



Proven Implementation
Methodology Is the
Determining Factor

Abstract

Successful implementation of an extended ERP system is the result of knowledgeable and dedicated people working together. It entails company-wide commitment, openness to change, good planning and experienced guidance.

Three primary criteria determine the probability of recognizing significant return on investment (ROI) from an ERP system. Using these criteria as guidelines during the system selection process and subsequent implementation can ensure that the chosen system will support and enable the business improvements envisioned. That's ROI.

Table of Contents

Table of Contents	i
Introduction	1
Objective-Oriented Sales Approach	1
Checking References – The Moment of Truth	2
Understand the Implementation Methodology	4
Implementation Focused on Process Improvements	4
The Implementation Methodology Model	4
Implementation Planning From the Outset	5
Factors Influencing Implementation Success in the Twenty-First Century	5
Experience	5
Project Management	6
Business Process Reengineering	6
Customer-Focused Support	7
Database Conversion	7
Fast Track to E-commerce	7
Education and Training That Empowers	7
ERP Success Factors	8
Summary	9

Introduction

Choosing an ERP system without paying careful attention to the implementation methodology is somewhat akin to choosing a hospital for cardiac surgery based on its architecture but ignoring the experience of the surgeon. No one selects surgery based solely on the hospital, yet countless companies choose an ERP system based exclusively on architecture and functionality.

The results are predictable. The new ERP system is installed, orders get placed, product is shipped, and invoices get paid. Yet no one is really happy with the results. Customer satisfaction is unchanged. Profits don't increase. Quality of life at work declines while employees climb the learning curve. Finally, the company continues to struggle against competition. What happened? A vendor was selected that provided a sound product but lacked a solid team of implementers and a proven implementation methodology.

Installation and implementation are not the same. The goal of an installation is to move from one software product to another, with a minimum of disruption. The goal of an implementation is to enable a company to achieve significant business goals as the result of a carefully planned transformation of its business processes, supported by software and technologies appropriate to the job.

Implementation success does not begin with vendor selection. It begins with a defined set of business objectives. Once having identified these objectives, a plan for achieving the objectives must be developed. If this plan identifies a need for applications and technology not already deployed, it is then appropriate to seek help from a vendor.

Vendors must be evaluated both on the functionality of their applications as well as their ability to help transform business processes in order to achieve the company's objectives. How does one appraise a vendor's ability to assist in executing a business transformation? There are three keys. First, evaluate their sales approach and their interest in helping to achieve the defined objectives. Second, check their references carefully. Finally, completely understand their implementation methodology.

Objective-Oriented Sales Approach

Successful implementation of an ERP system depends on partnering with a trusted and competent software provider. From the outset, and throughout the relationship, the provider should offer process improvement suggestions based on its knowledge of the client's business and objectives. With the right partner, the system is maximized, the strengths of each partner are leveraged, and significant benefits ensue.

A number of criteria should top a list of ERP provider requirements.

- An implementation plan prior to selection

A successful implementation should begin almost as soon as the selection team begins communicating with a prospective software provider. Not only are challenges, needs and goals articulated at the very beginning, specifics about the organization's structure and culture are communicated.

The software provider worthy of selection should already be thinking about the easiest and most efficient way to implement the system and deliver the capabilities needed. The vendor should be able to provide a preliminary implementation plan even before the contract is signed.

- A clear understanding of your business

As the selection team reviews systems, their objectives for the system need to be clearly communicated. Then they should observe how involved the ERP provider is in helping to identify and learn about the business processes and challenges that are the basis for the selection process.

As the short-term and long-term goals are described, a qualified provider is able to show how their people and the software can accomplish those goals, step by step. The vendor should be able to detail the value to be derived from the system and the relationship – details about how the system will scale as users are added, how it will support day-to-day operations, how affordable it is, and how it will get installed. The level to which the provider demonstrates and explains specific solutions is a good indicator of their ability to help a company achieve return on its technology investment.

- A change agent

The success of the implementation depends on a company's openness to change. Change is not always embraced by all individuals, so the first step is to ensure that the CEO supports the team's vision, the vendor selection and the implementation project from commencement to completion.

