

The Complete Guide to

Implementing a New ERP Solution



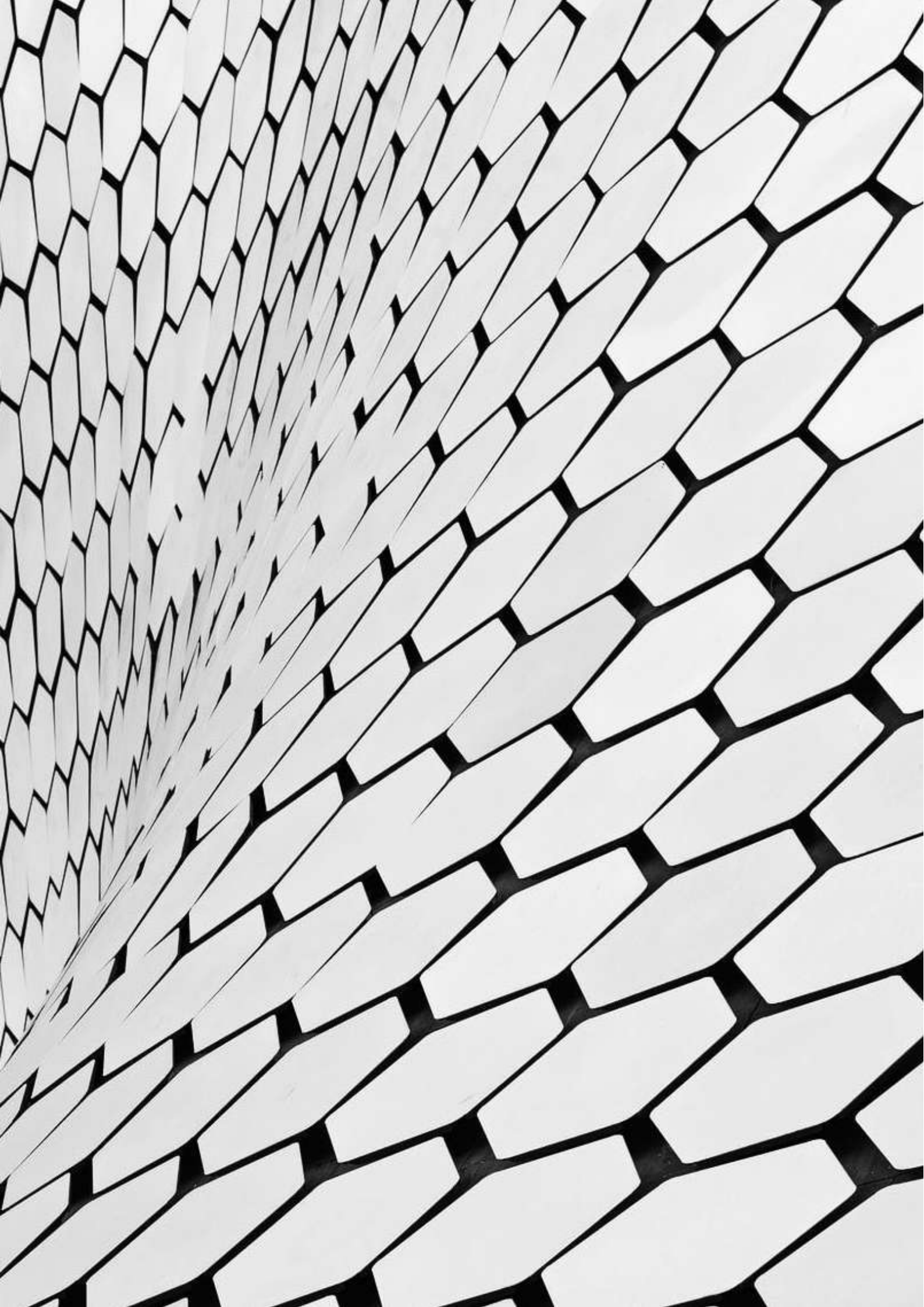
Selecting enterprise software to manage your company-wide data, business processes and customer relationships **is just the beginning.**

We reveal the keys to a successful implementation to ensure you harness the capabilities of your new ERP solution to realise your strategic goals.



What's in this guide?

- Why is the implementation process important?
- Three lessons that underpin ERP implementation success
- Defining your business requirements
- Selecting your new system and implementation partner
- Ensuring a smooth project lift-off
- What's involved in configuration and testing?
- Cost control and issues management
- Measuring impact and ROI
- Implement your ideal ERP now



Capitalise on enterprise software through a comprehensive implementation.

Selecting an enterprise solution is a big decision. It requires reflecting on your business needs, gathering and comparing information, differentiating between multiple products and providers, and picking a final option.

However, choosing a specific software product is just the first stage of a broader process.

Enterprise Resource Planning (ERP) software selection is closely coupled with two key decisions that will affect how well your final system supports business improvement and growth.

