

ERP in business language

9 Reasons to Approach an ERP Implementation Project as a Business Project, not as an IT Project

An ERP system definitely helps organizations to perform business processes in a structured way. But how can they be sure that operational strategy will be reflected in the new ERP system? How can the discrepancy between business requirements, process modeling and the actual implementation of the ERP be reduced? How can the organizations be sure that business specifications are included in the present system and the processes are optimized and standardized before the new implementation?

A solution for all these questions is the approach of the ERP implementation project as a business project and not as an IT project. The solution based on processes implies building up of an operational model that needs to be used in all phases of the ERP implementation project: from selecting the solution suppliers and contracting up to defining the technical solution, implementation, testing and going-live.

The ERP implementation project does not start in the moment of contracting the supplier, but before, together with the activities connected with the building up of the operational model that comprises: the analysis of the main current processes and sub-processes to the level of activities, performers, informational flow and identification of the improvement potential as well as identifying the changing needs of this model resulting from the strategic options for the following period (new services or products, new distribution channels etc.). Consequently, both the members of the operational divisions and the management must be actively involved in the project because they are the ones that can decide on the future directions and the changes that need to be implemented.

Furthermore, during the implementation project, their implication is equally important since they are the ones responsible of choosing the optimum scenario offered by the technical solution to maintain or increase the quality of the process execution. Also, they are the ones that can confirm at the end of the implementation that the technical proposal is sustainable for the future desired operational model.

A series of difficulties marked the experiences of the companies that approached the ERP implementation strictly from a technical perspective; a few of these kind of issues are presented below together with the initiatives of the business approach-based implementation that help organization mitigate or eliminate the risks of the former.

1. Difficulties in choosing the suitable ERP project and contracting the supplier

Defining the right operational model is the most solid basis in identifying the main functionalities that need to be covered by the future ERP solution. Also, this requirements list is the main tool that needs to stand at the basis of estimating the necessary effort for the implementation and, subsequently, at the basis of negotiating the value of the implementation services. The necessary effort can be determined through a simple formula: the effort of the standard solution implementation plus the effort of the implementation of punctual functionalities that are not covered by the standard ERP.

2. Multiple scope changes and the extension of the implementation project over the projected deadline

A strictly technical approach for the implementation of the ERP project is limited at coordinating the activities that are covered by the ERP while ignoring the rest of the activities that are performed outside the system. A strictly technical approach assumes unstructured data collection

of functional and development requirements and the development of two parallel and unsynchronized patterns - the technical and the operational one (thus missing the complete picture). Only the clear definition of the operational strategy and of the complete business model together with a rigorous project management leads to the necessary stability during the implementation and maintenance of the scope and objectives throughout the entire project life.

3. Difficult communication between the process owners and IT experts

An exclusively technical view over the ERP implementation will lead to the emphasize of the differences between the process owners and the IT experts since they typically do not use the same language, the same instruments or a common perspective. Employing the complete operational model as the basis of the new ERP contributes to the removal of the communication barriers since the process owners as well as the IT experts can work on a common architecture where they can see all the activities and, especially, those that will be executed in the future via the new ERP system.

4. Difficult and incomplete consistency of the workflow with the new ERP solution

The lack of a transformational organizational plan and the insufficient involvement of the organization members in executing the implementation are reflected by the difficult adjustment to the working procedures that are related to the new ERP system. A correct approach implies the extensive involvement of the organization members in documenting and analyzing the processes, so that they have an active contribution in selecting the ERP functionalities which will significantly increase the understanding and the acceptance of the new system. Moreover, once documented, the processes will be used during the training sessions so that the staff assimilates the new workflows changed by the ERP solution.

5. A great effort consumed for realizing the integration tests between the modules

Another consequence of the unstructured data collection of the technical functionalities is the effort and time consuming activities in order to obtain the integration between the modules of the ERP solution and the validation of the final solution. The process-based approach imposes that the new ERP solution is built on the complete business and end-to-end scenarios view, thus reducing the time wasted on identifying the integration points of the modules.

6. The difficult change of the ERP solution after the go-live phase

The classic approach of the implementation project supposes the realization of an inadequate documentation for the implemented solution related to both the form and the content viewpoints. A consequence of this fact is the difficulty in adapting the solution to the changing needs that will occur after the go-live moment. The new process analysis tools make possible the re-use of the documentation in order to readily identify the points in which the ERP solution must be adapted, within the context of the future requirements of the organization.

7. Difficulties in the integration of the new internal control system with the functionalities of the new ERP system

In order to eliminate this lack of transparency, process documentation must grant equal importance to the activities outside the ERP system area that will allow a complete view over the organization and will enable the easy input of the controlling points in the business processes.

8. Duplication of the implementation effort to roll-out the solution in other locations

Solution extension and implementation in other locations of the organization can be costly both due to the lack of an internal reference operational model and to the rigidity of the process documentation tools.

The complete documentation on hierarchical levels of the company's processes will allow an analysis between the processes of the new location compared to the standard model, translated in an important cut of the roll-out costs for the existing solution.

9. Operational activities are carried out with greater difficulty after the implementation

An approach focused mainly on the application's functionalities will lead to the situation in which the new solution will enhance the old operational shortcomings. By contrast, a process-based approach during implementation will start with the analysis of the current processes and the identification of improvement opportunities, avoiding the situation in which certain deficiencies are transferred into the new ERP solution model.

Conclusions: Subsequently, the business-based approach of the implementation project allows companies to monitor their business processes and permanently adapt to the new strategies, while simultaneously keeping up with the latest market requirements. With an integrated view during strategy, modeling, implementing and monitoring, this approach builds up the integration between the operational processes and the ERP systems, minimizing the difference between the business requirements of the management and their transition to the new IT system.