When an ERP software provider is selected, they should display the qualities and be prepared to act as a "change agent," one who has the ability to lead the company confidently and rapidly through the change process. One who can explain near-term and long-term benefits of the proposed changes, while being sensitive to each employee's level of change acceptance.

Checking References – The Moment of Truth

Checking an ERP vendor's customer references is a counterintuitive topic to address in a discussion of the importance of implementation – at least initially. Be assured, it is not unrelated. It is the first opportunity to ensure whether the vendor's claims are substantiated and not just brochure-ware.

Selecting a new ERP solution is one of the largest decisions a manufacturing company makes. It has one of the greatest potentials to improve business performance. Risk analysis is appropriate at this stage and reference checking is part of a thorough risk analysis. Making a software selection decision based on insufficient knowledge of a vendor's implementation track record may result in a high-risk outcome. For this reason alone, require full disclosure from potential ERP partners.

Furthermore, since implementation is so important to a successful ERP investment, reference checking should not be considered merely an exercise in due diligence. Every vendor evaluated will be able to produce a list of good references. What separates the good from the bad is the degree to which their implementation claims have been tested and proven. A well designed and executed implementation methodology is one of the major elements that will make the project a success.

Implementation timeframe, cost and effectiveness are the areas of most concern. Some estimates suggest that over 90% of ERP projects are not completed within the planned timeframe. Other studies rate consulting expertise, by a large margin, as the weakest link in an IT implementation. Cost overruns are frequently cited as reasons for dissatisfaction. To learn from the experiences of many companies, where over 50% of ERP implementations fall short of expectations, means looking for evidence of successfully implemented solutions.

One poll of ERP users rated which factors are most important to consider when choosing an ERP system. Reputation (i.e., customer references) was rated 7th out of 8 factors, the second least important factor on the list. Many software evaluation 'experts' often neglect to mention

the need to understand a vendor's implementation success rate in their recommendations on how to check references. This is a gross oversight.

Checking the references of a prospective ERP partner must involve looking well below the level of the standard, traditional list of questions. Function-to-function comparisons identify few differences. Great testimonials about the usability and quality of a software system's capabilities are not enough. Questions asked in the evaluation stage must be implementation-oriented if the vendors' track record and true capabilities are to be effectively rated. No standard list exists for this line of questions, but it should include questions such as:

- At what stage in the relationship was the implementation process started? Was it begun during the software evaluation and selection process to ensure compatibility?
- How well did the vendor understand, document and suggest improvements to the company's current complexities and business processes?
- How well did the vendor develop, document, monitor, communicate and manage the scope of the project plan?
- What was the level of professionalism, quality, experience and knowledge of consultants and project managers?
- What, if any, problems were there with getting the right amount and type of skills assigned to the project?
- What industry specialization did the vendor's consultants bring to the implementation?
- Did the implementation project meet its cost estimates and goals for meeting deadlines and milestones within the planned timeframe?
- How effective and timely was the vendor's response to problems and issues encountered during the implementation?
- How were users of the new system prepared for change and provided with knowledge of the new system, tools and processes?
- Did the conversion go smoothly and uneventfully, or were there painful, unanticipated issues?

In addition to this formal process, begin networking, join on-line discussion groups, talk to analysts, and find other creative ways to identify users of the system in addition to the ones provided by the vendor. It's worth the time and cost. As difficult as it is, don't rely solely on well-groomed vendor reference sites. As an example, the following is a question asked in an on-line ERP selection discussion group from a person representing a company involved in the final stages of evaluating alternative packages:

"Any comments from users of either system regarding ease of implementation? Was your implementation plan held at or close to budget? The teams from both software packages seem very capable both from a software standpoint and general manufacturing knowledge."

These types of forums are quickly gaining popularity and it's easy to see why. They provide information that is not available directly from a vendor. Questions regarding implementation are, unfortunately, not as frequently asked, but they receive volumes of quick replies.

Query references about what results they have achieved and in what timeframe. It's difficult to get results without a successful implementation. This is the bottom-line. Getting references to be specific about what results they have achieved is a signal of how well their implementation was executed. Look for clues such as long implementation timeframes, incomplete projects, and cost overruns as well as positive comments about quickly experiencing business benefits.

