



**SEVEN WAYS TO AVOID ERP
IMPLEMENTATION FAILURE**



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Introduction

All too many companies invest in ERP systems, implement them, and do not achieve all the business benefits they looked for. Sometimes, the new business management solution never quite fits the way people and processes work, and occasionally, it is so flawed that companies start over. If you are anticipating an ERP implementation in 2014, it is only reasonable that the potential risks and their mitigation will be top-of-mind. However, there is much good news, too. If you follow a few basic, proven guidelines, the probability of a successful result is actually quite high.

The following best practices are the result of hundreds of different customer experiences and implementations. We submit them for your consideration before, during, and following any ERP deployment. We do not purport to provide a definitive list or the exact recipe for success – which is specific to individual organizations – but acting on even a few of our suggestions here will ensure that your implementation will go smoother and the outcome will provide all the advantages you hope to realize with the help of an ERP system.



ACTIONS

Determine how a new ERP solution must support your company strategy

Analyze the strengths and weaknesses of current systems and technologies

Note ERP-ready opportunities for improving efficiencies and productivity

Audit business groups and key users to understand their requirements

Understand available best practices for ERP deployment in your industry

Understand Your Current Situation

The implementation process does not start with the initial invitation of suppliers to complete tender documents. It begins when a company realizes it needs to upgrade its business management systems and begins to define the goals for a new ERP solution. These goals need to connect to your business strategy and be as specific as you can define them. They should be the guiding principles during and after the implementation process. Your current systems, data, and processes set the starting conditions for the success of your ERP implementation. If you already have an ERP system in place, give it a close review and document its shortcomings and advantages, along with all the activities and processes it supports. There may be aspects of the ERP system that still work well for the users and the business, and you want to make sure to take them forward. However, such aspects of technology as your system's capabilities, scalability, and manageability may be no longer what the company's goals and growth require.



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Here is also an opportunity to transcend any productivity and efficiency bottlenecks as you establish the requirements for the new solution. If your company is a newcomer to ERP and relies on disparate legacy systems to run its business, your task is similar, but you also need to think about and document how you might want to integrate and streamline today's disconnected resources and processes. In 2014, more effective and affordable

integration tools will be available than ever before. As you collaborate with the business and IT stakeholders on these early steps, you can draw on industry-best practices for ERP projects that analysts and technology providers have documented. This is also the best time to start the functional design of the workflows that will help the company compete strongly and achieve a sustained level of improved productivity across the organization.



Draw on Available ERP Insight

It sounds so simple: You need to find a solution that works for you, implemented by a technology partner you can collaborate with. This takes thorough research and preparation on your side. In 2014, many businesses will be emerging from years of crisis or finding new ways of pursuing their goals. Technology innovators are doing their best to be ready for them. Many resources are available to support your efforts. Other companies in your industry have likely faced a similar set of business challenges as you do. Some of them might have already implemented ERP systems or might be in the middle of an ERP deployment right now. You should learn from them what you can. Your customers, trading partners, affiliates, and vendors might also have ideas and experiences to share. Implementing an ERP system is a huge step in the life of a company and in the career of the people who run the process. Most often, they are more than willing to share with you. Industry organizations, online forums, and social media such as

LinkedIn can be great resources to connect with your peers in other companies and hear their ERP perspective. When you consider your choice of ERP system, you will find a number of vendors with standardized, widely deployed solutions and suppliers of industry-specific vertical software that might be able to meet many of your specific needs. While you want to be able to fit your ERP system to your needs, the more functionality you can obtain from standard solutions, the less complicated it will be to implement, support, and evolve the technology. Again, industry associations, analysts, and your peers are excellent resources. More than likely, best practices and innovative ways to address your business challenges already exist and have been proven in real-life business scenarios. Smart due diligence can help you find them. As regards the selection of a technology partner to provide and deploy the ERP system, experience shows that a number of basic steps and questions can help you ascertain the best fit and the ability of a company to successfully deliver the solution you want.