These critical choices are:



Why does your choice of provider and implementation project matter so greatly?

To understand why, consider the fact that:

- Enterprise solutions have wide-ranging and lasting impacts on your operations.
- Enterprise solutions are not a cure-all but an enabler of better practices.
- Enterprise solutions' functionality must be configured for your specific needs.

Who guides your implementation, and how the project is governed, will ultimately determine how aptly the potential of your chosen ERP solution is unleashed.

This guide provides strategies based on practical experience of what works and —just as importantly—what to avoid while going through the implementation of a new ERP solution.

With tips from this guide, small and medium-sized businesses can run a cost-effective implementation and fully benefit from solutions that were formerly the territory of only large and sophisticated firms.

ERP implementation takes forethought and time.

Leading enterprise solutions are more flexible and elegant than ever before, but they require work to set up and successfully embed within your organisation. This work can take months and is what we describe as an implementation project.

ERP systems are so much more powerful than a standalone application. You cannot sign-up and start using one within a day. Enterprise solutions require careful configuration to ensure they effectively cover whole-of-organisation information, processes, and reporting.

The necessity and opportunity to highly configure or tailor an ERP system is a double-edged sword:

On the one hand, it means you can map out and design processes, functions and reports within your system to meet targeted and unique business requirements.

On the other hand, it means that a poorly-managed configuration process driven by the wrong objectives can turn your promising new software into an expensive dead weight.

Understandably, you want to transform your systems and start benefitting from your new ERP solution as soon as possible. Therefore, the timing and cost of your implementation are important considerations.

However, the most important determinant of success should be whether your solution is fit-for-purpose and facilitates a better functioning business.

Does the new system deliver the visibility, efficiency gains, and innovative approaches your organisation needs to improve and grow?



Three lessons from a team with experience.

Leverage Technologies has been helping Australian businesses to choose and skilfully implement ERP solutions since 2005. We've seen and have overcome the common hurdles that arise during implementation projects and have developed a rich repository of planning and governance documents and project management techniques.

Based on our extensive experience, there are three important lessons we believe business leaders should keep front of mind as they approach an ERP software implementation project.

01 Expectations and experience will shape the outcome.

Implementing an ERP solution will create challenges and may also challenge your thinking about the future direction of your organisation. You can't achieve different outcomes by doing the same things you did in the past. Undoubtedly that's part of the reason that your business is adopting a new enterprise system.

It is important to set realistic implementation budgets and timeframes, commit to actively participating in the implementation, and be open to reshaping processes and allowing time for problem-solving.

The fact that the implementation can throw up surprises (both good and bad), is also a reason to work with an experienced implementation partner. Look for an implementation team with a wide range of implementation experience, a track record in your industry and the highest level of accreditation from the vendors that they represent.

02 Work with products and people that have earned your trust.

There are so many options when it comes to software products and suppliers. It pays to prioritise companies that can demonstrate their competence and have a clear commitment to continuous improvement and development. These qualities are typically held by companies that have a long track record, but are still market-leaders.

We recommend selecting a truly tried and tested ERP solution from an established and innovative technology vendor. Leverage Technologies is a reseller for leading brands: SAP, Sage and MYOB.

Similarly, we suggest you partner with a reseller/supplier that not only has relevant experience, but that you feel you can depend on and collaborate with well.

You'll have to partner closely with your chosen software provider during the implementation, and possibly for many years afterwards for ongoing upgrades, maintenance and support. Look for a team that is honest and whose opinions you trust, and a company that's in it for the long haul.

03 Long-term value trumps initial cost savings.

A new enterprise solution is an investment. A thorough and well run implementation may come at a higher initial cost, yet will usually provide the highest return on investment, because it means the solution genuinely results in improved business processes and scalability.

An inferior product, poorly applied, will clearly be a waste of time and money.

Whereas a top-tier solution, tailored for your operation by a top-tier provider, will help you achieve productivity and performance benefits that accrue quickly and grow yearly.

The pain of transitioning to the new system will quickly be forgotten, while your business management, value chain, and customer experience improvements will be appreciated for years to come.

“All men make mistakes, but only wise men learn from their mistakes.
- Winston Churchill

“Trust is the glue of life. It's the most essential ingredient in effective communication. It's the foundational principle that holds all relationships.
- Stephen R. Covey

“There are always two choices. Two paths to take. One is easy. And its only reward is that its easy.
- V. Baldezac



leverage
technologies

Stage 01

Getting Started

Define your destination first.

The first step towards an effective implementation is making sure that you understand your business requirements—the need that is driving your switch to a new system and how you want that system to perform. This helps you to:

- Ensure your team is on the same page and supportive of implementing a new solution
- Plan your future state and prepare for the significant change that's about to occur
- Define and re-engineer operations to ensure you maximise the benefit of the new system

This work also allows you to approach potential suppliers armed with greater confidence—because you know what you want to achieve and you can articulate it clearly.