In all cases, the final question should be, "If you had it to do all over again, would you still choose the same company?" Ask for reasons why or why not. Test the veracity of their claims by asking for a site visit or to speak with others in the company who use the system. To fulfill such high expectations of bringing positive change and performance improvement to the business, make sure the selection team is fully satisfied and confident with a potential partner's implementation capabilities and match with the company and project. References are the 'credentials' of an ERP software provider. Check them carefully before making this critical decision.

Understand the Implementation Methodology

Knowing what to expect during and after implementation can circumvent many problems. The software provider selected must be able to articulate and document the specifics of the implementation process. The process should be thorough, but not cumbersome. But don't confuse detail with complexity. Often a detailed implementation plan, when executed by a dedicated team, is the shortest distance to returning real benefits to the business.

The search team needs to have a sound grasp of the steps, expectations, roles and responsibilities. They should be able to reach a consensus with the provider about the measurable and anticipated outcomes, and then have the provider play this information back accurately.

In a well-constructed methodology, the provider should conduct a formal survey of the organization to gain a comprehensive understanding of the business environment and goals. The provider must be able to clearly delineate them in a report or profile. As a check for both the provider and the organization, the written profile should be referred to throughout the implementation process and should be used as a road map in setting expectations, guidelines and direction. The amount of time dedicated to this front-end phase of the project will be well worth it, offering an important measure of protection against problems later in the implementation.

Implementation Focused on Process Improvements

The extended ERP system selected should provide powerful capabilities to consolidate and shortcut processes. To recognize significant ROI from the ERP system, existing processes must be objectively examined to determine where non-value-added activities reside. Identify processes that directly and indirectly impact the company's bottom-line. Look for labor-intensive processes that result in excess payroll, disconnected communications, cumbersome reporting, and long service times. Measure and record current levels, and together with the new software provider, establish targets for improvement with the new system. An implementation that reaps ROI will focus on those targets. From the system parameter settings to education that addresses those specific issues, the defined goals should drive the implementation and ultimately deliver measurable ROI.

The Implementation Methodology Model

An effective ERP implementation methodology has been developed based on industry experiences gained over many years in business. It is a model that has proven to deliver return on investment, quickly and effectively. To help clients achieve the desired results, the vendor's team of industry experts provides guidance through each of seven implementation stages:

1. Discovery
2. Strategy
3. Business analysis
4. Education

5. Application configuration
6. Readiness assessment
7. Deployment

Implementation Planning From the Outset

In this model, implementation planning begins even before the prospect becomes a client. How else can the selection team acquire a level of certainty that the system they ultimately choose can be implemented to achieve the desired results? Implementation planning is an important element of the selling approach, and planners are involved during the evaluation period.

With the early involvement of an implementation manager, a smooth transition from sales into implementation can be expected. This resource provides an understanding of the typical implementation life cycle, milestone events, methodology, terminology and all other details of the project, with focus on implementation issues that are unique to the prospective client. Ideally, an initial implementation transition plan or “vision” tailored to the known requirements is developed and agreed upon before the implementation process actually begins.

Factors Influencing Implementation Success in the Twenty-First Century

Experience

Experience is a valuable commodity and a vital ingredient for guaranteeing the success of any major project. More than consultants who know their product, implementation consultants should have extensive actual experience in addressing the day-to-day issues with which manufacturers are confronted.

A software provider who has been in business for many years likely employs a nationwide staff of experienced and highly trained ERP implementation consultants. Vendors who have implementation consultants on staff have a significantly higher rate of success than those who use third-party consultants. This is because in-house consultants generally are more knowledgeable about the software and how it can be applied most effectively. They also help develop the methodology through refinements and application of best practices, and can use it with greater expertise to implement more rapidly and smoothly than an independent integrator.

Because these implementation consultants must be able to advise, instruct, apply creative solutions, resolve process issues and leverage the organization’s resources, the selection team should look for a provider with on-staff, experienced consultants. In the end, their job, and that of the entire company, is to insure that maximum ROI is received.

Talk with the provider’s clients, listen to their experiences and interactions with the provider’s implementation consultants.

Peer Bearing Company, an Illinois-based leading manufacturer and distributor of roller element bearings, attests to the importance of experienced, on-staff consultants:

"The third-party relationship with the software vendor was killing us," said Jay Roberts, Peer's vice president of business systems. "We'd ask our consultant a question and he wouldn't know the answer. Then he'd go off and double check and come back with an answer a week later."

