10 COMMON ERP MISTAKES AND HOW TO AVOID MAKING THEM

An ERP solution should streamline workflow and cut costs. However, an inadequately planned and implemented ERP deployment can end up costing organisations if they fail to deliver expected ROI, or if their new solution results in a drop in productivity.

This whitepaper takes a look at 10 common mistakes made by organisations implementing ERP solutions and advises on how to overcome the challenges and complexities of deployment.

1. Be realistic in your planning

Planning is key to the success of any ERP project. Companies often underestimate the time and resources required to implement a new solution. Obviously, less pressure is put on your existing workforce if a third-party vendor/service provider is brought in to design and deploy your new ERP solution. What needs to be avoided is the extension of schedules and budgets.

Also, you need to understand your current business processes to plan how to evolve with the use of ERP. It is hugely beneficial for organisations to conduct internal audits of all their processes and policies before choosing an ERP

solution. Conducting an internal audit of processes is a good starting point as it highlights areas where the new solution can be used to achieve maximum impact.

> **61.1% of ERP implementations take longer than expected (Panorama ERP study).**

2. Undertake active load testing

The durability and robustness of your ERP solution can only be assessed with active load testing based on real-world projections and simulations. It cannot be properly tested by a small set of users.

An active load testing environment that replicates user load is necessary to see the everyday effects of changes and helps businesses to avoid costly unplanned downtime. Any changes made to the solution during deployment should also be tested in the same way to ascertain the impact and expose potential unknown problems. Accurate results of changes can't be established based on just a couple of test users.

> **Modern ERP systems allow distributors an inventory accuracy average of 97% (Aberdeen).**

3. Make it a collaborative effort

When it comes to introducing a new ERP solution, buy-in is needed from all departments and at all levels of the organisation, not just from key players and executives who are instrumental in rolling out the project. Your staff need to be clear about why ERP is being introduced so they will accept any changes to their operating processes.

To obtain buy-in from stakeholders across the organisation, change management is required – this could include sales, marketing, finance, operations, purchasing and the warehouse. Involving key participants from each department will help you overcome organisational resistance and drive the project forward.

Along with a dedicated project manager, these key participants can clarify where change is needed and emphasise the objectives of implementing ERP.

ERP streamlines workflow automation, allowing companies to reduce operating costs by 22% and administrative costs by 17% (Aberdeen).

4. Roll out pilot programmes

Any further organisational resistance can be managed through pilot programmes. These will also contribute valuable information for testing and decision-making of particular features. Putting together an ERP evaluation team composed of stakeholders will help you to dispel worries about system complexity, as your employees will be able to input into the design of your new solution.

Pilot programmes should be undertaken for each ongoing phase of an implementation, not just the initial deployment.

1/3 of ERP buyers did not even demo a product before buying it. (Capterra).

5. Train your workforce

For a faster ROI, it's imperative that employees are up and running with the new solution as soon as possible.

The quickest way to do this is to make training situational or role specific. Training should begin by getting your staff to perform a few live simulations and manipulating the data. Training should then delve deeper into the features contained in the ERP solution.

Ideally, your employees should be given the chance to become completely comfortable with your new solution before it goes live. However, many features may not be fully understood during the initial phases and training needs to continue for each person as they become more active within the system.

15% of ERP projects perform no customization (Panorama ERP study).

6. Factor in compliance issues

The compliance issues relevant to your business should be a factor when choosing an ERP solution, for example, you need to think about how your accounting teams will handle tax and reporting in ERP.

Regulatory compliance isn't just a consideration for an ERP solution's financial functionality. Audit risk needs to be assessed in other modules, especially when a business is dealing with client data and/or credit card payments.

Your organisation should review the areas where compliance is required within the industry and then put a framework together. An ERP solution should be used to help you adhere to industry regulations and other legislation.

Midsized companies who implement modern ERP systems are able to support change and grow operating margins by 21% (Aberdeen Group).

7. Review your data sources

An ERP solution is only as good as the data it contains, therefore, it is crucial to put in place procedural parameters that will minimise the risk of errors.

ERP solutions are useful for highlighting databases that have been poorly maintained. If there is a lack of quality data, it will soon show up. Organisations may find they have insufficient

performance data to help them accurately manage production planning, material procurement, inventory management and billing.

An ERP solution will reveal information gaps and help you pinpoint the data that's important to your organisation.

23% are unable to grow their business as quickly as they would like and believe this to be because they lack the tools they need in their current ERP system (Mint Jutras).

8. Look at your legacy systems

The only systems left in place should be ones that work in tandem or complement your new ERP solution. ERP should be looked at as an opportunity for process improvement.

Your organisation should have a plan to decommission applications once your ERP solution has gone live. Users may need time to get used to the new solution, but the cut-off point for legacy systems shouldn't be left too long. If legacy systems are left in place, users may revert to using old applications.

Plus, the cost of maintaining legacy assets in terms of support and upgrades will cut into margins and delay ROI on the new solution.

ERP systems that provide accurate, real-time information about daily operations help companies reduce operational costs by 23% and administration costs by 22% (Aberdeen Group).

9. Devise a maintenance strategy

ERP implementation planning should include maintaining and improving the solution after deployment. Preventative maintenance helps you to take full advantage of your ERP solution and maximise your investment. There may be improvements that can be made after installation. Another consideration is that compliance obligations may change, which will require adaption to your current solution.

By introducing a maintenance strategy at the outset, all users and stakeholders will know what needs to be done on a regular basis. If responsibilities are assigned early on everyone will know who is accountable for each area.

28% report being unable to serve their customers as well as they would like due to a lack of functionality in their ERP system (Mint Jutras).

10. Choose the right ERP vendor

Many organisations don't have the in-house capabilities to properly evaluate and design ERP solutions.

A third-party provider with experience of implementing ERP solutions for companies in a particular industry is often preferable. They will already be familiar with the challenges that your specific business faces and will have the skills and knowledge to adapt a solution to suit your sector's needs.

Companies should explore all options for support, and look for ERP solutions that will encourage employees to follow best practices and ultimately improve operational performance.

67% reported that they need a solution with more industry-specific functionality than their current ERP system gives them (Mint Jutras).

In conclusion

Companies looking to implement an ERP solution are often trying to solve a particular business issue. It could be to cut technology costs or to increase efficiency and streamline processes. But without an overall ERP deployment strategy, your implementation could actually result in exacerbating the problem it is supposed to solve.

However, when you add up the advantages ERP brings, such as eliminating redundant processes and systems, lowering the cost of doing business and giving employees access to accurate information to enable them to make better decisions, it is clear that if you take the time to meticulously plan your deployment, you'll reap the rewards of ERP much faster.

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