

KEY SUCCESS FACTORS FOR AN ERP IMPLEMENTATION

Getting ready for success.

Modern day firms face new data-driven challenges which have the potential to be unimaginably complex and dealing with this data through legacy, disparate systems is getting increasingly difficult. To help organize this data in an age of rapid technological change, firms may turn to Enterprise Resource Planning (ERP) systems, which organize and consolidate business data, documentation, and communications into one navigable resource. With this new system, an organization could leverage its collected data to make informed and profitable business decisions, potentially boosting both its Return on Investment (ROI) and operational efficiencies.

However, implementing these systems can be a daunting task. One of the most common issues with ERP implementations is that organizations do not sufficiently prepare for the undertaking. To do this successfully, organizations need to both recognize and understand several key success factors (outlined below) to create a solid foundational strategy to reference throughout the effort.

The key success factors are:

1. Project Strategy and Start Up
2. Management Commitment
3. Project Scope
4. Project Team
5. Change Management, Communication and Training
6. Customizations/Modifications
7. Budget
8. Project Closure

1. PROJECT STRATEGY AND START UP

Success is defined as getting what you want with the ERP implementation, on time, on budget and with a satisfactory ROI.

Consider the goals, requirements, and processes involved in creating a foundational ERP strategy from which project leaders may draw actionable first steps. Get the project on the right track by preparing all necessary information, communicating it to the appropriate personnel, and receiving management buy-in before the work even begins.

Recommendations:

- Build an ERP strategy and define a project scope (further defined in sections below)
- It is essential to build a solid strategic foundation to any ERP implementation. For more details on how to prepare an effective ERP strategy, click here: [The Importance of an ERP Strategy](#).
- Be sure to prepare the organization for process changes and the new system by employing relevant change management strategies and techniques which will make the biggest impact to your organization

2. MANAGEMENT COMMITMENT

Any ERP implementation is going to impact how a company operates by updating business processes and changing system transactions. IT should not be the only area responsible for project delivery, and while they may do most of the heavy lifting, they must be given input from all parts of the organization in order to better support business objectives. Senior and mid-level managers should be involved in the project from its inception to completion and provide constant communication/guidance from the top down. This both emphasizes the project's importance to the organization and lends it crucial visibility.

Recommendations:

- Involve management in project sponsorship, steering committees, issue escalation, and issue resolution, all intended to maintain management support and keep them informed about the project

3. PROJECT SCOPE

At first, your ERP system may not be able to satisfy all known requirements for your organization. Develop your implementation strategy so that your ERP is well-tailored to your firm's initial priorities keeping in mind business objectives, other systems and tools your organization uses, and which ERP components could fit well. Fully detail what your project is going to include, and what might be in scope for future iterations.

Recommendations:

- Understand the core business requirements, plan how they are going to be satisfied, and determine how to achieve them. Focus on critical business use cases and how users will work within those processes to define your scope.
- Align and prioritize with the organization. What delivery gets the implementation 85-90% of the way there to immediate derive benefits? Drive towards those initial benefits.
- Consider how other business requirements such as data management, business intelligence, social media, etc. could be met down the road or in future enhancements
- Document items that are not in scope and how they might belong in a future release. This will allow project individuals to feel heard and that their opinions/feedback is not only valuable, but potentially worthy of being implemented.
- Do not forget about the likely need to retire legacy application/tools and ensure proper coordination and alignment with systems coming online

4. PROJECT TEAM

The core project team should be composed of full-time personnel, including a strong project manager and others representing the core areas of the business and IT. If a consulting integrator is used, the core project team should have a good and cohesive working relationship with the consultants. Also, identify a set of resources from the various areas of the business and IT to provide subject matter expertise when necessary to make important project-focused decisions. Establishing a good team with defined responsibilities up front will set the implementation up for success.