"It was too complicated, too burdensome, too expensive, too difficult to work with the consultants," said Roberts. "And after some investment of time, energy and money, we withdrew."

So Peer headed back to the selection "drawing board." One of the top four finalists that Peer identified during its first selection process was Epicor Software Corporation, an ERP vendor that has specialized in manufacturing for more than 25 years.

"I was amazed to find that the people that I had talked to two years earlier were still in the local office," said Roberts. "Having seen the light of how important it was to work directly with a company, it was a great and refreshing thing to know the same people were there. You need to work with good people who can give you straight answers and solve your problems."

Project Management

Next to selecting the right ERP solution, the planning and overall administration of an implementation project may be the most important part of the business systems initiative. For many companies, a software implementation project occurs once, maybe twice, in the tenure of its employees. Companies often have staffing constraints and/or limited experience in implementing integrated software systems and are not prepared to lead their own implementation efforts.

Resource coordination, project planning, team organization and leadership, process re-engineering, problem resolution, communications, and more, all are essential to the success of an implementation project. Effective project management is the key to completing the project on time and on budget. It can eliminate surprises at go-live versus a project that costs substantially more than original estimates and doesn't satisfy the needs of a company.

The selected provider's implementation methodology should be highly tailorable to the manufacturer's needs and expertise. The provider should be able to offer as much project management as desired, from complete responsibility for managing the project to providing guidance to the company's designated project manager.

Business Process Reengineering

Business Process Reengineering (BPR) is the analysis and design of workflows and processes within and between organizations. It seeks radical improvement of processes rather than a focus on incremental change and gradual improvement. BPR designs processes around desired outcomes rather than desired tasks. It integrates information processing work into the real work that produces the information. Information technology becomes the enabler of process reengineering.

BPR is a natural and inherent part of every new software implementation or upgrade project. Many companies change specific operating methods to take advantage of new features and functionality provided by the new software. Though this activity may provide added value, the real improvements come from a collaborative effort to rethink and simplify the entire process rather than making subtle changes to specific tasks within it.

The selected provider should offer a BPR service, which can be fully integrated with the initial systems implementation, subsequent major release upgrade projects, or as a separate phase entirely. A model BPR methodology employs six steps:

1. Develop and define the business vision and operating objectives

2. Identification of high-impact processes to be redesigned
3. Detailed documentation of existing processes and performance metrics
4. Identify information technologies that will influence process design
5. Design and prototype the new processes
6. Implement the new processes

This BPR model employs standard Microsoft® tools to effectively document, analyze and review business processes. A structured diagram of all steps and functions that are performed within a company is provided. Each piece of information, formal and/or informal, the path that the information takes within the organization, the source documents that are used, how they are used, and who processes them are included in flowchart documents.

Customer-Focused Support

As questions and needs arise, whether during or after implementation, the provider needs to have qualified, in-house, client-centric specialists ready to provide answers. A knowledgeable and fully staffed call center, plus educators, consultants, installation technicians, and customizing department, should be on staff to lend solutions and assistance when needed.

Database Conversion

The migration of data from one or more legacy systems into the new database is an integral part of every implementation project. Whether straight-forward or complex, the software provider should be prepared to work with your technical personnel to develop a solid strategy for converting your data for use with the new system. Ask for samples of data conversion process flowcharts, data mapping spreadsheets and sample conversion inlay models. These tools help identify critical elements of the conversion process and ensure a smooth conversion.

Fast Track to E-commerce

E-commerce is having a significant impact on the way manufacturers conduct business. It can boost sales and secure a competitive advantage, while improving supplier and vendor relationships. ERP providers today should be instrumental in helping their clients initiate e-commerce reasonably and effectively for their businesses.

The new ERP software should include Web-ready forms for order entry and self-service tracking of orders, as well as secure portals where reports and authorized data can be easily accessed. The provider needs to possess the expertise to help its clients quickly deploy the system's e-commerce capabilities.

Education and Training That Empowers

The key element missing in many "template-driven" or "fast-track" implementations is education. This is the driving force in moving an organization beyond marginal benefits to a significant return on investment. Education arms companies with the knowledge needed to leverage the ERP system to take the business to a higher level.

