

Finally ... An ERP Selection Process that Guarantees Results!

There are over 1,000 manufacturing systems in North America and yet The Wall Street Journal has stated that “73.8 % of all manufacturers are dissatisfied with their current ERP systems.”

Why?

There are a number of theories why implementations have problems:

- Poor planning or no planning at all
- Top Management not involved or did not commit to the project
- Unreliable data
- Lack of training or implementation assistance
- Poor selection process
- Lost project momentum
- Business processes are not corrected

But the main reason that implementations fail is the legacy selection process commonly used is flawed.

The Budget Approval Dance

The first step in any selection process is expenditure approval. Middle managers spend days defining their selection process plan. The more detailed the budget approval request is, the more detailed the selection plan is, the more due diligence is assumed and therefore Upper Management's perceived risk is lessened. The legacy selection plan usually contains:

- A multiple page, detailed system requirements definition (sent to a short list of vendors for confirmation), and submitted as a Request for Proposal (RFP)
- Multiple, onerous “sales demos” with various systems
- Telephone reference calls on the selected vendor

The middle manager can get so obsessed with budget approval; and the upper manager can get so consumed in confirming the selection process is sound, that the most important objective in selecting a new system is often overlooked. The most important goal should be to ensure your company is successful with the new system! All other consideration should be secondary.

Systems Today Are Function-Rich

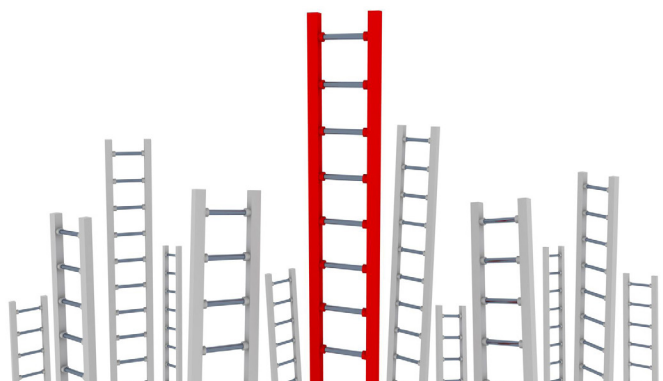
The more you evaluate systems, the more you realize none lack functionality. The reason they fail is not because they are missing features, it is the exact opposite. They are so feature rich they are cumbersome and too difficult to learn.

Then why do we devote our entire search to evaluating which system has the best and/or most functionality? Is it because new systems are purchased only every ten years, therefore, no one individual has the experience to learn from their mistakes?

Let's review the legacy selection approach described above.

1 - Issue a detailed multi-page novel called the “system requirements list” to all software vendors to fill out (honestly) thereby confirming which match. However software companies want to remain in consideration, and are motivated to answer each question with a carefully worded, “yes we do that!”

2 - The selection team then shoulders the arduous task of reviewing “sales demos” in an attempt to decipher the differences. All “Sales demos” are designed to look good. If the “sales demo” did not look good, the software company would go out of business. Software companies hire professional presenters who know how to navigate around the weaknesses of their system and precisely which keystrokes will present their software in the best light.



Remember the first day you looked at the system you use now? How difficult did it seem then versus today? How many months did it take before the haze lifted and the system became second nature? Is it possible to recognize the pros and cons of a system you are reviewing for the first time in an 8 hour “sales demo”?

3 - You now call references to confirm that companies are happy with their systems. Where did you get the references from? Did the software vendor carefully select “their very best” customers that swear the software turns water into wine?

4 - And voila ... you have selected the very best system for your company. Or have you?

A Fresh Approach To Selecting ERP Systems

If time is money, then condensing tasks like evaluating software is profit to your bottom line. The step-by-step, due diligence process historically used, costs \$10,000s of internal resource time. How can we speed up the ERP selection process, and at the same time ensure our result will be successful?

The most important factor in selecting a new system is: to make sure your company is successful with the new system. If 73% of manufacturers are not satisfied with their current ERP system and used the same selection process as you, why will yours be different? Maybe a different process should be investigated.

This 5-Step Plan is only common sense. But even better, it will take far less time to conclude and your results will be guaranteed!

What is the ultimate goal when selecting a system? To make sure the system will achieve the promise and results you expect.

Step 1 – Justify the ERP purchase with a Business Case. Will a new system provide you with a measureable return on investment? Or would streamlining your processes, get the results you desire? Converting to a new system is difficult enough. Make sure that the effort is warranted - or else don't do it. And if you do not streamline your processes, a new ERP will only place pretty screens in front of your current problems.

Step 2 - Document critical requirements that are unique to your company. Then match these Must Haves to the ERPs. Please note: Critical requirements only. We can all assume that most systems will have an “Aged Trial Balance”. This list should not be longer than two pages

Step 3 – Learn from Un-Bias experiences by visiting other Companies using these ERPs. However not the three the ERP vendor gives you. Ask them to be Local, a similar Size, in a similar industry (or similar Must Have requirements) and have been using this version for more than 12 months (past the learning curve)

Step 4 – Software price is a certainty. Implementation and Training costs are directly relational to how much you contribute versus the Vendor. All ERPs require the same steps to implement. You decide who does what and therefore how much it will cost.

Step 5 – If you plan to review Sales Demos, demand that the vendors bring in the trainer you will work post sale, to show the software. You will never see “Pre-Sales” presenters after you purchase. Trainers have to live with their promises after the sale, and should be quite forward about what the system can, or cannot do. Trainers are not offered to Companies only ‘looking’ because existing Customers are paying them to implement their projects. This “proof of concept pilot” may cost a few thousand dollars, but will be far less expensive than the time-consuming legacy method

As stated previously, the ultimate goal when selecting a system is to make sure the system will provide the results you expect and you are happy with it. By following this simple process, emphasising your critical requirements, you will not only get the right fit system for your company, you will be successful. Why would you use any other method?

Remember, if you fail to implement, why do you care what the software does?

Over the past 30 years, Andy Pratico (ex-APICS Chpt President) has worked with hundreds of manufacturers. During this time he has seen many implementation success stories, but sadly even more failures. To help companies increase their probability of success, Andy presents common sense workshops on how to select systems.