The essential aspects of defining your business requirements include:

01 Define existing business processes.

Using an organisation chart, work flow diagram, or a processing chart, document all major operating functions and data inputs and outputs for each step.

Seeing the logic of your current operations gives you a better view of where more advanced or streamlined approaches could be introduced—enabled by the new system. You'll need the input of all departments within your business to fully document your current structure and workflows.

02 Set realistic objectives.

The steps for creating objectives are to thoroughly document the existing system, benchmark the system's performance at each processing step, and then determine where the limiting factors are in capability, speed, process or quality.

Identify the most consequential pain-points, bottlenecks or barriers. What isn't possible or isn't working as desired within your current set-up? Then frame these problems in terms of the core outcomes you do want to see. For example, you might want to achieve:

- 98% on-time in-full deliveries for your customers
- Faster reporting and consolidated multi-company financial management
- A single customer view from quote through to after-sales servicing
- Better customer service and order taking in the field with mobile sales tools
- Accurate quoting and production workflows for configure-to-order products
- Automated picking processes by integrating your e-commerce and ERP systems

03 Re-shape and optimise processes for efficiency and purpose.

Simply adapting the new solution to match current ways of working is tempting. However, this means that existing inefficiencies or redundant workflows are merely mirrored in a different solution. This has been the downfall of many implementations.

To avoid this trap, evaluate your processes now—are they necessary? Do they achieve the intended result? Try to spot steps or tasks that exist purely because of the limitations of your current technology—in other words, where could automation, cloud computing, faster data processing, or industry-specific functionality make a difference?

Document your ideas for smoother, smarter approaches so you can present these to potential implementation partners.

Defining business requirements is a bridge to success.

Failing to cultivate an understanding of business requirements is why some organisations falter during their ERP implementation project.

The projects suffer from:

- A lack of buy-in from key executives or whole departments
- Inadequate resource allocation (internally and externally)
- Unrealistic expectations for ROI or overall benefits
- Poor communication between your business and your reseller/consultant
- Ambiguous project information leading to poor project management

Without knowing your goals, and having the backing of your team, you're more likely to face obstacles from all directions.

A new ERP solution is a significant change. Like any major change, there's a risk that employees will perceive a new system as a hassle, a waste of money, or a threat.

When your whole team can clearly perceive the purpose and benefits to be gained from the new system - the change is easier to manage and you'll have the groundwork needed to guide a successful implementation.

Need to 'sell' the idea of a new solution to your team?

Involving your team in defining business requirements and optimising processes in preparation for a new enterprise solution can be a challenge in its own right.

Here are some key benefits of adopting an ERP solution that you can promote within your organisation to help generate enthusiasm for this planning stage:

- Reduced paperwork, less manual data entry and duplicated effort
- Automated processes, approval workflows, alerts and reminders
- Simpler report development and more consolidated data
- Transparency and real-time information across all departments
- Better ability to review your current and forecast orders, stock levels and workloads
- Connectivity between sales and accounting reduces credit and customer service issues
- See status of quotes, work in progress and shipped orders without lag time



Stage 02

Selection Process

Selecting your new system and implementation partner.

Let's look at how to approach the reseller/consultant selection process. Keep in mind, this a strategic relationship.

Your ERP implementation partner will have access to your key company data and will help shape the future of your key business functions— finance, customer relationship management, manufacturing, supplier management, inventory control and more. Considering the importance of this relationship, it pays to step logically through a decision matrix prior to committing to a specific consultancy.

You may discover during your research that there are a number of possible products, delivered by multiple resellers, that seem to address your business requirements.

As mentioned earlier, it's critical to select software made by a reliable and innovative vendor. You don't want a situation where the company that makes your software becomes economically unviable, or stops investing in enhancements.

However, more often than not, finding the right reseller is the more important decision—the competence of the provider you choose will determine whether the software works as promised.

The ideal choice, then, is a provider that supports market-leading ERP solutions that also has the skill, dependability and staying power to support your business.

You need to vet potential providers carefully. Remember that even if your ERP implementation only takes three to six months you will be using the ERP implementation for up to ten years or more. This means that you will need a software vendor and implementation partner that will be there every step of the way – for ten years or more.

Haven't settled on which solution to implement?

It's not unusual for the choice of provider, and the choice of software product, to be made concurrently. In researching different ERP systems you will inevitably come across the websites of local resellers.

Your decision to choose a specific product may be influenced by the providers that offer that product. Just be sure that you understand which technical and functional features you need in a product to meet your business requirements.

Key criteria for software selection might include:

Technical/Architecture Criteria

- What database is required to run the ERP solution?
- Is the database mainstream and globally supported?
- Is the solution scalable?
- Can the system be customised by external developers?
- What development frameworks and languages can be used?
- Can third-party applications be integrated to the application?
- What add-on solutions are available?
- Can user-defined fields and tables be easily added to the solution?
- Is the ERP solution available in the cloud?
- How is remote access achieved?

