

11 COMMON ERP MISTAKES AND HOW TO AVOID THEM

Experts in enterprise resource planning software discuss some of the most common missteps IT leaders make when choosing, deploying and implementing an ERP system.

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Today's IT executives have more choices than ever when choosing an enterprise resource planning (ERP) solution. From on-premises systems to cloud-based software-as-a-service to industry-based solutions, there is a dazzling array. And decision makers can feel overwhelmed when trying to determine which features and functions are the most important.

So CIO.com reached out to dozens of ERP experts, for advice on how to navigate this complex landscape. Specifically, we asked them to identify the biggest mistakes they see executives make when choosing, deploying or implementing an ERP system — as well as for suggestions as to how organizations can avoid making potentially costly errors.

1. Not doing careful requirements gathering

"It is very common, and very

tempting, to take existing business processes as is and automate them with [an] ERP system," says Ed Featherston, vice president and principal architect at Cloud Technology Partners, a consulting company. "While conceptually this is understandable, you must take the time and make the effort to analyze those processes as part of your ERP requirements gathering. Implementing a new ERP system is an opportunity to identify and improve/redesign your business processes. Automating a bad process only makes a bad process run faster."

Similarly, "too many companies fail to identify crucial software usage issues/pain points and map out critical processes prior to beginning migration to a new ERP solution," says Brian Berns, CEO of Knoa Software, which delivers enterprise cloud solutions. "Business-critical issues must be

identified and addressed before the migration, so that necessary adjustments can be made to outdated, inefficient and complex processes before they are simply moved onto a new platform."

2. Not including end-users (from all departments) in the decision-making process

"When implementing an ERP system, many organizations focus their time and effort on gaining approval from leadership executives, when they should be engaging key employees who will be using the system the most," argues Kevin Beasley, CIO of VAI, an ERP software company.

"It's crucial to involve employees not just from IT, but across the entire organization from finance, operations, manufacturing and warehouse," he says. "Engaging stakeholders across the entire organization in every step of the

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decision-making process will ensure everyone is invested in finding and implementing the right solution as smoothly as possible.”

3. Not properly budgeting for technology staff

“We often see leaders underestimate the expenses involved with an implementation, which include maintenance and the level of talent needed to get the project off the ground successfully,” says Tim Webb, practice director of enterprise technology services at Robert Half Technology, a provider of technology staffing. “In instances where organizations are trying to accomplish more with less ... we’ve seen it result in failed implementations. Take the time to properly budget, [taking into account] the talent driving the implementation, so you don’t come up against issues or surprises [later].”

4. Not weighing the pros and cons of on-premises vs. cloud-based ERP

Before deciding between an on-premises and a cloud-based ERP solution, “businesses [should] evaluate several factors,” says Mark Canes, president of Blue Link, an accounting and inventory ERP software provider. “For example, a cloud deployment

requires proper internet connectivity, subscription-type payments and comes with benefits such as catering to employees who work remotely. On the other hand, on-premises deployment requires a dedicated IT staff, up-to-date servers and hardware in-house and large upfront fees, which is suitable for those who want to host the software on their own servers.”

“With software-as-a-service fast becoming the predominate platform for new ERP implementations, SaaS may seem like the perfect solution for organizations who experienced difficult implementations or have struggled to support their earlier ERP investments,” says Nathan Frey, partner at Information Services Group, a technology research and advisory firm. “While SaaS does offer many benefits, clients [need to understand] the new organizational challenges that SaaS can pose.

“As SaaS solutions cannot be customized, users are forced to adapt business processes to the software,” he explains. “These process changes often impact integration with legacy systems, which can expand organizational change management concerns. Additionally, organizations with

unique functional or industry-specific requirements will need a structure and approach to address necessary functionality not provided by the new system, either through work-arounds, third-party software or alternative means.”

