



The ERP Implementation Trinity:

How to deliver on the promise

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Introduction

How did ERP become one of the most tarnished silver bullets of business change - and what can we do to unlock its potential? The technology keeps advancing and the underlying rationale for ERP hasn't evaporated: we still need to reduce inventory, slash the costs of delivering products and services and make our operations more flexible. Yet the best ERP implementations we see in today's businesses struggle to deliver 20% of the headline promise.

The problem isn't with the concept, or the enabling technology, or the complexity of deployment. The failures all point to one source: the (mis)management of implementation. By recognising the classic mistakes that implementers make, and following some straightforward management guidelines, you can unlock the benefits of ERP to create the efficient, responsive business you need to compete.

The Seven Blunders of the ERP World

There are seven common roadblocks to successful ERP realisation. Once these are recognised as blocks rather than showstoppers, we can take action to clear the path to implementation - and begin to close the promise gap.

1 Implementation lag

Business and technology are both moving targets. If you spend too long evaluating and comparing solutions, by the time you're ready to commit the technology has moved on and your assessment is invalidated. Suppliers fragment and consolidate; platforms evolve; scheduled software products fail to arrive. Meanwhile your business requirements are evolving on an entirely separate plane.

2 Business/IT misalignment

IT continues to be seen as an organisational outsider rather than a team player. Rarely do IT teams define themselves in terms of their role in the business. Status fears reduce many IT decision-makers to denying technology's role in transforming the business, preferring to repeat the mantra that IT merely serves the business. They're then unable to provide any vision for the business and lose the credibility needed to apply the brakes to runaway projects. The extent to which the two "sides" share a common viewpoint is primitive and informal.

3 Business absence

Business users frequently disclaim responsibility for the organisation's choice of ERP system. In the past this lack of interest was blamed on the obscure nature of computer systems. Today's users are more IT literate, but if anything this has made them more rather than less suspicious of business systems. They believe that they'll exploit the data in the ERP system, not the system itself, and therefore don't contribute to the system's selection, design or installation.



4 Transition risk

The degree of change management needed to move to a successful ERP implementation is universally underestimated. Even where change management is taken seriously as a discipline, process redesign is frequently fumbled. People have a deep-seated fear of admitting that change is difficult, which leads them to skimp on change management, which results in failed projects.

5 Transaction worship

ERP is all about creating value from a holistic view of the business. Yet organisations are stubbornly unwilling to abandon their traditional focus on isolated transactions in favour of end-to-end business processes. It's this addiction to transactions that buttresses functional silos.

6 Outsourcing copout

Outsourcing can be a beautiful experience between consenting adults. But all too often outsourcing exposes the absence of a proper specification of business requirements, and converts that failure into a contract-bound arena of conflict. Outsourcing can't compensate for an organisation's failure to articulate its needs, set goals and commit to making the changes needed to deliver successful ERP.

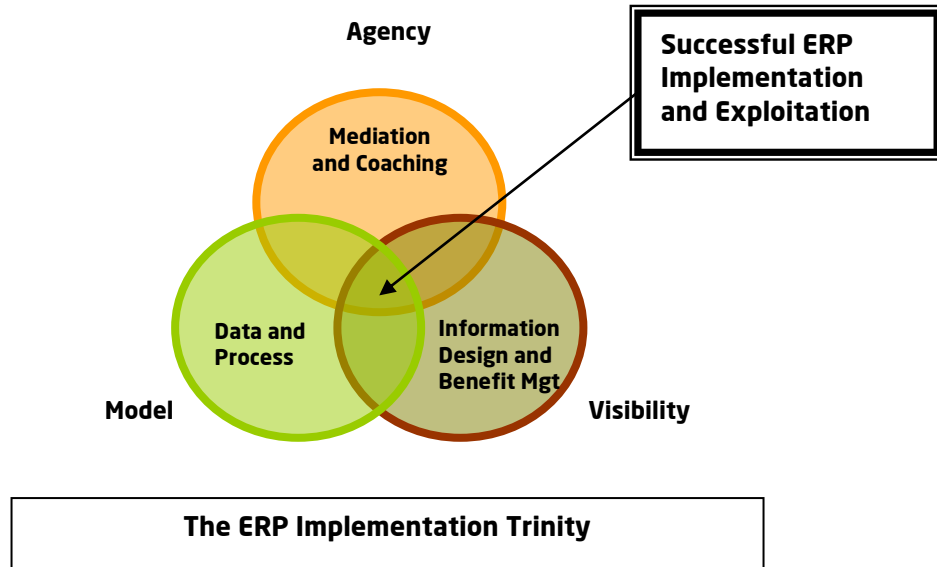
7 Reporting hangover

We put this roadblock last because that's where organisations put it - yet it's the biggest obstacle to ERP implementation, and the first that needs tackling. The system's reporting capability *is* ERP's impact on the business. We deploy ERP solutions so that we can intervene in the running of the business from an informed position of strength. ERP is an evidence-generating mechanism, so specifying what information we need to see, when and where and how often, is crucial to realising ERP's benefits. Unless we specify these IT outputs, we will make no business inputs. And the virtuous cycle we think we're buying into won't run.