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Some helpful criteria and considerations include:

Customer references are a must. You should be able to speak with the technology provider's existing customers and hear what they say about their experience. If you can meet them face to face at their place of business, that's the best. Ask them about the partner's responsiveness and accountability, their success in bringing the project in on time and on budget, their record in your industry, and, of course, the performance of the solution they deployed.

Will the technology partner be able to help you assess your requirements and identify business processes and activities that you might want to streamline or modify before or in line with the ERP project?

Does the partner speak your language? Do the consultants understand your industry and business model, and have they worked effectively with customers who share your challenges and ambitions?

Find out which implementation methodologies the partner uses, which standards they incorporate, and to what extent they are recognized in your industry. You need to gain assurance that your ERP partner owns the tools, resources, and expertise to perform a successful project for you.

How does the technology provider engage with clients? Will there be a senior person serving as your main contact? Does your company's style and culture fit with what you see from the ERP partner? Does the chemistry feel right?

What would a long-term relationship look like? Is the partner company stable and in a strong financial position? Is it growing or laying people off? Is it in strategic alliances with ERP and industry software companies? What are the resources for continuing support and solution enhancement? Can the partner company do business in all the countries and regions where your company operates?

Understand and Control Costs

To effectively control the budget you need to understand the real costs of acquiring, implementing, and operating an ERP system. Some of these may not be obvious. Likely costs in addition to software licenses include consulting, deployment services, hardware, training, organizational change management, coding and custom development, support and maintenance after the initial deployment, and staffing to cover for project members involved with the implementation. If you decide to implement your ERP system in the cloud, your costs may be relatively low, but you will certainly need to plan and budget for deployment, hosting, ongoing support and solution enhancements, training, change management, and customizations. Both on-premise and cloud-based deployments of a new business management infrastructure

ACTIONS

Establish a detailed budget with all ERP-related costs

Use the budget document in stakeholder collaboration

Implement budget control procedures to identify budget variances early

may require upgrades to existing systems or integrations between the ERP solution and other technologies. During 2014, cloud deployment strategies will continue to mature, presenting businesses with opportunities for excellent budget control and great flexibility.

Your initial, clearly-defined budget and scope will be key criteria you can use to understand and measure the ERP project. Your – by now – trusted technology partner will be able to disclose all expense items related to the services to be performed, and can also help budget for software and hardware. But remember that these items are only a part of what you need to budget for.

Once you have identified and projected all of your cost items, you can enter them into the master budget document for the project, one of the most important tools you and your



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collaborators will use. The budget document is an evolving resource that changes as the project progresses and some estimate details might be revised. Ideally, you maintain a master document that all stakeholders can easily access and refer to.

Now that your budget is set, you need to control it. This requires constant monitoring and change control when additional work is required. It is critical to establish clearly defined project milestones and sign-off points to control project progress as well as the budget, and identify and address budget variances as early as possible. Proactive, continuous management of the budget is the only way to forestall and control overruns and unplanned changes to the project. This task could include the auditing of budget expenditures from the partner to verify invoices against consultants' timesheets.

Ensuring tight control of the budget can make all the difference between a successful, on-budget implementation and one that may go live successfully, but has large cost overruns. Close budget control by means of the master budget document also helps you maintain accountability and transparency toward your executives and financial managers.



ACTIONS

Assemble an Effective Project Team

The most successful implementation projects have at least one internal project manager who is 100 percent dedicated to ensure the project is on track, on budget, and meets business needs. This person should have leverage and visibility in the company as well as deep knowledge of the business and its strategy. Ideally, your project manager can connect well with the different business groups and has a productive relationship with the executive sponsor for the ERP implementation, another key contributor. While your executive sponsor may not need to be involved in the day-to-day project details, you want to keep this person informed of major milestones. The sponsor's role will be to ensure that executives and board members understand and support this important project. Without support at that level, your project might start drifting and your project team members dropping out to concentrate on their regular responsibilities.