Functional or Industry Specific Features

- Does the solution include multi-warehouse functionality?
- Does the solution include multi-company and multi-currency functionality?
- Is Customer Relationship Management integrated within the ERP solution?
- Is recurring invoicing available?

Data Conversion Requirements

- How much data will be converted?
- Will only master data be converted?
- What format will data need to be presented in for data import?

Reporting Capabilities

- Which reporting applications are integrated?
- How easy are the table and field names to understand?
- What standard reports are available?
- Is OpenData integration to MS Excel Pivot Tables available?

A **Checklist** Criteria for comparing different implementation partners.



LENGTH OF TIME IN BUSINESS

Seek a minimum of 5 years.



ACCREDITATION WITH SOFTWARE VENDORS

Top-tier consultants will be certified by vendors, with titles such as “Gold Level”, “Premier”, “President’s Select”, etc. These designations mean that the consulting firm has a strong connection with their software vendor and extensive skill and experience. Top tier solution providers tend to get access to better resources, faster problem solving and better support from the vendor. This can spell the difference between getting problems solved or getting excuses.



TECHNICALLY PROFICIENT

Do they have several programmers, technical and applications consultants that can handle this project, and how much experience do they have?



EXPERIENCE WITH SIMILAR ORGANISATIONS

Have they installed systems in similar organisations with requirements that closely match yours? The same size, industry or complexity?



CAPABLE AND EXPERIENCED PROBLEM-SOLVERS

Evaluate their training, support, project management and problem resolution capabilities. How experienced are the lead consultants, business leaders and project managers? The longer an implementation partner has been implementing the same line of software, the more secure and skilled they will be. It’s fair to ask for experience levels from each individual member of the team, and references for their work.



LOCAL TO YOU OR CAPABLE OF SERVICING YOUR REGION

Besides saving significantly on travel expenses—which can add up fast—having a solution provider with a local presence means any problems can get resolved quicker. No matter how impressive a consultant’s credentials may be, if they are not local, they are not as accessible, nor as responsive.



IN-HOUSE PROJECT MANAGEMENT AND DELIVERY

The benefits of a turn-key installation are many: it simplifies communication and workloads, which improves consistency, accuracy and speed of project work. Ensure that you have internal (or sub-contracted) project management resource available to manage the project.

Checking off these criteria—at a minimum—will go a long way towards guaranteeing a positive outcome. How closely the companies you’re considering meet these criteria will strongly suggest whether they are up to the task of handling your implementation.

How to reach a final decision on your implementation partner.

Based on our experience, there are several essential components for reaching a sound decision in a reasonable time period. These include:

Creating a selection committee:

Avoid appointing one person to assess options and make a selection. While it saves time, it results in too many factors being overlooked and can result in push-back from employees/departments who expected the chance to have a say. Instead, create a group that includes a representative from all key business areas (and back-up representatives in case someone is unavailable).

Setting a deadline for the decision:

Set a time limit for the committee to reach a decision. Three months or less is reasonable for a small to medium business. More time will be required for a larger corporate.

Engage with potential providers:

Meet with your top 2-3 provider options. Go through your requirements and ask them to develop a high-level scope of works. Learn more about their implementation methodology and implementation team members. Ask for a demo that is tailored for your business needs.

Evaluating and shortlisting providers:

Create a decision matrix that each committee member fills out with their concerns, and a point rating system. By doing this, a decision can be quickly reached by numbers, as opposed to debating it without knowing the real criteria. See the image on this page for an example matrix.

Using these simple guidelines will help a committee avoid 'analysis paralysis'—a well-known pitfall where being overwhelmed by choices results in no choice being made. Setting a decision date, having representatives (and back-ups) for key departments, and establishing a numerical decision matrix will help make the committee's work not only easier, but more efficient and accurate.



ERP Decision Matrix - Rating							
High Level Selection Criteria	Must Have or						
	Optional	ERP Option 1	ERP Option 2	ERP Option 3	ERP Option 4	ERP Option 5	ERP Option 6
Cloud	M	5	5	5	5	1	3
Web browser access	O	5	5	5	5	0	1
Functional fit to requirements	M	5	3	2	5	2	5
E-commerce integration	O	4	5	3	5	5	2
Database options	M	5	5	2	4	5	1
Inter-company requirements	O	4	3	5	5	2	3
Support options	M	5	2	5	3	4	2
Implementation methodology	M	5	5	5	3	2	1
Fixed price	O	4	4	5	3	5	4
Reporting and Analytics	M	4	5	4	4	3	2
Multi-country support	M	5	1	0	3	4	5
Integrated payroll	O	5	0	0	5	5	0
Inventory functional requirements - traceability	M	4	5	4	5	3	5
TOTAL Score		60	48	45	55	41	34

Stage 03

The Lift-off

Ensuring a smooth lift-off of your implementation project.

