

How to Implement ERP Correctly

Guarantee That Your Implementation Finishes On Time, Stays within Budget, And Achieves Performance- Improvement Goals

Successful ERP Implementation

The Challenge of Your Company

Is your organization about the jump on the ERP bandwagon? Then you probably are full of questions, not the least of which is “How do I pull this off without a hitch?”

You have good reason to be concerned. According to a 2000 study by PA Consulting Group, a mind-boggling 92% of ERP implementations fail. That is, these critical projects aren't finished on time, they exceed their budgets or, perhaps most distressing of all, and they don't work as envisioned.

When ERP projects fail, the results can be devastating.

The Seven Most Common Ways of Successfully Implementing ERP

The seven most uncommonly common reasons have been identified which would ensure that the project does not miss its budget, timeline and performance improvement goals.

1. Critical stakeholders to accept or get involved with the implementation.

ERP implementations are “pervasive”. They impact most departments and impose changes on the way people handle their day-to-day functions. If middle managers sense a lack of senior management support, they may introduce roadblocks that will adversely affect a project’s performance.

Many senior executives regard ERP implementations as simple, albeit costly, technology upgrades. It is imperative they understand the end result will be a significant change to the way the organization looks and operates.

By the very nature of ERP systems, departments are forced to share information that they considered proprietary in the past. Stakeholders must insist that silos, constructed over the years for hoarding information, be dismantled.

Senior managers must facilitate negotiations among the various parties when disputes or disagreements erupt. They must keep their focus on the overall objectives and contribute sufficient time to the endeavor while avoiding being bogged down with the project’s finer details.

2. Adequate user input.

Lack of user input will likely contribute to a bad ERP implementation. Introduce the project to those who will be affected by the outcome. Include not only the users, but also the business partners and other internal departments whose cooperation will be needed.

Even though this may slow things down, the project management team must identify all the key resources needed to implement and support the ERP project.

As mentioned above, information must not be hoarded. Convince middle managers to be forthcoming about the way their departments run and alleviate their fears that the new software will reduce their influence.

Senior managers must reinforce the project's benefits and stress the importance of sharing information. They must make sure three broad groups contribute before the project gathers steam: those who will be affected by it, those who will implement it, and those who will pay for it.

3. Specifications and change control procedures to be properly defined.

Poorly defined specifications and a lack of change control procedures are prime causes of ERP project failure. Requirements must be well defined up front to obtain the required consensus among the stakeholders.

One of the keys is to secure input from the stakeholders through a series of planning meetings to define in clear terms what the project can, and cannot do.

Senior management must ensure project scope changes are managed in a formal manner. This includes, but is not limited to, delays in the schedule or requests for additional money.

4. Expectations to be realistic and defined.

Estimating ERP project schedules and resource requirements has always been a hit-and-miss affair. Stakeholders, less knowledgeable about what the technology can really do, create their own expectations — even fantasies.

If expectations are not set, scope creep is inevitable. An initially straightforward project can evolve into an unmanageable one, violating schedules and consuming resources.

A formal project charter must be established to set expectations. Project management must ensure that formal budgeting and risk assessment happen while senior management makes sure the culture is in place for a strong project management discipline.

Projects fail, not because the tasks are insurmountable, but because they're engendered by an effort to transform the company. Information Technology is used as the catalyst for that change and makes a very convenient scapegoat if things turn ugly. When a project falls short, it may look like IT failed—but it's almost always because the organizational change was unsuccessful.

5. The presence of an outside consultant.

At times the employees feel that they are the best in house consultants to decide what processes to follow and what not to follow. This can become a death trap for the organization. The organization should do introspection and decide whether they have enough resources to implement the ERP or they need to take an external help. And when working on the consultant's contract, it's important to negotiate toward a reasonable, achievable agreement. These aren't adversaries; these are partners.

6. Good Communication.

The everyday communication problem is worse when IT is involved, simply because it's hard for a lay person to grasp the lingo. Use non-technical terminology whenever possible, especially when communicating outside the project team.