Include stakeholders and key users from all affected business groups

Ensure executive sponsorship for the ERP implementation

Assign a strong, fully dedicated project manager

Rely on your partner's expertise to guide team and project



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Gathering the project team should be a deliberate process, including both key stakeholders and critical users from the company's business groups. You need broad participation outside of IT, or it will be hard to motivate employees to adopt the new ERP system. Not all members of your project team need to be involved with technical decisions, many of which a core group of IT managers and consultants can handle. But they all need to take proactive ownership of the company's ERP direction. They have to be accountable for the project, evangelize it to the employees in the business groups, and help people understand how the new business management system can help them in their work, so they, in turn, can assume ownership and responsibility. In general, you will achieve the best levels of ownership if you offer people opportunities to become involved and ensure that they can contribute to and feel a part of the project.

Also consider that people's attitudes are extremely important in keeping your ERP implementation alive and well. The members of the project group must embrace and maintain a positive attitude toward the ERP change. Any resistance is amplified through the team, but so is a spirit of moving forward in an innovative manner. Involve the project team in setting clear priorities and goals, and in mapping your business processes to the ERP solution. Your implementation partner's consultants, who need to be part of the project team, should be able to facilitate this process efficiently. Their experience with previous deployments can help guide your internal team.

Use Training to Ensure User Adoption

You and your project team have done an admirable job of promoting the new ERP solution internally. Employees are eager to start working with it. Thorough training can make the difference between user acceptance and user apathy. Companies often cut training budgets in the interest of cost savings, but doing so can be detrimental to the success of your ERP investment and send a negative message to employees. It is important that software users understand both the “how” and “why” of their new solution and processes. Initial training sessions with the key members of the project team could take a train-the-trainer format. You may also offer scheduled classroom sessions for departmental members, or entire departments.

ACTIONS

Offer training assistance in the first few weeks after go-live

Design training curricula based on real roles, responsibilities, and requirements

Budget and plan for regular refresher and remedial training

Some companies like having departments receive training separately, others like the synergy of joint participation. No matter what you decide, key members of the project team have to agree on the training curriculum beforehand to ensure the sessions delivered meet the needs of the business. In addition to functional training, ERP users should be briefed on a more holistic level so they understand how their role complements others. Training in isolation may help users gain an initial understanding of how the software works, but folding training into the overall business processes is essential. ERP training is a not-to-miss opportunity for people across the company to come together and reinforce their shared goals. Executive presence and support can have a great beneficial impact here.



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Throughout your ERP solution's lifecycle, training will remain a critical enabler of the system's value for the organization. That means you need to budget and plan for it past 2014, and include ERP training in your company's culture of success. In the first few weeks after the go-live date, you might need to provide additional in-depth or remedial training in certain functional areas of the solution. Subsequently, you should regularly audit the user community, ascertain training needs, and ensure that people use the solution effectively as the company's centralized business management system. You will notice that user skills can weaken over time as routines set in. Remedial training can restore continued engagement and productivity. Of course, you want to provide new employees with the same thorough training everybody else received.

Plan Data Migrations Early and Strategically

A wealth of valuable business data resides in your various business systems. You will want to have your technology provider perform migrations to bring that data into your ERP system and make it universally available to people and processes. The right data migration strategies and solutions can make this critical step dependable and easy. The common response to the question, “What data from your current systems do you want to migrate to your new system?” is often “all of it.” While this is possible, it will probably be expensive, take much time, and deliver little value in relation to the effort. You need to approach data migration with a clear sense of the business needs and ERP direction. To ensure that you bring the right data into the new solution, in the right format, you also need to set realistic time estimates for analysis, development, and testing.

ACTIONS

Allow time for testing and corrections

Create a comprehensive data migration strategy



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Start the process with a data migration workshop to define the approach. This should take place as early in the implementation project as possible, preferably along the scoping activities. A good time might be following any high-level solution capabilities training for key users, when the solution features are still fresh in the mind of the attendees.

The workshop should include discussions and decisions regarding all key areas, including the scope, data sources, timelines, data repositories, data cleansing, gap analysis, data requirements capture, documentation and development of conversions, loading, testing, and master data management practices in the future. The output from the meeting is a data strategy document to be signed off by the project board.