By this stage you will have:

- Established the need for a new system and developed business requirements
- Convened a committee to run the decision-making process
- Met and vetted a number of providers that offer suitable software solutions
- Determined your preferred provider based on how well they match your criteria

Now the real work begins to roll out the new system smoothly, with all the key players on-board.

Typically, every implementation includes the following steps:

- 01 | Migrating existing data or entering data into the system
- 02 | Configuring the solution for your users, processes, workflows and reporting
- 03 | Training your users
- 04 | User acceptance testing
- 05 | Go-live preparation
- 06 | Assistance during go-live and Support

Even though the switch over to a new enterprise solution is significant, it needn't be a heart-stopping event. Planning, installing, evaluating, testing, and proceeding incrementally with experienced implementation consultants guiding the way will make the transition run smoothly.

Sitting behind the practical steps required to set-up the new system are a range of activities that are required to build momentum and ensure the project stays on track and in alignment with your objectives.

These activities include:

Re-affirming executive buy-in:

Bring together your implementation team and senior business leaders to rekindle support for the project and restate the objectives. This helps ensure the consulting team can more easily schedule meetings, get questions answered, and generate enthusiasm.

Establishing an internal project team:

Your consultant will have a project team – and you need one too. A project manager within your business is necessary to work alongside your chosen consultants, and other team members will also need to make themselves available at points throughout the project. We call this your 'internal muscle'.

How effectively you resource the project internally can dramatically speed process definitions, business cycle measurements, data translation needs, and overall intelligence flow from the various departments to the implementation partner.

A single point of contact for problem resolution also sidesteps the situation where decisions are delayed due to lack of clarity over who is responsible.

Developing a scope of works and project plan:

Initial meetings with your chosen provider will assist them to fully flesh out the scope of works—the deliverables that will be achieved—and a detailed project plan that includes the budget, timeline, tasks, roles and milestones.

Anticipate challenges and problems. Make sure that you have a process in place to deal with the inevitable challenges and issues associated with a new system. Have regular project meetings to follow the progress of the project, raise any issues and ensure that all stakeholders are committed to the deadlines.

Implementing in phases could make your project run better.

Depending on your budget and internal resources, you and your consultants might determine that a phased approach will make your implementation easier to manage. The project plan would be divided into phases that can be delivered over time periods that suit your needs.

For instance, phase one might be finance, distribution and manufacturing. Phase two might be CRM and phase three could be mobility.

This phased approach can be beneficial if you want to:

- Distribute effort and costs over a longer period
- Give your employees time to digest and adapt to new technologies and processes
- Ensure you can realistically meet business-as-usual obligations during changeover

What does a project plan include?

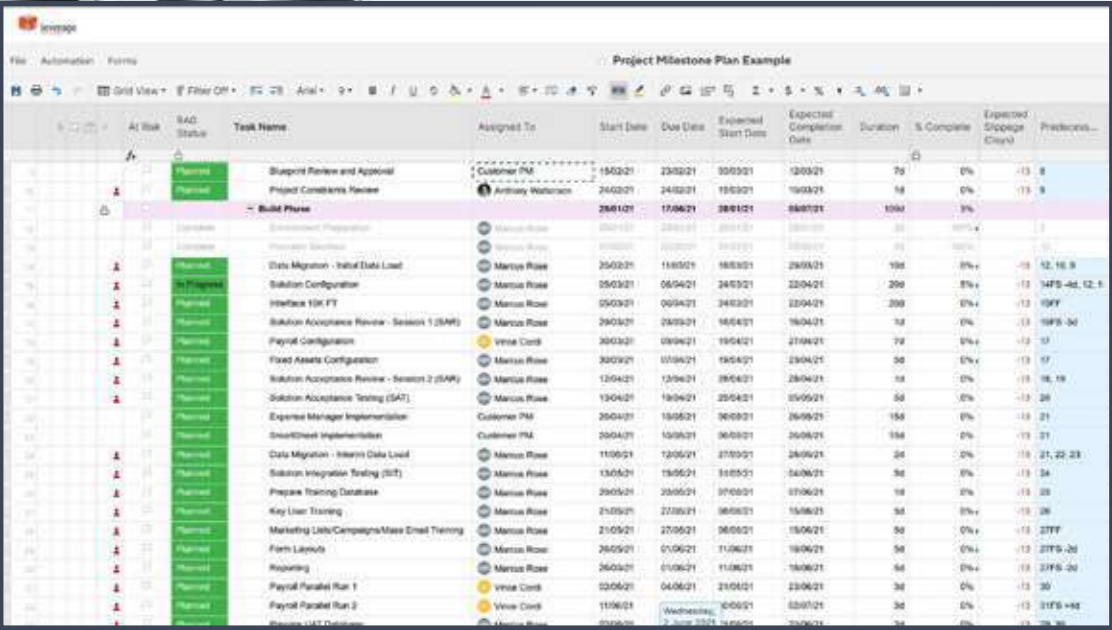
The project plan and your implementation partner’s project management expertise will determine how efficiently and fully each phase of the implementation is completed, with the least impact to on-going operations.