5. Not including an industry-specific solution in the decision-making process (if relevant)

When choosing an ERP solution, executives often overlook the fact that “there are a lot of very good small software companies that support specific industries with specialized needs, such as pharmaceutical distribution,” says Canes. And these specialized vendors/solutions “may provide more industry-specific features [and] software customization,” which may be a better fit for your business.

6. Being dazzled by features

“Features are important, but they aren’t everything,” notes Nathan Brown, CTO of EVS, a provider of warehouse management systems. “Too often, an organization selects the ERP that has the longest features matrix.” Instead, businesses should consider the solution’s “industry success history, customization, flexibility and integration ability,” as well as customer support, in addition to



how well the solution addresses the organization's needs/ requirements.

7. Implementing the system at once (or trying to)

"ERP systems are complex, and it is not possible to determine all the implementation requirements up front, then implement the system, train users and go live," says Sunil Pande, CEO of cloud ERP platform VersAccounts. "This is the traditional waterfall model of implementation and it does not work. Instead a more agile approach needs to be taken, [where] implementation [is] done in small steps with end-user involvement at every step to determine requirements, test, find gaps and then repeat."

8. Ignoring change management

"Change management is an absolute requirement when implementing a new ERP solution," states Jeff Carr, founder and CEO of Ultra Consultants, an independent research and enterprise solutions consulting firm serving the manufacturing and distribution industries. "The ability to effectively manage change may very well be the most important skill that executives, managers and employees need to master. Business transformations through

ERP will not take place without effectively managing change across three key organizational areas: people, process and technology."

"All too often, organizations look only at the IT technology to unify, streamline and simplify business operations," says Akhilesh Tiwari, global head of enterprise application services at Tata Consultancy Services. "While processes and systems require deep analysis, the people factor needs as much careful consideration and strategic planning as the rest. This is even more critical during a cloud ERP migration."

Even cloud-based ERP solutions require change management.

"SaaS solutions bring the promise of configurable business processes and more intuitive user interfaces than prior ERP software offerings," says Frey. "This often leads organizations to assume that organizational change management and training are less important for SaaS projects." However, "SaaS solutions place greater burdens on clients to adapt current business processes to the software.

"To avoid rework and ensure

that end users thoroughly understand the changes that will occur upon go-live, organizations [should] identify necessary process changes early in the implementation project," Frey recommends. "Additionally, end-user training must consider not only the transactional aspects of a user's role but also the changing interaction with other users and with systems not part of the new solution. By delivering [appropriate, timely] training, users are likely to accept the new system at a faster pace and with greater success."

9. Not investing in/supporting the implementation team

"[Properly] structuring the internal implementation team and giving it the [necessary] time and resources it needs to carry out the implementation and associated business transformation is one of the most critical steps of an ERP project," explains Carr. "A successful team requires the right people, with executive buy-in and decision-making power to get the job done. This often means re-assigning the day-to-day responsibilities [of team members]," but doing so can be the difference between a successful rollout and failure.

10. Not regularly communicating information



(especially across departments)

To avoid this problem, “create a project communication plan for all phases of the project,” suggests Dave Goossens, executive vice president of professional services at ERP vendor Unit4. Put together “a small core team [composed of individuals from different departments] that communicates and works well with one another and that has influence in the business areas most affected by the new solution. Then make sure

they are [kept] fully up-to-date on project progress at all times” and, in turn, keep all those in affected areas up to date.

11. Not having a maintenance plan

“Implementing an ERP system takes time, but the work hardly stops once the system is successfully in place,” says Beasley. “Businesses should implement a maintenance strategy to ensure workers are aligned on what needs to be done to maintain

and improve the ERP system on a regular basis so it doesn’t become outdated or obsolete.

“Outdated ERP systems can put companies at risk for security issues and holes in their business processes,” he explains. “Having a set plan and assigning who in the company is responsible for the project and maintenance at a given time will ensure the ERP system is always running smoothly and is up-to-date with the latest applications.”

