

Selecting ERP

Top-Ten Land Mines to Top-Level Project Success

The following ten items are typical obstacles to effectively select ERP. Some items listed address activities that should be conducted during a selection process, but more effect project cost and implementation success. A few comments counter conventional thinking, so feel free to call us to discuss further. All of these points can be defended based on the experience of over 1900 ERP selection projects.



Operations does not own the ERP project

ERP projects are about improving efficiency of business processes and competitiveness. For reasons too many to list, operations must own the project to more rapidly and fully reach top success. These are not IT projects.



Modern ERP is not understood

There are incredible productivity options held in ERP that have modern configurability, workflow engines, business intelligence mechanisms, etc. If these capabilities are not understood, they will not be properly visible in selection and/or implementation planning. The result will be ERP implemented well short of its potential. (Note that about 90% of ERP still offered is not modernized.)



Long list is influenced by inaccurate and biased input

Simply stated—a vast majority of advice, which drives long lists, is not good. Advisors usually are subject to incomplete and/or biased information. Web-based lists are almost always highly inaccurate and many sell names to software vendors. If a long list is not known to be solid, then this introduces uncertainty that will compound throughout the ERP project.



Inaccurate understanding of business processes ERP should support

The processes that ERP should support (ERP footprint) are largely dependent on the selecting company's size, industry, and/or process complexity. And to a lesser degree, the breadth of functional options from the long list ERP vendors. If the ERP footprint is not effectively established, various levels of error are introduced into the selection process and can result in wrong modules or components being purchased, and even the wrong ERP being chosen.



Using the wrong decision factors to reduce the long list

These factors should largely be important (and non-routine) functional objectives and overarching objectives (e.g. strength of workflow engine, configurability options, etc.). Using long lists of functional requirements is actually counterproductive (see our whitepaper on this topic). ERP license cost and implementation approach are not typically influential (explained in #7 and #10).



ERP project team not well coordinated

Enterprise software projects are very complex and in turn have many areas in which a project can be negatively impacted. These projects need good internal leadership that understands enterprise software and has the capacity to lead all participants (including implementers). Also key is competent and available representation from process areas affected by the project.



Paying too much for ERP licenses

Routinely companies pay about double what they should. This high cost puts an understandable—but unnecessary focus on cost as a selection influencer. There are ways to have all competitive ERP vendors significantly meet the same buyer-centric target license cost and terms. As mentioned #5, this is why ERP license cost is not typically a differentiating factor.



ERP contract terms are one sided and accepted by buyers

Contracts provided by sellers of complex products and services are usually not in the buyer's favor. Ensure contract language covers your reasonable interest in maintenance term, license transferability, future pricing, notice on changes by the vendor, provisions if the vendor or ERP product is sold, etc.



Not leveraging selection work to improve readiness to implement

*Selection projects should include an investigation of current business process weaknesses and improvement ideas. This work should be used in planning future-state processes, and this planning should begin about three to nine months before implementers arrive. **DO NOT DEPEND ON IMPLEMENTERS TO DO THIS WORK** (see our whitepaper on owning implementation readiness).*



Implementation services overly influential in selection decision

Statements from candidate implementers on service cost and their methods are largely irrelevant in ERP selection decisions. Implementers do not have any serious idea of costs for a particular prospect and methods among top-line vendors are overall equal. What is relevant is the talent of the specific people proposed for your project and their hourly cost. For well established ERP packages there are multiple options to find talented people at a reasonable rate. Therefore, and as mentioned #5, this is why implementation services are usually not a large differentiating factor in ERP selection.

What is a 'highly successful ERP project'?

We define it as one where a good selection was made and a buyer centric purchase arrangement was achieved. Further, future-state business processes are well designed and ERP was efficiently implemented emphasizing:

- Enterprise-wide collaboration between business process areas
- Modern workflow and process exception mechanisms
- Collaboration with customers, suppliers, remote sales, etc.
- Best practices overall and standard practices in the ERP
- Modern business intelligence options

The result is large cost savings in day-to-day operations and less stress on the company team. An even larger value is in an overall more competitive and agile company. When operational leadership understands what a highly successful ERP project looks like, and its value—they often take strong action to better support and protect the project.