The project plan should be updated on a regular basis and completed tasks must be tested and verified against specifications/desired outcomes before they’re ticked off as finalised.

The image below offers a simplified ERP solution implementation plan that might serve as the basic guide for the whole project team.

Note the elements of the project plan:

- Planned start date of activity
- A description of each activity
- The hours allocated to each activity
- The status (started, in progress, etc.)
- The customer time allocated to each activity
- The role of the customer in each activity
- Who has responsibility for each activity and a general comments section?



The screenshot displays a project management tool with a Gantt chart at the top and a detailed task list below. The task list includes columns for Task Name, Assigned To, Start Date, Due Date, Expected Start Date, Expected Completion Date, Duration, % Complete, Expected Stoppage (Days), and a Predictions column. The tasks are organized into phases: 'Blueprint Review and Approval', 'Project Compliance Review', 'Build Phase', and 'Go-Live Phase'. Key tasks include 'Data Migration - Initial Data Load', 'Solution Configuration', 'Interface 1SR FT', 'Solution Acceptance Review - Session 1 (SAR)', 'Payroll Configuration', 'Fixed Assets Configuration', 'Solution Acceptance Review - Session 2 (SAR)', 'Solution Acceptance Testing (SAT)', 'Expense Manager Implementation', 'SmartCheck Implementation', 'Data Migration - Interim Data Load', 'Solution Integration Testing (SIT)', 'Prepare Training Database', 'Key User Training', 'Marketing Lists/Campaigns/Mass Email Training', 'Payroll Parallel Run 1', 'Payroll Parallel Run 2', and 'Go-Live Phase'.

Task Name	Assigned To	Start Date	Due Date	Expected Start Date	Expected Completion Date	Duration	% Complete	Expected Stoppage (Days)	Predictions...
Blueprint Review and Approval	Customer PM	15/03/21	23/03/21	15/03/21	23/03/21	78	0%	-13	8
Project Compliance Review	Anthony Wallace	24/03/21	24/03/21	19/03/21	19/03/21	18	0%	-13	8
Build Phase		28/03/21	17/06/21	28/03/21	17/06/21	109	0%	-13	8
Environment Preparation	Marcus Rose	28/03/21	28/03/21	28/03/21	28/03/21	1	0%	-13	8
Environment Setup	Marcus Rose	28/03/21	28/03/21	28/03/21	28/03/21	1	0%	-13	8
Data Migration - Initial Data Load	Marcus Rose	25/03/21	18/03/21	18/03/21	28/03/21	138	0%	-13	12, 16, 8
Solution Configuration	Marcus Rose	25/03/21	06/04/21	24/03/21	22/04/21	209	0%	-13	1475-48, 12, 1
Interface 1SR FT	Marcus Rose	05/03/21	09/04/21	24/03/21	22/04/21	209	0%	-13	1977
Solution Acceptance Review - Session 1 (SAR)	Marcus Rose	29/03/21	28/03/21	16/04/21	16/04/21	18	0%	-13	1978-34
Payroll Configuration	Vivian Cord	30/03/21	09/04/21	19/04/21	21/04/21	12	0%	-13	17
Fixed Assets Configuration	Marcus Rose	30/03/21	03/04/21	19/04/21	21/04/21	12	0%	-13	17
Solution Acceptance Review - Session 2 (SAR)	Marcus Rose	12/04/21	12/04/21	28/04/21	28/04/21	18	0%	-13	18, 18
Solution Acceptance Testing (SAT)	Marcus Rose	19/04/21	19/04/21	20/04/21	20/04/21	1	0%	-13	28
Expense Manager Implementation	Customer PM	25/04/21	19/05/21	16/05/21	26/05/21	156	0%	-13	21
SmartCheck Implementation	Customer PM	25/04/21	19/05/21	16/05/21	26/05/21	156	0%	-13	21
Data Migration - Interim Data Load	Marcus Rose	11/05/21	12/05/21	27/05/21	24/06/21	24	0%	-13	21, 22, 23
Solution Integration Testing (SIT)	Marcus Rose	13/05/21	18/05/21	18/05/21	04/06/21	36	0%	-13	34
Prepare Training Database	Marcus Rose	29/05/21	29/05/21	07/06/21	07/06/21	18	0%	-13	38
Key User Training	Marcus Rose	21/05/21	27/05/21	16/06/21	15/06/21	54	0%	-13	38
Marketing Lists/Campaigns/Mass Email Training	Marcus Rose	21/05/21	27/05/21	06/06/21	15/06/21	54	0%	-13	2777
Payroll Parallel Run 1	Vivian Cord	12/06/21	04/06/21	21/06/21	23/06/21	36	0%	-13	2778-34
Payroll Parallel Run 2	Vivian Cord	11/06/21	04/06/21	21/06/21	23/06/21	36	0%	-13	2778-34
Go-Live Phase	Marcus Rose	28/06/21	28/06/21	28/06/21	28/06/21	1	0%	-13	2778-34

Stage 04

Configuration & Testing

What's involved in configuration and testing?