This document details the overall data management and data migration approach along with all steps to be taken as well as roles and responsibilities. These critical activities have an impact on your project schedule, which means you need to set appropriate expectations with the stakeholders. If your implementation involves multiple companies or legacy systems, it will be helpful to plan in time between data migrations to review what went well and how you could improve the process. Final data routines should be final long before the new ERP system goes live. We recommend that you initially test subsets of the data and run at least one full import process before go-live so you can surface any issues and resolve them well in advance of the system roll-out.



ACTIONS

After go-live, evaluate the implementation's success and the solution's fit with your goals

Continue to evolve the ERP solution by means of annual planning and budgeting to meet your changing business needs

Continue to Evolve Your ERP After Go-Live

In addition to achieving a huge milestone for the company, going live with a new ERP system is also the start of a new phase in the solution's lifecycle. 2014 can be the beginning of an exciting business transformation. Often, certain requirements, issues, modifications, and suggestions were not on the business' critical path during the initial implementation. Now you can take the time to consider and address them.

It is also a good idea to review the original goals you articulated during the purchasing process for relevance and completion. You and your implementation team should verify whether the solution indeed meets your primary objectives. If that is not the case, what is missing and how can you address any gaps? What should the next enhancement to your system include? Can you justify the costs?



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If, at this stage, the business already stops maturing the ERP system as the company grows, changes, and innovates, it is very possible that you will be embarking on a new implementation project in the next five years, because the incumbent system does not meet the needs of the business. To really reap the full benefits of your ERP investment, you need to make it part of your company's culture of success. It cannot be a static element, but needs to evolve with you. Ideally, at least a few key members of your project team and an executive sponsor will remain involved and support the annual planning and budgeting for ERP enhancements, new business process optimizations, and productivity improvements. Remember, an ERP system is like a plant – it needs water, light, fertilizing, and trimming to stay healthy and grow.



Your Best-Practice Check List:

- Determine how a new ERP solution must support your company strategy
- Analyze the strengths and weaknesses of current systems and technologies
- Audit business groups and key users to understand their requirements
- Note ERP-ready opportunities for improving efficiencies and productivity
- Understand available best practices for ERP deployment in your industry
- Access the ERP experience of your peers in other organizations
- Look for standard solutions that meet most of your requirements
- Verify the expertise and success rate of potential ERP implementation partners
- Establish a detailed budget with all ERP-related costs
- Use the budget document in stakeholder collaboration
- Implement controls to address budget variances
- Assign a strong, fully dedicated project manager
- Ensure executive sponsorship for the ERP implementation
- Include stakeholders and key users from all affected business groups
- Rely on your partner's expertise to guide team and project