The project manager must be forthcoming with any news good or bad. Line workers don't want to be the bearers of bad news, and senior managers contrive to not hear bad news if it's ever delivered. As a result, nobody sounds the alarm on IT projects that have "disaster" written all over them until it's too late.

Ensure that senior executives are available when they're needed and that they stay in constant touch with the project management.

7. The implementation methodology should be clear and tested.

But perhaps the biggest – and deadliest – mistake organizations make when implementing ERP is relying on an unrefined, and even untested, methodology.

Too often, the key players in ERP implementations – VPs, CIOs, CFOs, controllers, and the like – assume that they can get by on their own. They dive into the project only to discover that implementing ERP is more complex than any garden variety project-management style or approach can handle.

An alternative scenario, which will become more common as smaller companies begin using ERP, is that the personnel in charge of the implementation mistakenly believe that because their organizations are small, their implementations won't be complex and, therefore, don't require as much "fuss" as a big business implementation would demand.

Both of these beliefs are false and could lead to the downfall of your project.

ERP implementations are complex, regardless of the company size. To ensure your project is a success from the get-go, it makes sense to find and religiously follow a methodology that has been proven to work consistently with a variety of ERP implementations.

The Milestone Deliverables Methodology:

For the past 2 years, Tanaashi has been refining a proprietary implementation methodology – called "Milestone Deliverables" – that virtually guarantees the success of any ERP project.

The Milestone Deliverables process succeeds where other methodologies fail because it is a common-sense, cut-to-the-chase approach to implementation. It slices through the touchy-feely "paralysis by analysis" and endless dialogue of "consultant-speak," instead concentrating on a clearly defined process and tangible results.

Scores of Matrix ERP clients have implemented complex systems. As the projects got progressively more complex, our team members avoided floundering all over the place by focusing on the scope definition, rigorous change control, and a tightly monitored phase execution. To ensure that the project roadmap was clearly defined, appropriate signposts were erected along the way.

From this analogy, the "Milestone Deliverables" methodology evolved, providing a framework that structures the myriad tasks into a simple, deliverable-oriented model.

Specifically, the project tasks are accompanied by ten tangible deliverables strategically sprinkled throughout the project's phases. Completing a deliverable signifies the completion of a particular milestone. And this completion often is a prerequisite to the start of the next phase.

The format of these deliverables is not set in stone. In fact, this methodology does not intend to limit the choice of software for word processing, spreadsheets, project management or databases, nor does it intend to suggest using the sample report formats without modification. What is important is to be faithful to the concept of using this methodology to manage the team to produce high-quality, tangible results in a timely fashion.

The Milestone Deliverables are:

1. **Project and Subsidiary Plans** to list project objectives and scope.
2. **Kickoff Presentation** to signal the start of implementation execution
3. **Core Team Overview Sessions** to teach ERP overviews and application details
4. **Business Scenario Lists** to list each department's processes.
5. **Gaps and Issues Database** to assist tracking and reporting of gaps and issues
6. **End User Training** to lay out end users' skills upgrades
7. **Walkthrough Presentations** to present each department's business processes
8. **User Documentation** to combine the many deliverables into a comprehensive document.
9. **Migration Plan** to map out tasks for conversion and entry of legacy data.
10. **Cutover Plan** to document the project final weeks' tasks

Why Milestone Deliverables Succeeds Where Other Methodologies Fail

The Milestone Deliverables premise is simple and powerful: If you provide managers and their teams with the ability to measure the project outputs, you will be rewarded with an organizational culture that is focused on deliverables.

Each team member benefits from managing by deliverables. Working with their personalized work package in a simple intuitive framework, they gain instant clarity on the scope of their assignments and associated deliverables.

And the deliverables themselves are like a good wine – they constantly improve with age throughout the project cycle. As the team gathers more and more information and resolves any outstanding problems and issues, the deliverables evolve into better and more complete versions of themselves.

If truth be told, this “Milestone Deliverables” methodology is nothing more than a common-sense approach to managing people, objectives, and tasks. It has evolved continuously over 15 years and simply assumes that people are more effective, and better motivated, when working towards smaller, finite goals.

Completion of these goals is signified by the production of tangible “end products.”

And with this feedback, managers are empowered to keep the project on track.

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