A significant chunk of the work to implement a new system is integrating departmental needs, customer requirements, and transitions from legacy operations.

Because you developed a list of business requirements and a clear picture of essential business processes previously, your provider should have a good idea of the needs of each department. However, it's likely that additional input will be required during the implementation to extract in-depth information about how each business function operates.

Experienced consultants can draw on best practice and knowledge of your industry to complete many aspects of a configuration. For example, nearly all shipping departments require certain basic documents. All inventory screens contain similar fields. Accounting, purchasing, and customer service requirements have similarities regardless of industry.

Your implementation team will need specific details from your business about:

- Information fields
- Processing steps
- Approval hierarchies
- Decision criteria
- Workflows and roles
- Outputs of different teams

Understanding the current metrics and your desired business processes allows your consultants to configure the new system to take full advantage of the solution's features. Your implementation partner should use this opportunity to work with your team to re-engineer business processes to streamline operations and introduce better workflows.

Two points to note regarding process re-engineering:

01

The re-engineering process requires approval and interaction with all departments.

Last minute surprises about new input screens and new ways of handling departmental workflows hamper a well thought-out implementation. Your business will need to forewarn employees to ensure change is planned for, easier to implement, and better accepted.

02

Customer experience is an important aspect of business process management.

It's important that the customer management features of your new solution are configured in ways that reduce friction in customer interactions. For example, reducing the amount of questions that need to be answered and making searching/ordering quicker. The ERP solution should allow for flexibility in answering unique customer needs. Both your business and your implementation consultants must keep the customer experience foremost in their minds.

Testing your new system before go-live.

Once your solution's functionality has been configured to meet your needs, it's important to run multiple trials at the department level.

Keep test data completely separate from real operating data. Test the new system in a 'user acceptance testing' environment. This involves imputing data into both your new ERP system and current system for a defined period of time to test the outcomes.

User acceptance testing allows users and your ERP implementation partner to test key scenarios and business processes in the new system before go-live. This will highlight any potential issues with configuration, training or system scope in a test environment.

This is not a full parallel run of the new and old system – acceptance testing should be conducted over short periods of time.

As an example, you might decide to do user acceptance testing on accounts receivable for one day. This would entail checking invoice layouts, statements and debtors ageing reporting in the new system vs old—for just that one day.

Whilst most implementation methodologies include user acceptance testing as part of the implementation what is often overlooked is the detailed plan for user acceptance testing.

Once the user acceptance testing is complete let's not forget to ensure that feedback is provided to the project team so that any required changes can be made and the system can be re-configured and re-tested as and when required.

A good ERP Implementation User Acceptance Plan will include:

- What scenarios will be tested?
- Who has responsibility (user and/or implementation partner) for testing which scenarios?
- What type of testing will be done?
- How long will the testing be done for?
- What tools and systems will be used during testing?
- How will test results be recorded and reported during testing?

Stage 05

Control & Management

Cost control and issues management.

Today, small to medium-sized businesses have access to software, cloud computing and consultancy support at a fraction of the required investment of ten years ago. ERP solutions are more versatile and affordable than ever before.

Even so, a major consideration for any company implementing a new ERP system is control over the costs associated with implementing the new system.

How do you ensure that what is quoted is what you get invoiced? **Four factors that affect costs:**

- 1 | Fixed price vs time and materials
- 2 | Scope of works
- 3 | Allocation of responsibilities
- 4 | Data, reporting and development

01 Fixed price vs. time and materials.

There are several different methodologies available, but fundamentally you have a choice between defining the scope upfront and getting a fixed price or getting an upfront estimate and then paying for the actual time and materials required to complete the project.

Each methodology offers pros and cons. Getting a fixed price means you know what to budget for your implementation and associated services. The difficulty is defining the scope of works at the start of the project.

Another area of potential conflict can be managing the implementation – what happens when an item is out of scope or was poorly defined during the scope process? A fixed price implementation requires strong project management, clear decision-making and a highly experienced consultant to do the scope of works.

Under a 'time and materials' model you get exactly what you want from the system – the challenge is that project timelines and budgets can't reliably be predicted. There is also a 'hybrid' model which allows for a fixed price on part of the scope of works and some additional 'time and materials' budget for parts of the project where you'd like flexibility (reporting, data conversion and training).

02 Scope of works.

How well you work with your consultant to document and refine your requirements at the start of your project determines the deliverables your implementation team will work towards.

If the blueprint is too vague or hasn't captured all your needs, you can run into issues later on during the implementation. You might discover the scope of works is missing an essential feature, which can lead to budget or time overruns.

Being actively involved in developing the scope of works can help limit budget surprises.

03 Data, reporting and development.

Simply put – these three elements of implementation have the greatest risk of overrun.