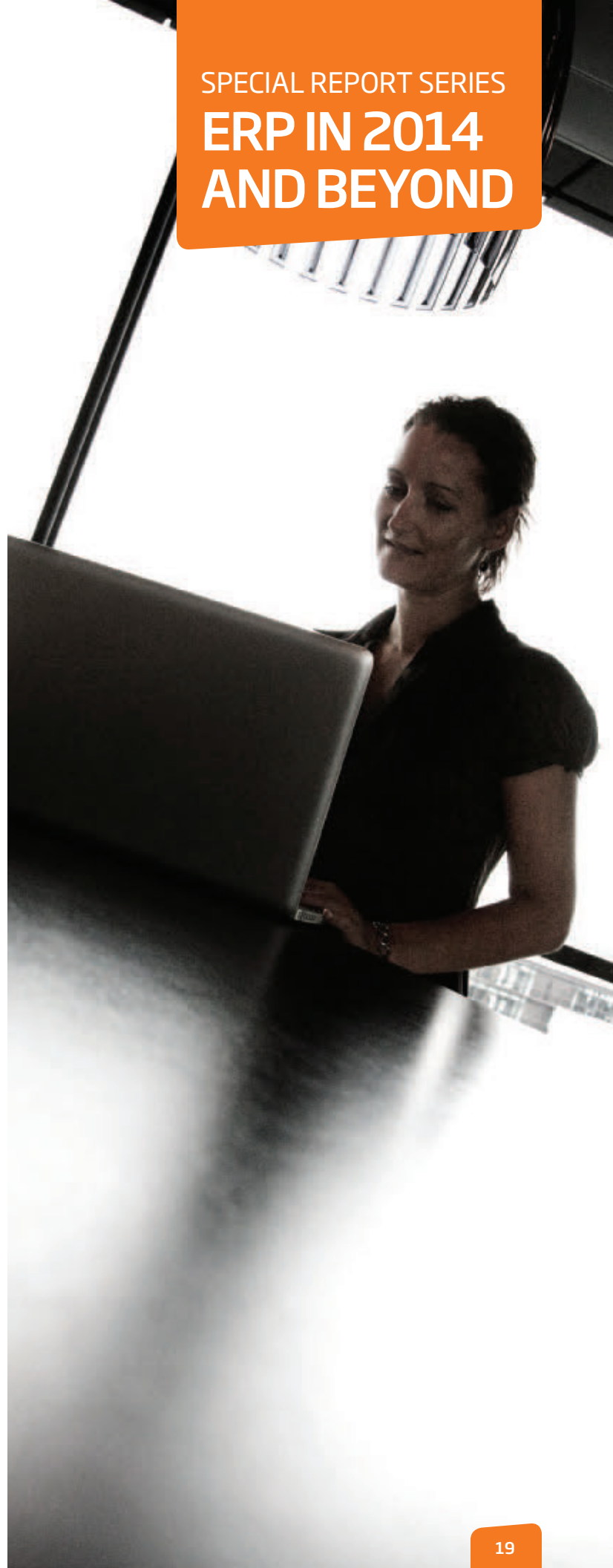


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- Design training curricula based on real roles, responsibilities, and requirements
- Offer training assistance in the first few weeks after go-live
- Budget and plan for regular training throughout the solution lifecycle
- Allow time for testing and corrections
- Create and document a comprehensive data migration strategy
- After go-live, evaluate the implementation's success and the solution's fit with your goals
- Continue to evolve the ERP solution by means of annual planning and budgeting to meet your changing business needs



Conclusion

No single approach to implementing an ERP system will fit every company. Even with the best planning and the most productive outcomes, the process takes time, requires a substantial investment, and demands a significant resource commitment. If you select a technology partner that is a great fit for your company's industry, culture, and goals, your outlook for completing a successful implementation becomes much more likely. If you apply the guidelines we present, your probable success rate improves even more. Don't treat any part of the implementation process nonchalantly – all the steps we suggest here have resulted in flawed or failing implementations when companies did not give them the proper consideration.

You may also find the other papers in our “ERP in 2014 and Beyond” series helpful:

