Key factors to a successful ERP implementation

By Stephen Corrigan

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As the adage goes, "when you fail to plan, you plan to fail" and this couldn't be more relevant than when selecting a new ERP solution, regardless of whether you are switching or purchasing for the first time.

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Critically, this planning is not just related to the implementation process but must also encompass all aspects of the ERP project from selection and implementation right through to the exit strategy.

Most businesses looking to change solutions are either using legacy (end of life) software, are looking for features that their current software doesn't have or would like to move to a solution that uses more modern technology such as the cloud.

Understand what is required

Before embarking on this journey, it is important to fully understand your starting point and the reason why you chose your existing solution in the first place. Understanding past decisions will allow you to evaluate options more effectively.

For instance, companies using bespoke software that was developed to meet a very specific business requirement, need to keep this functionality in mind when considering features or the cost of customising existing solutions.

The first step on the road to choosing a new ERP solution should be to first list the non-negotiables or the features that the existing software has that the business is dependent on.

Identify the end result

The next step is in the planning process is to identify the features, processes and automations that you would like in your new ERP solution. It is a good idea at this point to categorise these into different phases, or even years, as changing ERP solutions isn't something that you do every year, so you need to take a long-term view when planning. Complex functionality can take more time, to not only develop, but to ensure that it is working in the right way for your business.

Consequently, it is recommended that you add minimal complexity at go-live and rather add the more complex processes once the system is up and running. An example of this would be alerts and notifications as, more often than not, businesses that include these at go-live usually decide to switch them off or moderate them post go-live. Choosing instead to make these features a "phase 2" implementation would ensure that they support the non-negotiable processes while also reducing the total cost of the project.

Select the software

The third step is to identify and evaluate the underlying technologies of the vendors that you are considering. When choosing an ERP solution, it is important to make sure that the technology is current, and the vendor is constantly developing and evolving the product. This is an area where local is often lekker because choosing a software that is developed in South Africa ensures that it gets updated and maintained more regularly for local legislative changes.

Once you have selected the products that you are interested in, it is important to ask the vendor to conduct an in-depth demonstration that covers all your key requirements in detail. Never accept "yes we can do it" as an answer unless it is in writing. Seeing is believing in this instance.

Start planning

Choosing a solution is only half of the journey. The next is planning an ERP project with the vendor or the implementation partner. A critical part if this process is the project scoping phase as it details where you are at the moment, key requirements, the system configuration and necessary changes, timelines and expected outcomes. Having a highly detailed scope ensures that there is nothing left to interpretation.

Without a proper project scope, you put the project at risk because there are too many unknowns to ensure success. The risk is in what the implementation partner doesn't know about your business and what you don't know about the new software. A good rule of thumb is, "if it's not in the scope document, it wasn't said".

From an implementation point of view, it is critical to ensure that there are project owners, both from the company's as well as from the implementation partner's point of view, that have an agreed project timeline and easy-to-manage milestones. Having a project owner on the company side will assist in ensuring resources are available when required, reducing the possibility of rework or having to retrain. Once an agreed project plan has been established, it is important that the project owners meet regularly to review the tasks on the plan and manage the critical path to go-live.

The last thing that most businesses overlook in the ERP planning process is the divorce or exit strategy. This relates to two areas, either in changing the implementation partner during the implementation process, or changing the software or partner a few years later because a better alternative becomes available.

Make your intentions clear

In the first instance, it is important to have an implementation agreement with clearly defined roles, responsibilities, expectations, and consequences if expectations not be met. For example, your agreement should clearly outline who owns the intellectual property of the configuration and what happens if you change to a different implementation partner.

The second exit strategy relates to switching to another solution. These cases are generally quite clear in terms of costs, but most people overlook, particularly with SAAS solutions, how they will retrieve or access their data. In some cases, the data is given to you in some form of data structure which makes migration relatively easy, however, other solutions only provide static reports which will sacrifice your transactional history.

At the end of the day switching systems is not as daunting as you think, provided that you plan it correctly and once you are up and running you will never look back.

ABOUT STEPHEN CORRIGAN

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