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Implementing enterprise resources planning?

What to consider

In today's highly competitive business climate, longstanding, sustainable growth doesn't come easily. One way to achieve it—and ultimately become a major player in your market—is by means of a strong enterprise resource planning (ERP) solution. A solution that starts with a seamless, and forward-thinking, implementation. Given the high failure rate of these implementations,[1] it's clear they don't happen by accident. To become a success story, your implementation must include a number of key ingredients from the outset—or risk being derailed down the road.

A clear strategy and vision

The most successful ERP implementations aren't built on where your organization is now—but rather where you want it to be. For this reason, it's essential to articulate a clear growth strategy and vision and ensure these two elements are reflected in your ERP implementation plan.

This kind of growth strategy should support both organic and inorganic (i.e., mergers and acquisitions) growth, and be led by a strong leadership team that is able to clearly articulate and communicate their vision to all relevant stakeholders. In the end, everyone involved—from finance and human capital, to supply chain, inventory management, demand planning and every department in between—should be on the same page.

Pitfalls of not have a clear strategy and vision reflected in your ERP implementation

- Inability to adapt to future growth
- Misaligned business plan, vision and execution plan
- Confusion within the executive team—particularly related to the company's overall objective and organizational purpose
- Stagnated growth

Leadership that is committed to change

As mentioned in the point above, leadership is a key component of a successful ERP implementation. Any project that involves the extensive investment of resources—including processes, human resources, technology and costs—hinges on top leadership's commitment to change. As such, C-suite executives must educate themselves on the business benefits of ERP software, play a significant decision-making role in its implementation and articulate the purpose and value of implementation to the remainder of the organization. This commitment to change from the top will seamlessly cascade throughout all levels of the organization—and dramatically increase the likelihood of business user buy-in and implementation success.

Pitfalls of not having strong leadership backing for the project

- Poor communication, planning and execution resulting in a lack of urgency and missed deadlines
- Too much change at the same time
- Lack of progress thanks to contradicting stakeholder objectives, goals and priorities

The right technology

Another huge component of a successful ERP implementation is finding a solution that meets the specific needs of your organization. To do this, you need to take a disciplined, strategic approach—and understand enough about ERP software to know precisely what you're looking for. In these situations, it might make sense to work with an objective third party that understands how vendors sell and, as a result, can help point you in the right direction.

Pitfalls of not having the right technology

- Software that quickly becomes obsolete—either because it's not scalable enough to meet your growth objectives or is unable to handle multiple scenarios
- Software that does not have the breadth of functionality to support your operational vision
- Software that is slow to migrate in the event of an M&A
- Insufficient software support

1 https://www.manufacturing.net/article/2018/05/4-valuable-lessons-major-erp-fails

Extensive requirements gathering

Having completed the step of selecting the right technology and tools, your key stakeholders, process owners and subject matter experts (SMEs) must now define the requirements in detail. Inaccurate or insufficient requirements gathering can have serious impacts on completing a project. Such requirements should define the scope of the project, in detail, to support the objectives of running "business as usual" with "no impact to the customer".

It's important, therefore, to make this process inclusive if you hope to get the maximum benefits of the end state. That said, depending on the scope of the project, the requirements can be broken down to first build the foundation of the platform, processes and systems, and then add more sophistication for enhanced quality and value of the system later on.

Pitfalls of insufficient requirements gathering

- Extensive customizations to system processes
- Moving goal posts for freezing requirements
- Solution is not the right fit based on the requirements
- Lack of involvement of process owners and business/operations in defining requirements

The right partner

Guidance from an experienced, external team is an invaluable resource in a successful ERP implementation. Such a team can help you better understand the ERP software industry, process, technology and requirements—experience that can help carry your project across the finish line swiftly and seamlessly.

Pitfalls of not having the right partner

- Multiple projects that are not aligned to the overall goals and objectives of ERP implementation
- Incorrect set-ups and configurations, leading to production issues and cascading into financial losses
- Open issues that are not resolved, leading to inaccurate data

Testing and training

Lack of a robust testing and training strategy and methodology can be the most common shortcoming of any failed ERP implementation. While building the end state, it's critical to proactively envision what can go wrong—so you can mitigate any risks accordingly. With requirements defined to the lowest level of detail and systems configured based on requirements, rigorous, end-to-end testing must be done in multiple cycles. The results will give confidence to stakeholders, process owners and end users that the system will support their business needs without any issues.

Pitfalls of not testing and training rigorously

- Not enough testing cycles to identify gaps
- Lack of testing scenarios, resulting in insufficient risk mitigation
- Poorly trained staff who are unable to take ownership of the system

System ownership

The need for system ownership is critical in the early implementation stages. This is because, by owning the system through the entire process of define, build, test, train and go live, key stakeholders and process owners gain the ability to become the "champions of change" for their respective organizations.

Pitfalls of poor system ownership

- Stakeholder confusion and miscommunication, both before and after the "go live" stage
- Inability to clearly articulate ERP benefits, and build the business case for change and adoption

Anticipation of external factors

In business, change comes in variety of forms—but while internal factors can often be controlled, it's very difficult to control external factors, like new regulations or international business requirement changes that can impact the success of an ERP implementation. In spite of this, teams must keep an eye on potential external factors as they arise—and work quickly to mitigate them and minimize their toll on a project's timeline and budget.

Pitfalls of not effectively anticipating external factors

- Delay in adopting new compliance measures (e.g., new regulations like IFRS 15 & 16)
- Tax penalties for improper reporting and filing

Ready to move forward?

An ERP implementation doesn't have to be a daunting endeavour. Mapping out your intentions ahead of time—and including these eight elements in your plan—can help drive a seamless and successful implementation. And set your business up for sustainable growth in the process.

If you'd like to learn more about how our comprehensive, end-to-end approach can help your organization succeed at ERP, contact us.

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