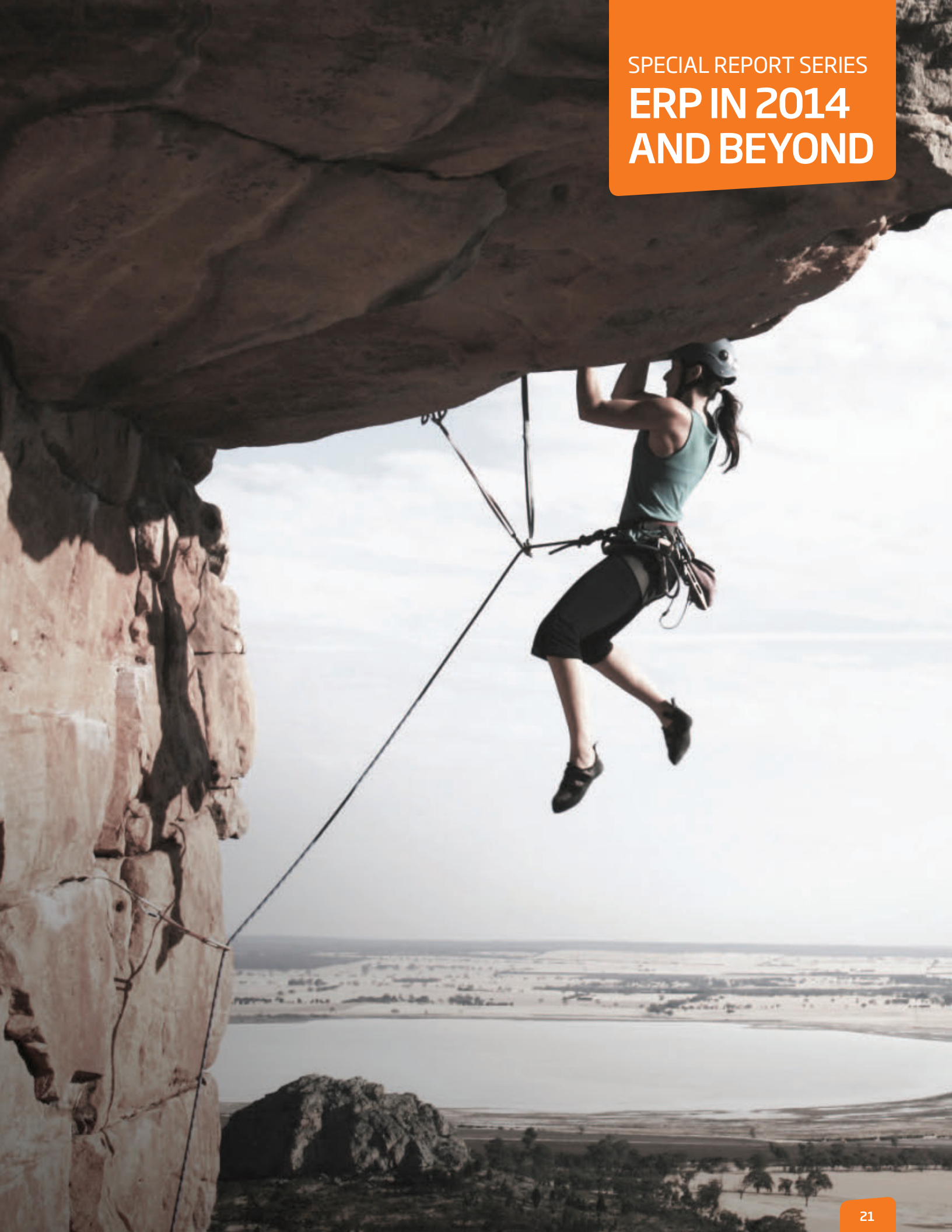
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Our approach to solving our clients' issues can best be described as proactive. We challenge our clients' traditional ways of thinking, help them see new opportunities for improvements, and take responsibility to drive change in their organizations. We've delivered these business benefits for over 25 years to many of the leading companies worldwide.

Columbus RapidValue

Columbus is a long-time developer of award-winning industry software and has recently become well known for developing Columbus RapidValue. RapidValue is a business process management tool that drives increased client value for ERP solutions. It delivers a shorter implementation with more predictable results by incorporating hundreds of best industry practices accumulated through in over 6,000 Columbus implementations. This allows Columbus to focus on streamlining the processes that make our clients unique. Companies all over the world are investing in RapidValue and enjoy the benefits of shorter times to value, quicker and less risky implementations, and the industry leadership and knowledge acquired from the thousands of Columbus deployments that preceded theirs.



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ColumbusCare

ColumbusCare is unique to Columbus – it is how we take care of our clients, 24/7 worldwide. With ColumbusCare, you get a well-trained team dedicated to improve your system's efficiency, cost-effectiveness, and risk resistance. Whether you're looking for enterprise-level support, upgrade options, or system enhancements, ColumbusCare provides flexible service levels to meet the needs of your business.

Columbus SureStep+

SureStep+ is the methodology that Columbus developed and uses globally to ensure consistent delivery of projects on time and on budget. Based on over 6,000 implementations, it mitigates risks commonly associated with ERP implementations while delivering solutions with a shorter time-to-value and higher ROI.



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Seven Ways
To Optimize
Your Existing ERP
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Business Process
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