

Your ERP implementation plan

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An Enterprise Resource Planning (ERP) project is when you integrate all your company's core processes into a single system, finance, HR, manufacturing, supply chain, services, procurement, whatever else you need to run your business, back-end and front.

It sounds fantastic, and it is, when it's done right. But large systems projects are expensive exercises. And too often the results are disappointing and rarely meet their business objectives. And then you are stuck with them: ERP systems generally have a lifetime of seven years or more.

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1. Get the business objectives clear.

Has there been an open workshop at Board level to agree on the basic business objectives? The objective isn't to implement a new MRP or ERP, it's to deliver specific business outcomes... What are they? Has everyone agreed on them?

Be specific. For example, an objective may be to halve manufacturing cycle/throughput time; to remove four FTEs by avoiding any rekeying between the ERP and website; or to eliminate errors in labelling by automating label production.

Get them all in writing and get all the senior team to sign off. Yes, put ink on the paper!

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2. Be clear about the key requirements.

In everyday business language, document the key things the systems must do, or must enable, or must achieve. This might be a list of forty or fifty statements, such as, ‘telesales handling staff can see accurate stock info and pricing on any products within thirty seconds.’

Often the emphasis is on how you go about things today, but the focus should be on outcomes, as there may be better ways to get there. And all department heads need to be involved, to agree, and, again, to sign off.

3. Get specific about who is involved and who is accountable.

First, pick the right people to own the project. Are there experts on the business who will need to be assigned to the project team? Will their positions need to be backfilled?

And don’t assume that every techie in your business understands ERP projects. Increasingly the line is blurred between shop-floor technology, automation, and information technology. The Ops team (who might have owned this project a decade ago) may no longer have the right skills or experience.

Second, everyone must be clear on their roles. Are you aiming to involve some of your own people in the details so they can become expert superusers of your new system? Who on the Board is accountable for delivery? This should include not only delivery of the technology, but all the business outcomes identified at the start.

4. Get clear on the cost-benefit model.

Although you don’t know the detailed costs yet, you can establish the cost-benefit model. This means understanding how this project will deliver hard benefits, so that when compromises are necessary, you can identify what’s worth keeping and what you can drop. The cost-benefit should be based on improvements in Key Performance Indicators (KPIs). For example, identify the target on-time, in-full (OTIF) and compare to current measurements of the same KPIs.

5. Select your products rationally.

There are hundreds of systems available: IFS, Nav, AX, SAP, SAGE, Epicor, Oracle, Syspro to name a few! This can be a minefield, but not if you’re clear-headed about it. Once you have all your requirements, you can use them to create selection criteria, a scoring system, and clear questions to ask.

You need to weigh up the advantages of integrated ERP with multiple specialised systems, which might offer better features but greater complexity. Make sure all the business stakeholders are part of the decision-making process so they all have a vested interest in success.

6. Select your partners rationally.

A partner will configure, customize, and support your systems. As you will need to have a long-term relationship, it is critical that there is trust and a good cultural fit. Take up references, and check everything! Ask around: are they experts in your sector? Are they financially secure? Have they got a stable team?

And start early, so that you have time to negotiate a good price and contract rather than having to cave in due to pressing deadlines.

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7. Insist that your partners have a plan.

The vendor or implementation partner must provide a credible plan, and you must extend it to your own plans for things like communication, data setup, and retraining. Most importantly, the plan needs to show all activities to deliver the business objectives, not just delivery of the tech; and the plan should include all the resources and commitments, not just the supplier.

8. Define target business processes.

Working with the implementation partner, you need to design your target processes.

Many ERP projects fail because companies try to configure new software to match the way they always have worked, as opposed to designing the most efficient processes.

This often leads to expensive bespokeing; and, if the implementation partner is charging for this, then their salespeople will be delighted to help you make bad decisions!

9. Identify process and organisational changes.

With new systems come new ways of working. And change can be hard for some. You need to plan, document, and carefully roll out these changes, and communicate frequently with everyone involved. This may be the most difficult part of the entire project, especially if some of your teams are remote and not often in the office. It will not happen by accident; without proper management, many people will go to great lengths to avoid changing how they do their jobs!

10. Clean up your data. Now.

Start cleaning your data today. Because getting the data right can be make-or-break for a new system, and this task can be the biggest and most critical part of the project. After all, one of the key benefits of an ERP is how the information helps decision-making; if you take away that with poor and inaccurate data, you're taking away the whole point.

Think about product codes and bills of material and how they can best be structured to deliver the information the business needs. Seriously, start now. Don't wait until go-live. In our experience, those who wait until go-live end up bringing bad data across to the new system!

11. Manage device integration.

In many sectors, like AEC or manufacturing, devices are going to be integrated with these new systems, so get started on testing as soon as possible. For example, shop-floor data collection devices like scales, environmental sensors, barcode scanners, or RFID trackers are increasingly key sources of efficiency, so they shouldn't be an afterthought.

Remember to test for more than just if the new software works. Are the devices suitable for the environment? Consider temperature, humidity, vibration, etc. Whenever you can, involve the device suppliers.

12. Run a testing and conference-room pilot.

By making the vendor run their product through your business processes, you can check that the system and business practices will fit and that the key staff are ready for change. A pilot is more than a last chance to stop problems, it's a great way to get superusers onto the system. It may also be an opportunity to identify additional benefits.

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13. Manage the go-live.

A ‘big bang’ go-live can be complicated and risky. Different parts of the new system may be ready at different times; different phases will deliver different benefits. So there will normally be a progressive adoption of the new system(s) and decommissioning of the old ones. This needs to be thought through and carefully managed.

14. Train and monitor staff.

Staff will need training and coaching in how to work with new systems and processes. There may be a period of de-snagging and minor changes. This needs careful monitoring and policing to ensure that employees have clear ways of working and do not adopt bad habits. You should be prepared for some pushback: for many, change is stressful. And when they don’t yet fully understand the new way of working, they may blame the system for mistakes or slower processes.

15. Get specific about who has ownership moving forward.

The project owners need to ensure the original business objectives and cost benefits materialise. But this is also the moment when the new system becomes ‘legacy,’ so it’s critical that ongoing ownership is clear.

Ongoing monitoring must be part of the routine, and new issues must be addressed quickly and without a fuss. Whose job is that?

In addition, you will need an annual budget for vendor support, for training of new staff, for fixes, and for amendments so the system stays aligned as working practices and products change (as they inevitably will).

Lay the foundation for your future

All too often we see a lack of focus on the key points of this checklist. As a result, projects become bogged down, with overruns of both costs and timescales. Eventually, in the dash to finish, the original vision is forgotten, there is no more time or money, and the aim becomes to ‘just get it done!’

But if you follow the checklist, you greatly increase the risk of success, and along with it, the transformational benefits of a new ERP or MRP system. Many of our clients have achieved significant uplift in efficiency and service and find new confidence to grow because their business now has a platform for scaling up.

When system issues are no longer on the agenda, the Board have more time to talk about strategy and growth. And effective systems provide data and reports to feed those conversations.

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Phone

0203 020 1865



Email

contact@freemanclarke.com



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