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The 6 mistakes you need to avoid for a smooth ERP implementation

Implementing a new ERP system is one of the largest projects that most companies will undertake. Avoid these 6 mistakes and lay the foundation for a truly valuable system.

Most companies implementing a new ERP system are smart enough to know that they need to list their requirements, get buy-in from all of the right people, and go through their 'due-diligence' in selecting a package. Anyone who has already been through this process knows that this is easier said than done.

After 17 years of working with ERP systems, both as an IT manager and as an implementation consultant, I have seen the same mistakes repeated over and over again. Avoid these mistakes, and your project has a good chance of being successful.

Not taking the time to map current business processes

This is the first step in all successful system implementations, but a lot of companies don't want to take the time to do it. There are many ways to map your current business processes; brown papers, flow-charting software, or process narratives are the three most common. All of these techniques will force your people to evaluate their current processes and identify the areas that need improvement. More importantly, they will ensure that the new processes you are putting in place don't have any gaps. It is not uncommon for a person to be doing something and have no idea why. Is that extra data that the customer service people have been entering into the notes field a remnant of a failed marketing initiative, or an important piece of data used by the V.P. of Sales in putting together next year's forecast?

Companies skip (or skimp on) this step usually for a variety of reasons. Often they believe their current processes are so broken that they don't want to waste time documenting them. "We want to do this right and start from scratch," is a common request that I get. It is also not uncommon for the members of a project team to avoid going through a process that will highlight all of the inefficiencies and problems in the processes that they are responsible for. Management needs to make it clear that they already know what the issues are, that they are only interested in moving forward with a successful project, and that this documentation is key to that success. Lastly, this task is often one of the first to be cut when a company is trying to reduce the cost of an implementation. Do not underestimate the importance of this step – it is the foundation on which the rest of the project will be based.

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Mapping future processes with the wrong people

An outside ERP consultant should be extremely good at steering a company towards best practices, especially as they fit well into the system that the company has selected. However, even an internal project manager will not have all of the knowledge necessary to map out the future processes that will need to be put in place with the new system. Do not allow the controller to delegate key decisions to his A/P clerk, no matter how smart and skilled she is. Do not allow the sales manager to skip planning sessions because he is on the road.

It is an all-too-common occurrence for key decision makers to take a careful look at the processes only after they have been fully defined and implemented. As the project's go-live date approaches, and the realization sets in that this system will be in place soon, there will be a new sense of urgency and people will begin to truly discuss how they will be using the system. Find a way to create that sense of urgency earlier in the project.

This task takes a lot of time and effort, and you don't want to have to do it again because all of the necessary people were not included from the beginning.

Being too quick to adopt every new feature in the new system

A new system will have a lot of new features that your company hasn't had access to before. Many of those features will determine the system that you choose, but no company will implement every feature in their system. Go through the proper due-diligence and evaluate the use of a new feature based on two things:

1. Will the new feature help you reach one of the stated project goals? What will implementing the feature get you, and is it the best way to meet that goal?
2. Does the feature actually do what you think it does? Make sure that you take the time throughout the project to thoroughly test the features that you are planning on using.

Re-inventing 'Silos'

A frequent goal of a new system implementation is to remove the 'silos' of information that exist within the company. Executives want to see key indicators across the entire company, the sales team wants to see inventory availability, and the production team needs to know what quotes are outstanding. Existing information 'ownership', however, is often so ingrained in a company's culture that they are difficult to overcome. Consider the following:

1. Do not over-customize the training and planning sessions. Often, team members will try to limit their involvement to only those sessions which specifically deal with their functional area.

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At a minimum, all team members should attend the general, overview, training that most vendors provide.

2. Focus on overall, company-wide goals. In a project of this type it is not uncommon for some functional areas to see an increase in workload. This is OK if it allows a key goal to be met. Often, when the workload is increasing in one area, it is decreasing in other areas. Make sure everyone is aware of the overall effect the new processes will have; and consider moving resources, adjusting responsibilities, or making other changes that will alleviate concerns.
3. Pay particular attention to processes in which information moves from one functional area to another. These are often the most difficult processes to define and where I have found I spend much of my planning efforts

Biting off more than you can chew

It is extremely common for a company to develop their initial implementation plan based on competing goals. This is fine, as long as the conflicts are recognized and dealt with. Go-live dates based solely on operational considerations (such as slow seasons or the start of the fiscal year) need to be balanced with the desire to implement every feature that the company has determined it needs.

Too often, a go-live date is promised to the executive team and then becomes the driver of the project instead of the project goals. Avoid this problem by:

1. Establishing the project plan carefully, and with the guidance of someone experienced with your new system. Make sure the project plan includes the necessary time commitments from specific resources.
2. Setting the expectation that if stated resources are not available, the project plan will need to be re-evaluated. The plan takes into account goals, resources, and time. If you reduce resources, change goals, or move up the go-live date – make it clear that the other constraints will need to change also.
3. Staying flexible. Don't be afraid to revisit the plan and push the go-live date or move certain functionality to a second phase (see the next point, though). Let the project team know that they will have to prioritize functionality.

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Not implementing subsequent phases

I see about 30% of projects continue successfully on to the second and third phases of their implementations (and every project has them). It is very easy to relax after the go-live, and you should absolutely take a break, but make it a quick one and don't let up. It is often these subsequent phases that net companies the biggest gains.

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