

ERP Implementation: Choices Avoided Improve the Bottom Line

Embarking on a new process can be challenging enough, yet when considering the implementation of an ERP system (Enterprise Resource Planning), you choose it because it brings multi-process systems and a renewed look at your business along with its challenge.

ERP systems focus on management areas such as Financials, Human Resources, Manufacturing, Supply Chain Management, or Customer Response Management (CRM), integrating information into multiple platforms that receive from and output to several sources. There are many subjects to consider as you embark on the enterprise-wide process implementation, and its good strategy to consider the essential ones before you begin. It saves time, money and improves the return on investment.

When you begin the process with an implementation consultant or system integrator, understand the strategic importance of the implementation process. This may be the opportunity to fix a long-standing process stalemate, held up by using the legacy system. Your consultant can help you uncover or rediscover the process changes and recommend solutions, stay on the timeline, and utilize user input to its best advantage.

Understand the Strategic Importance of the Implementation Process

Build the Appropriate Implementation Team

Assigning junior people to the implementation team who have less experience with the company, or whose breadth of knowledge of the company's strategic goals or operations limits the process examination.

Loading the team with senior executives who have a hands-off approach to specific processes may restrict the detail that your plan needs. The buy-in from senior management is essential, but middle managers empowered to make decisions are more appropriate to the task.

Set a Realistic Plan in Place And Support It

Slipped timelines and bottlenecks, when team members get overwhelmed by continuing to work their “day-jobs”, can be avoided with realistic planning. Making sure that manager-team-members have backfilled support is essential to timeline goals. Also, if your company has more than two sites where the ERP will be integrated, prevent “doing too much, too fast”, by considering implementing enterprise applications at one or two sites at a time. This is a better choice than all-at-once.

Set Beneficial Goals in the Short- and Long-Term

Making too dramatic a change sabotages your company’s culture and its ability to absorb new processes or applications. Productivity typically reduces by 5-7% in the first six months of a new application such as ERP software. Avoiding a complete standstill while department level changes are absorbed can drastically reduce the ROI of a new application.

Trying to replicate the legacy system on new software should be avoided. Shying away from change altogether is just as disastrous, worse than implementing dramatic changes.

Maintain Quality Communication with Your Implementer

“A chain is only as strong as its weakest link”. Your consultant is no stranger to implementation processes, but may be a stranger in your company. It is essential for process interviews to empower your employees. Encourage them to speak candidly about their jobs and the processes they use.

The design and implementation of the ERP system develops through communication between implementer and process owners, the enactment of which enables managers to make great decisions that increase your bottom line.

Work With a Seasoned Professional Who Has a Proven Method

Reinventing the wheel by disregarding established implementation methods is the opposite of a sound methodology. Your consultant has

a proven method that has been developed over dozens of implementation experiences and it is best suited to the consultants' approach and the software in question. Grant that it is important for the implementation consultant to understand the current processes and how the legacy system is being used.

Methods between consultants may, while a most viable method includes these steps:

- **Mapping** – Process mapping is a method that allows the team to visualize process flows. Its organization lets the viewer progress from start to finish, branching off into ancillary or alternative processes, pivoting at decision points, and identifies possible bottlenecks and process stalls. The complete mapping should lay out your current processes and building blocks for improvement.
- **Implementation/Definition** – The implementation consultant and the team will use the process maps to further detail processes. Several iterations are not uncommon, as processes become well defined and changes are documented. Decisions such as which data will be migrated to the new system, parameters for the data (i.e. the cutoff dates) and data integration method are a part of the definition.
- **Testing** – It is essential to know that your processes work as expected ahead of the live date. Your consultant will design a test plan that uses the process maps with routine and special scenarios to be tried out on a test server. Each process should have passed user-testing before submitting it to the production (i.e. everyday, working) environment. Testing identifies process changes to be refined or additional processes to be instituted. Data “gap” testing analyses differences between systems to ensure that all the data, and the correct data, has been brought over to the new system.
- **Roll-out** – Going “live” is the final step of implementation where the plan comes together. Training in the new environment is a part of this step. Production environments are typically different than legacy environments; some simply reside in another database on

the same server. The go-live environment will have legacy data migrated to it. For example, beginning balances and open transactions are essential to continued business operations.

Removing Steps After the Plan Is Complete Can Be Costly

Sometimes in a budget crunch or a tight timeline, there is a temptation to cut-out steps like mapping or testing. Understand that you compromise the end result by removing a few critical steps and the risk of doing that must be recognized for what it is – the risk of failure to implement the system you thought you were buying.

Straying from the established implementation method creates the opportunity for things to go wrong at a critical time – during go-live week or after go-live week, as poor preparation bears itself out. Typically, repair of problems caused by poor preparation are more costly to fix than a thoughtful, systematic implementation would have cost.

About Victoria Johnson Consulting

Founded in 1994, our client base in communications, financial services and real estate verticals can attest to our level of flexibility in partnership. We structure all client interactions for an immediate return on investment. Offering solutions in operations management that are borne out of a tri-tiered practice, including:

- Project (Operations) Management
- Systems Integration
- Regulatory Compliance

For more information visit our website www.vjconsultingonline.com or call us at 310. 461.1358.