Putting the trinity to work

We have identified a three dimensional approach to smashing through the ERP roadblocks. The approach isn't complex or controversial. But it is complete and actionable. Follow these guidelines and you'll close the gap on the ERP promise.



1 Agency

The structural fault-line between business and IT is a fact of life. It can't be wished away. We need to maximise the contribution of each team, while helping them to work better together. The best way to do that is to place a skilled third party into the no-man's-land between the two.

A trusted agent can act as a mediator between the two sides, translating needs and surfacing issues. He isn't implicated in the reward systems of either side, but charged with making the interface work. He can clarify issues that would otherwise escalate, remove unneeded detail that would otherwise obscure goals, and own tasks that properly fall to neither side.

A well-chosen agent brings practical experience of the human aspects of successful change as well as technical insight. He can therefore also act as a coach and mentor for key people, helping them adapt to their new roles and absorb new responsibilities. We believe that coaching is a key element of organisational change that is too important to be reserved for senior managers alone.

2 Model

Formally modelling the business processes and data to be served by the ERP system ensures that the system is fit for purpose, objectively verifiable against requirements, and amenable to change in the future. Structured process and data modelling are well-understood disciplines developed over nearly fifty years, with standardised outputs and rigorous methodological support.



The process model ensures that the ERP system serves the actual business rather than the organisation chart, breaks down silo thinking, dissolves transaction focus, and crucially exposes opportunities to cut waste, streamline processes and introduce flexibility. It's a key thinking tool as well as a controlling mechanism for implementation.

The data model ensures consistent and meaningful information is collected and interrelated within the system. It controls the design of databases and promotes system interoperability. But much more importantly, the data model guarantees that the business will always work from a single version of the truth. Information produced by the system can be trusted and acted upon, rather than subjected to caveat and interpretation.

3 Visibility

While a third-party agent ensures alignment and growth, and process and data models guarantee that we design systems faithful to business needs, we also need mechanisms to define and measure our progress towards business goals. We call this dimension visibility. It has two components: information design and benefits management.

Information design is the task of defining our reporting requirements. We do this activity upfront because it governs not only the design of the ERP system, but how that system will interact with the human system around it. We ask: Who needs to look at which information in order to take which action? We then design reporting tools that address these needs. Reports are aligned to processes and synched with the management cycle. We eradicate ad-hoc reporting, remove the potential for competing versions of the business's state, and set priorities for the rollout of functionality across the enterprise.

Benefits management completes the control loop initiated by information design. Here we set clear business objectives with senior management buy-in. We can provide the best information in the world, but unless the use of that information is yoked to the organisation's reward and recognition culture, it'll just be window-dressing. ERP works where businesses mean it to work.

Conclusion

The classic errors of ERP implementation are avoidable. But in order to smash through the roadblocks, we need to accept that successful implementations demand interpersonal, logic and monitoring skills. These are the skill areas we identify in the ERP Implementation Trinity as Agency, Model and Visibility.

On the interpersonal dimension, we must recognise the fault-line that exists between the business and IT and manage the interface. The faultline is nobody's fault: it's just a fact. Organisations have tended to leave this border area unmanned and watched the two parties drift ever further apart. Alignment strategies that don't use neutral third parties quickly degenerate into bureaucratic window-dressing or fall into disuse. Healthy organisations embrace the differences between business and IT specialists rather than wishing them away.



When it comes to logic, or the modelling part of the management solution, we believe that rigorous definition of business requirements has been abandoned by too many organisations in favour of illusory quick wins from technology. But a faster car won't get you to your destination any quicker if you don't know where you're going.

Process and data models are the IT world's equivalent to blueprints. You need them if you're to build something that's fit for purpose. Managers can feel pressure to produce "real results" and despair of preparatory work: they want to see functions being deployed. They'd rightly resist such pressure in any other field of activity and refocus attention on what the business is trying to achieve. They need to take the same stance in ERP implementation.

Finally, we urge implementers to make monitoring a priority. Specify the information you need to run the enterprise according to your vision for the business, then build the management engine to ensure that information is used. If ERP is to be the heart of your business, it needs to be connected to the business.

Above all, successful ERP implementers show no tolerance for drift. They won't allow a chasm to develop and deepen between the business and IT teams. They won't accept vague wishes in place of sound definitions of process and data. And they won't allow ERP systems to churn away in isolation while decision-makers continue to follow hunches or argue about the true state of the business. They stand up for the promise of ERP, and they're relentless about transforming that promise into reality - openly, methodically and accountably.

Procertis are a business solutions company specialising in helping organisations extract maximum business value from their IT investments. We do this by thinking about technology only when we have understood the business. For further information tel +44 (0)1926 400822, email info@procertis.com or visit www.procertis.com