Why? Organisations tend to underestimate the extent and variety of reports they want to produce, the work involved in cleaning or adding data, and the amount of specialised features or integrations required.

Carefully consider the data conversion, reporting and development aspects of your implementation. Make sure that you and your implementation partner understand your requirements and responsibilities.

04 Allocation of responsibilities.

People's time comes at a cost—that's true when you engage consultants, and within your own business.

Make sure you understand who is expected to take responsibility for different aspects of implementing the system. This should be detailed in the proposal you receive from your implementation partner.

For instance, your consultant may be responsible for data conversion but your team is responsible for extracting the data out of the legacy system and checking it for accuracy.

Doing more work in-house reduces the consulting time you'll pay for, but you also need to factor in the availability/cost of your internal resources.

Four factors that affect costs.



Clear the path for your consultants, to pay less.

Clearing hurdles for the implementation team can reduce the cost of your implementation. Getting all the business cycle documentation, form layouts, legacy data, and workflows clearly defined, will cut service time and costs dramatically.

The more organised and decisive your organisation is, the more attention your consultants can direct toward high-value activities, such as:

- Assisting with re-engineering the business processes
- Integrating data from legacy systems
- Managing user expectations
- Creating new reporting templates
- Suggesting alternative workflows based on best practice
- Training users and super users
- Setting metrics and methodologies for data handling
- Creating new documentation as needed
- Resolving conflicts, transition challenges, and errors

Manage issues methodically to avoid disasters.

Overcoming challenges and correcting errors are to be expected during an ERP implementation.

Issues will arise—but they only have the potential to seriously hinder your project if you don't have a plan for how you'll identify and resolve them.

Planning for problem resolution in advance prevents high-profile disasters. Don't push ahead with a full implementation without these back-up processes in place.

One potential framework could be:

Establishing a rating system for problem type, e.g., issues that affect business-critical operations and need an immediate response, important but not urgent tasks, and suggestions for improvement.

Establishing an employee hotline or dedicated form/email to report problems directly to the project manager for action.

Capturing all problems in a centralised repository to make it easy for the project team to access, address and monitor the progress of issues.

A problem resolution framework prevents small challenges from becoming mission critical problems. Your problem resolution framework has to be explained to all departments during testing and system roll-out. As simple as the concept seems, it is another area where implementation projects can go astray.

Stage 06

Measuring Impact & ROI

Measuring impact and Return On Investment.

Measuring business performance before and after the transition to a new system will allow you to get a sense of the impact of the system. The results provide evidence you can use to report back to your Board and business leaders, communicate benefits to employees, and more accurately calculate the return on investment.

If you're able to verify improved performance, it will be easier to make the business case for additional funds for further enhancements, training and add-ons.

Of course, the comparison may also highlight gaps between the expected outcomes and the reality of the new system—this can also be used to plan and seek funding for future optimisation of your ERP solution.

Focus on business benefits:

- Improved customer service
- Quicker quote to cash timeframes
- Better cash flow
- Data for better decision making
- Increased satisfaction among team members

What kind of pre-install metrics should you collect?

Each industry and department will have different metrics for defining performance.

As an example, this is a brief list of business metrics for a distribution business:

- On time in full delivery
- Stock turns
- Stock outs
- Order to cash cycle
- Lost orders
- Number of picks per day
- Stock accuracy
- Debtors days
- Obsolete stock
- Stock written off

How to fairly assess a business with new processes?

Your new ERP solution signals a transformation to new ways of doing business—it's not a like for like replacement of your previous system. Users will need some time to get up to speed and any issues raised at go-live will need to be ironed out.

This ramp-up period is not the time to measure the system's success or failure. Wait a few months after go live before running your ROI assessment.

Only after the system has been fully operational for several months will your assessment provide reliable data. Look back at your initial needs and requirements documentation—have they been met or exceeded?

You may want to meet with your implementation partner to review the results of your ROI assessment to discuss positive outcomes and parts of the implementation that are below expectations.





leverage
technologies

Don't stay fixed in place: Implement your ideal ERP solution now.

Many small to medium enterprises start to investigate integrated business systems at a point in their development where simply working harder is failing to deliver returns.

A new approach is needed. An approach driven by big picture, data-driven insights that allow you to improve your supply chain, processes and customer journey.

Changing course isn't easy—in fact, change is often painful. But the alternative is remaining fixed in place, unable to reach for new goals, improve outcomes or increase revenue.

If you've decided to act—by adopting a new ERP solution - paying careful attention to the implementation process is critical to capitalising on your investment. We hope the wisdom gained from this guide will help ensure a great ERP implementation experience for your business.



Need more advice about ERP selection and implementation?

Talk to the Leverage Technologies team. Since 2005 we've managed hundreds of successful implementation projects in collaboration with SMEs just like yours.

Phone	1300 045 046
Email	info@leveragetech.com.au
Web	www.leveragetech.com.au

Focused on your success.
Backed by world-class software.