With education, users learn to use the system beyond order-taking or inventory tracking. They gain understanding in how to use the system to shorten response cycles, improve cash flows, initiate e-commerce and increase productivity and profits. The system is employed to focus on solving important business-critical goals and to create an environment for continuous business improvement.

Evaluate how the prospective provider's implementation methodology addresses training and education issues. Some considerations include:

- Are education and training planned for appropriate levels within the organization? For instance, training needs typically increase from summary level training for executives to detailed training for departmental level users.
- Will users gain the knowledge and skills they need to successfully use the system to improve their job performance and productivity?
- Are there appropriate safety checks built into the plan to measure knowledge and skills before the go-live date?
- What courses and step-by-step instructions are built into the system for the self-learner and point-of-need training?

ERP Success Factors

Implementing an ERP system is a large undertaking. It is much more than just installing new software. Considerations include:

- Resource commitment. Plan to assemble a cross-functional team to assess processes, recommend improvements and guide the implementation. Very likely these people already have significant responsibilities, but allocating resources to plan and control the implementation at the company level keeps it focused and moving forward. This team often serves to "rally the troops" so that everyone from the stockroom to the executive level understands and carries out their role in the implementation and the subsequent use of the new system.
- New technology. The new technology infrastructure may be very different from your existing system, and the IT manager or system administrator will likely need education to make the transition. Users across the company may be less efficient as they adjust to new entry displays and functionality. During this time, employees may need reminders of the benefits the new technology will bring within a short time as they use it.
- Adhering to the implementation methodology. This structured, detailed plan should be focused on the defined processes and strategies as well as on the users. Follow it scrupulously for the shortest path to payoff and the fewest risks.
- Expecting the unexpected. With a well-structured methodology and experienced consultants guiding the project, unexpected events can be accommodated without significantly impacting the momentum. While it is difficult to plan for them, keep in mind that most projects of this scope will encounter something unexpected. Choosing a provider with many years of experience is the best insurance that the project will get right back on plan without major interruptions.

"A rapid implementation not only saves considerably on the overall cost of the system, but also provides a faster time-to-benefit. A proven process also lowers the risk."

- Bill McSpadden, CEO, Plant-Wide Research

Summary

ERP is an investment in more than just technology. It is an investment in the business and its people. It is not difficult to place a system within an organization and let them try to use it with training "how-tos." What is more challenging is implementing the system into a company's culture where it becomes an integral part of developing a business and fulfilling a vision. The latter takes an investment in time and resources.

Do not be fooled by providers who promise skimpy implementation timeframes. Carefully evaluate their plans to see if they are really just installing or actually implementing. Ask the providers what they can do to ensure that substantial ROI will be recognized.

Partnering with a software provider who is committed to its clients' success and has the experience and methodology to help achieve that success, ensures that maximum return will be realized on the technology investment.

About Epicor

For 20 years, Epicor has been a recognized leader dedicated to providing leading edge enterprise software solutions to midmarket companies around the world. With over 15,000 customers, Epicor delivers end-to-end, industry-specific solutions that enable companies to immediately improve business operations and build competitive advantage in today's real-time global economy. Epicor's comprehensive suite of integrated software solutions for Customer Relationship Management, Financials, Manufacturing, Supply Chain Management, and Services Execution and Control provide the scalability and flexibility to support long-term growth. Epicor's solutions are complemented by a full range of services, providing a single point of accountability to promote rapid return on investment and low total cost of ownership.

Trademark and Copyright Acknowledgement

Copyright © Epicor Software Corporation 2004. Epicor, Epicor Vista, Epicor Vantage, and Manage 2000 are trademarks and/or registered trademarks of Epicor Software Corporation. All other trademarks acknowledged. Epicor reserves the right to make modifications or changes to the functionality, and plans described herein without further notice. This document is intended solely to inform the audience of Epicor's current intentions. Epicor makes no warranties, express or implied in or by this document. The contents of this document are believed to be current and accurate as of its date of publication. For a complete description of the product features, please refer to the product's user guides, reference manuals and release notes.

For more information, contact Epicor at (800) 449-6772 or by e-mail at vantage.info@epicor.com.