Recommendations:

- Use proven implementation methodologies and tools for the project while empowering the implementation team to make decisions
- The core project team should try to be in the same location to aid in communication
- Identify subject matter experts (SMEs) from pertinent areas across the organization
- The project team should have a good working relationship with the consultants
- An organized and cooperative team of consultants can be highly beneficial to ERP implementation projects. To see how Trexin consultants have been impactful for other project teams, see these Case Studies:
 - [Optimizing a Multimodal Shipping & Logistics System](#)
 - [Recovering a \\$15M Oracle ERP Implementation](#)

5. CHANGE MANAGEMENT, COMMUNICATION, AND TRAINING

The ERP project will not only result in system changes, but process and organizational changes too. A dedicated team or workstream focused only on change is a requirement for the organization to deal with the volume of the impact/change; the size of the team will vary depending on the size of the project and the number of changes. Don't forget that training typically falls under change management, and the most common method used by ERP vendors today is the 'train the trainers' concept. This is where software vendors or the consulting integrators only train carefully selected internal workers, who then in turn, are expected share their knowledge with others in a pyramid-esque fashion. This approach, while often most effective for the vendors to hit first and second levels, involves a great deal of time and hard work to reach the entire organization. Be prepared.

Recommendations:

- Develop consistently good communication between the project team and the organization as a whole, using mediums such as internal sites (SharePoint, Yammer, etc.), newsletters, road shows, lunch and learns, and office hours to assist you in delivering your message
- Key users should be involved with the project and its progress, as this will aid in acceptance of the changes
- Continue to reinforce the defined business case/ERP strategy which shows the changes to processes and system functionality, including the benefits brought about with the changes; share the business case with pertinent individuals within the organization
- Consider hiring a third party to perform an organization readiness assessment
- Be prepared to train during the project and even after post go-live dates
- For more information on how to tackle Change Management, read this Trexin Insight Paper: [Tackling Change Management](#)

6. CUSTOMIZATIONS/MODIFICATIONS

Most ERPs are built with embedded best practices/industry standards with good reason – the intention is to streamline processes and collect insightful data for the organization. Focus on critical business functions before considering customizations, and if they are found to be needed, ensure adequate justification, as they do have the potential to diminish the application of best practices. Don't be constrained to comments such as 'this is the way we do things' or 'this is the way it has always been'. Refer back to the business objectives and overall strategy. Additionally, these modifications may result in an increase in scope and budget.

Recommendations:

- Study other ERP implementations in the industry and see what customizations were required. Then perform a gap analysis for your own requirements and prioritize the gaps (High = Required, Medium = Workarounds Exist, Low = Nice to Have), according to your scope and strategy vision.
- Set clear expectations on the company's position regarding customizations and what is considered in scope for release 1, and what could be in scope for releases 2, or 3, etc.
- Create a process by which a business case must be created for every customization
- Be prepared to maintain these modifications as the software vendor releases new versions of the software

7. BUDGET

Organizations must create a realistic budget to include all costs for the implementation, such as software, hardware, and staff resources as most organizations will expect a timely ROI from an ERP project (or at least, a projected profitability date). Some companies reduce the project budget in an attempt to improve the ROI. Costs attributed to change management, training, and project management are often targeted for this reduction effort, though this is a risky and inadvisable choice which could potentially lead to project failure through lack of adoption and employee buy-in.

Recommendations:

- Create a good estimate of your implementation costs and keep tight control of the costs. Constantly review and monitor.
- Do not cut costs in change management, training, and project management. Instead, consider rapid implementation methods and tools which can be offered by consulting implementers.

8. PROJECT CLOSURE

Having good project closure is just as important as a project start up. Personnel need to have clear lines of communication as to when the new system is going live and when the legacy system is being decommissioned. This also applies to the introduction of new business processes. Be sure to document well throughout the engagement and store this documentation in a place readily available to all project team members.

Recommendations:

- Communicate clearly when the new system/processes are going live and when the old system is being decommissioned
- Prepare to transfer system support functions from the project structure to the on-going system support structure
- Audit processes and system transactions to make sure they are working as planned
- Create a competency center for post go-live support needs

SUMMARY

Organizations exploring an ERP implementation must take into account these key success factors and recommendations to achieve greater success with their ERP implementations. Without a clear strategy and comprehensive plans, you will be struggling to implement, rather than driving forward to succeed.

Click [here](#) to connect with a Trexin Advisor and learn how we can help you with these eight key factors so your ERP implementation is a success.

REFERENCES

[Gartner: Address Six Key Factors for Successful ERP Implementations](#)



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