



UNDERSTANDING THE 10 ERP IMPLEMENTATION DISRUPTORS

Insights from an Industry Leader



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EXPERT INSIGHTS

*Keeping ERP Projects on Track
Through Strategic Planning*



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UNDERSTANDING THE 10 ERP IMPLEMENTATION DISRUPTORS

The implementation of an ERP (Enterprise Resource Planning) system is a significant event for a business. It requires cooperation between the software vendor, the implementation resource team, and the client's teams. The objective is to have a smooth transition from your current system to the new system in a timely manner and on budget. The implementation phase to go-live can sometimes conflict with deadlines and budgets. For example, a go-live date might be a firm date because of a significant organizational event or the start of the busy season. A challenge arises if the system is not ready to go live by that deadline. In that case it might be best and less costly to consider postponing the deadline rather than forcing it and incurring extra implementation expenses.

There are several disruptions your business can experience without proper planning. Unfortunately, these disruptions can derail your implementation. Therefore, having a good understanding of these items and how your organization will be impacted will help you better manage your implementation and resources.

1

OPERATIONAL DOWNTIME

Training and Testing: Employees need time to learn and test the new system which will take them away from their normal duties. This time allocation varies significantly depending on the role of the employee. Your project manager will need to be fully or nearly fully dedicated, while departmental employees will require only periodic interactions. Another item to consider is the employees' bonus/commission compensation. If it is associated with their role, their participation in the project may result in a reduction in pay. If this is the case, the employee will not be highly motivated to voluntarily help with implementing the new system. It is recommended to have a plan in place to somehow compensate for the employees' efforts in the project. If not, you may find that training and testing sessions do not achieve the desired goals, which may delay your go-live.

System Integration: Integrating the new ERP system with existing software can cause temporary disruptions in operations as data and workflows are transitioned. The ideal situation is to create another instance of the environment to test integration completely independently of your production system. If this is not feasible, then you will need to test the interaction of the new ERP with your existing software by taking the new and the old system off-line for a period of time in order to test. Keep in mind, surprises will occur when actual transactions start flowing between your new ERP and the existing software.

2

DATA MIGRATION ISSUES

All data that enters an ERP system must be clean. There are too many processes that rely on sound data, so if Dirty Data enters the system, it can render the ERP dysfunctional. This is one area where you will feel pain if you shortchange your effort. This pain can be felt in several ways, such as:

- Loss of historical data
- Inaccurate beginning balances, especially with inventory
- Data errors that affect decision-making
- The need to clean up or re-enter data, leading to delays

At the extreme, you may need to do a complete reimplementation of the system due to the changes and corrections hindering your use of the system.

3

BUSINESS PROCESS CHANGES

This is the single greatest benefit of going through an ERP implementation, but it is also the most challenging.

- Your workflows were most likely established long ago and may not be logical at this point, however your current employees have adopted them as gospel. This may result in employees not being able to offer the necessary advice on how to move forward with the new ERP system due to not having the correct depth of understanding.
- There is also the “chicken and the egg” conflict. You need to understand the new ERP system before you change workflows, which requires the users to be trained on the new system. The user may resist training because the new system is lacking current functionality, which then hinders their ability to conceptualize the newly proposed workflow. When this occurs, you must hold firm and ensure that the user understands the new system before changing any processes.

4

EMPLOYEE RESISTANCE

EAs stated, employees accustomed to legacy systems may resist the change. The shift to a new system could lead to frustration, reduced morale, or lack of adoption, especially if the system isn't entirely user-friendly. This is common during the early stages of most implementations. Seldom do you see an office fully embracing a new system from the very beginning, so you must plan for the resistance. In most cases, as the users' familiarity improves, they begin to look favorably on the new system and offer sensible advice on improvements they would like to see. They are capable in their positions and often have great insights as to how to improve their processes using the new system's functionalities. When the new system makes their jobs easier, everyone benefits. I have seen extremely difficult users become incredible champions of the new system.

Increased workload: During the transition period, employees may have to balance their normal duties with learning the new system, potentially leading to burnout. This is a real issue, especially when the work migrating to a new system is heavily slanted to one or two people. In one case, after mapping out the project tasks, I noticed that one "do-good" user kept saying yes to every task. When I computed the estimated amount of time he would have to work, he was looking at a 90-hour workweek. Beware of the well-intentioned employee. Tasks must be parsed out appropriately.



5

COST OVERRUNS AND DELAYS

ERP implementations often exceed the initial budget and/or timeline, especially if issues arise with customizations or scope creep. This can trigger a conflict of whether to incorporate an unplanned change before or after go-live. To avoid the endless project, there must be careful management of the scope. When a system is not yet live, it is much less costly to enhance it then rather than after the system is on-line for several reasons:

- The risk and impact of errors is minimal since the system is not live.
- Testing can be much more thorough.
- Rolling back and recovery is easy.
- Deployment is simplified.
- There is no impact on users.
- There is much less pressure.

For these reasons, incorporating some out-of-scope changes may be reasonable prior to the go-live.

Unexpected costs related to additional consulting, extra training, or fixes to unforeseen issues can impact your bottom line. Additional training is not necessarily a bad thing if the money is being spent to prepare the users on how to interact with the system when you go live. In my experience, the smoothest cutovers to the new system occurred with the clients that spent an additional month getting the users prepared through role-playing in the new system while it was not yet on-line.

6

CUSTOMER EXPERIENCE

There are several well-publicized cutovers that significantly and negatively impacted a company because the ERP system was not fully functional at go-live. This affected customer service, order fulfillment, invoicing, procurement, and/or production. This is a significant risk to consider.

Any issues with inventory management or order processing can have a domino effect on the organization as inventory replenishments are potentially mismanaged, resulting in customers not receiving their product on time or accurately.

7

IT INFRASTRUCTURE STRAIN

A new ERP system may require an upgrade to your IT infrastructure (e.g. servers, networks, security), putting additional strain on IT teams and resources if you are hosting your own environment as opposed to being in the cloud. If you are not hosting your own environment, security is still a concern. The security in a cloud ERP system is complicated and will require someone from your organization to invest a considerable amount of time to master it.

8

CHANGE MANAGEMENT CHALLENGES

The ERP system will be the center of your organization, and as a result, everyone who interacts with it will be affected. This will require your employees to figure out how best to interact with the new system in addressing their daily duties. In the old system the steps were well understood. Additionally, one user's actions, or lack of actions, will impact another user's ability to complete his own tasks within the ERP system, however, in the old system the two users could work independently of each other. This can create friction within the company, so having a proper change management plan is vital. Without proper change management, your staff may struggle to adapt to the new ERP system. Resistance to change often affects the overall success of the implementation and can unfortunately derail it.

Effective communication and support are needed to ensure everyone understands the reasons for the change and feels supported in their roles.

9

INTERRUPTION OF WORKFLOW

Different departments or teams within your company may have to delay working during the implementation of the system, which can interrupt day-to-day activities.

10

UNINTENDED WORKFLOW ISSUES

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Fully understanding and preparing for these 10 ERP implementation disruptors will put you way ahead of the game after you've chosen your new ERP system and are ready to begin the project. There is no doubt that challenges and surprises will arise during the implementation, however there is no reason why they cannot be addressed quickly and effectively. The team at Clients First Business Solutions has years of experience in successfully implementing new ERP systems. Reach out to us for guidance and peace of mind with your implementation.

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