services or getting an upfront estimate and then treating the project as “time and materials” or “do and charge”. Each type of project methodology offers pros and cons. Using fixed price methodology has a distinct advantage in that you know what to budget for your implementation and associated services. The difficulty is defining the scope of works at the start of the project. Another area of potential conflict can be managing the implementation – what happens when an item is out of scope or was poorly defined during the scope process. A fixed price implementation requires strong project management, clear decision making from management and a high level, experienced consultant to do the scope of works. Under a “time and materials” or “do and charge” implementation methodology you get exactly what you want from the system – the challenge is that project timelines and budgets might overrun substantially. There is also a “hybrid” model which allows for a fixed price on part of the scope of works and some additional “time and materials” budget for certain parts of the project (reporting, data conversion and training).

2. Scope of works – call it a scope of works, a blueprint or a system map. When implementing ERP and CRM software make sure that the vendor has a good understanding of your

requirements and that these requirements are documented in a scope of works. The danger with a scope of works is that as a customer you will need to take some level of responsibility for what is included in the scope of works by detailing your business processes and requirements. If you are not actively involved in the scope of works you might end up with a few budget surprises half way through the implementation.

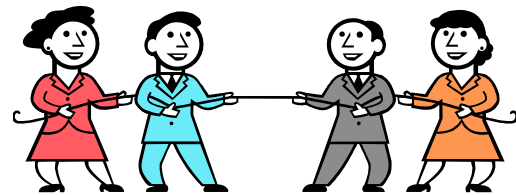
3. Who takes responsibility for which parts of the system? Often overlooked in the proposal provided to customers buy the software vendor or implementation partner is a list of responsibilities during the implementation. As an example the implementation partner might take responsibility for data conversion but who's responsibility is it to take data out of the legacy system and check the data? By taking on some of these responsibilities in-house you can reduce the implementation costs and timeframes.
4. Be careful of data, reporting and development. Simply put – these three elements of implementation have the greatest risk of overrun. Carefully consider the data conversion, reporting and development aspects of your implementation. Make sure that you and your implementation partner understand your requirements and responsibilities.

One of the main considerations for reducing the services component of an implementation is clearing hurdles for the implementation team. Getting all the business cycle documentation, form layouts, legacy data, and work flow clearly defined, will cut services

time and costs dramatically. The consultants can then direct their time towards their highest value activities. These activities include:

- Assisting with re-engineering the business processes,
- Integrating data from legacy systems,
- Managing user expectations,
- Creating new reporting templates,
- Suggesting alternative workflows based on best practice,
- Training users,
- Setting metrics and methodologies for data handling,
- Creating new documentation as needed.

Resolving conflicts, transition challenges, and errors



Moving to a new ERP or CRM system involves conquering challenges and sometimes, correcting errors. The first step for successful problem resolution is expecting problems and planning for them.

There have been a number of cases where the management team of a company pushed for full implementation without the back-up processes and problem resolution paths documented and “ready to go”. The disasters stemming from this lack of planning make headlines. The wrong kind of headlines.

One potential framework involves a rating system for the problems, a direct communication line for disseminating the description of the problem, and resources for solving each problem.

This problem resolution framework has to be explained to all departments during testing and system roll-out. As simple as the concept

seems, it is another area where the basics have not always been followed.

Problems are usually in one of three categories:

Problem Description Code:

1. Operational issue - critical:

An operational task such as the receipting of stock into the warehouse cannot be completed. This would be considered an urgent operational issue as it is preventing your business from carrying out day to day functions.

2. Operational issue – not effecting critical operations:

Though the system is functioning, there are either training challenges, or the system is not operating as expected, as quickly as expected, or the data appears incomplete. This sort of issue does not require immediate response but you would want the issues resolved in a timely manner.

3. Suggested improvements:

The system is working as planned, but the users have a recommendation for improving the system. Scheduled process improvement meetings are a sufficient response to this support requirement.

Providing a direct line, 1-800 number, or email to the main company project manager, and not through other departments such as IT, will create a central repository for the challenges

associated with go live on a new ERP / CRM system. This in turn will give the consultants one contact source, speeding up communications, and consequently, problem resolution.

Summary: A well supported company project manager coordinating efforts with an experienced solution provider and validated software applications form the foundation of a successful ERP / CRM transition. The company project manager, along with departmental input, can help reduce the overall services cost for implementation. A problem resolution framework prevents small challenges from becoming mission critical problems.



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Chapter 6. New Performance Levels

Metrics for ROI and customer satisfaction

Improved metrics, rapid ROI, risk mitigation and customer satisfaction, are good reasons for implementing ERP / CRM systems. Measuring business performance before and after the transition defines the performance of the system. The resulting metrics can back-up all of the claims made, the ROI promised, or show that there is a disconnect between the capabilities and reality either of the software, or of the implementation.

Assessing pre-install metrics

Each industry and department has metrics for defining performance. A brief list of business metrics for a distribution business might include:

- On time in full delivery
- Stock turns
- Stock outs
- Order to cash cycle
- Lost orders
- Number of picks per day
- Stock accuracy
- Debtors days
- Obsolete stock
- Stock written off

Measuring these metrics prior to and after the ERP / CRM system goes live will reveal the benefits obtained. Not measuring cycle times or creating metrics leaves the benefits of an ERP or CRM solution open to speculation. Additionally, by verifying the improved performances, the board or executive decision makers will be able to get additional funds approved for further enhancements, training and additions as a phase two project.

Reassessing the business with new processes

A new CRM or ERP system will take a few months to “settle in”. Users will need some time to get up to speed on the new system and issues raised at go live will need to be ironed out. During the teething pains, or the ramp up period, is not the time for determining metrics of success or failure. Wait a few months after go live before running your ROI assessment.

It could be a 3 month conversion period, or it could be longer for large projects. While going through the transition, the implementation may identify metrics, improvements or degradation, but the full company reassessment can only provide good data after the system has been operational for several months.

The type of ROI assessment that you make will depend on the size and nature of the ERP project. Remember to look back at your initial needs and requirements documentation – have these needs and requirements been met or exceeded? Sit down with your implementation partner and go through your decision making matrix and results of your ROI assessment. Address any areas of implementation which are below expectation. Congratulate your ERP implementation partner on areas which have exceeded expectation.

Conclusion:

Deciding to move off of legacy technology into ERP / CRM solutions is one of the major business decisions a company makes. The benefits and the risks are substantial.

Virtually every major company in the world, and increasingly small and mid-size companies, have moved from smaller, non-integrated software, to scalable, integrated solutions. An ROI has been confirmed when

realistic expectations are set. Implementation providers now have decades of experience across almost every industry segment. Software now spans from mainframe servers, departmental terminals or PC's, web servers, and onto mobile platforms. This level of integration can transform organisations both in performance as well as scale.

ERP / CRM systems are now suitable for companies of almost any size. The intention of this guide is to assist companies with the decision and the implementation by imparting wisdom from both the mistakes and successes of past transitions. The basics here can go a long way towards assuring a good decision and a great experience throughout the process.

Let us help you with your ERP selection and implementation process.

Give the ERP Experts at Leverage Technologies a call on 1300 045 046 or e-mail the Leverage SAP team at

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