Building Rock Solid Foundations for ERP

Whitepaper Part 1 of 3 – 2021

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The ERP Journey - The Foundation

About Effectus

Over the last 13 years Effectus has been facilitating and guiding the selection and implementation of ERP. Our key learnings on ERP foundations are:

- ERP project outcomes are heavily dependent on the foundation established at the project outset.
- ERP systems are complex, time consuming and impact the entire organisation.
- Early missteps can cost time, financial resources, and careers.
- It is much harder and more costly to make changes later in the ERP journey – get it right up front.
- Avoid disruptive and costly challenges with your ERP project with good foundation planning.

ERP has, particularly in recent times, become a major transformation of the business. It is, therefore, worth the effort to build a solid foundation.

Many businesses are actively looking at replacing or upgrading their ERP and it is a challenging prospect. In the following diagram the Foundation component typically takes about 12 weeks to establish readiness for ERP. This helps ensure the business has understood the likely project dimensions in terms of effort, time and cost with respect to the expected benefits gained from an ERP change.
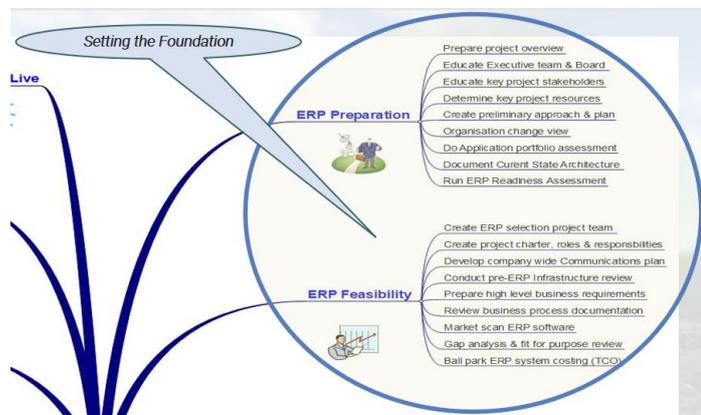
It is a time to educate the Executive team, key stakeholders, and staff with a necessary goal of total buy-in from everyone. It will help you prepare and potentially avoid big surprises later because ERP projects are hard to plan let alone with no effective preparation.

Important Steps to Take
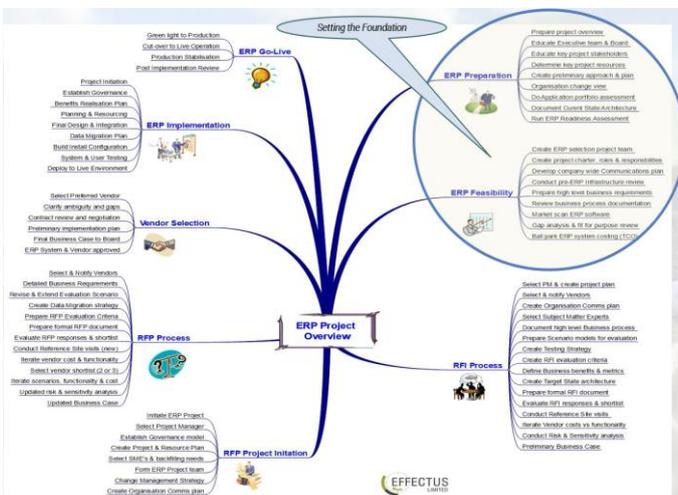
Get your project team in place as early as you can which will require convincing the business it is necessary so work through the resources list in this order to ensure you can make progress:

01 Governance team – with a few from the Leadership Team who can sign-off investment and important resourcing decisions.

02 Key project resources – hire or contract them for the duration of the project and the Project Manager should be in place before the selection process begins.

03 Subject matter experts (SMEs) – with backfilling expectations set for selection and implementation.

Communicating the "*change is good*" message will normally require a Change Manager and in large projects a dedicated Change Manager. Care must be taken to ensure ERP is not perceived as threatening to staff i.e. automation will not make people redundant, it will make mundane tasks redundant. The foundation stage is the time to start selling a positive change message of what the future will look like.
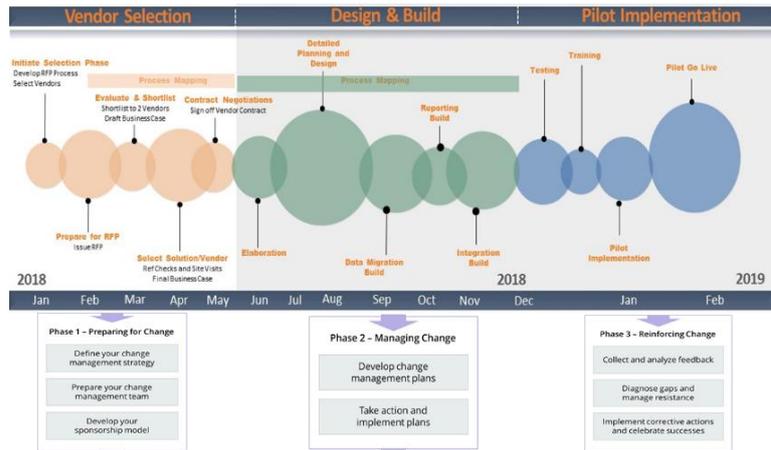
Understanding ERP Benefits

Efficiency
- Reduce Manual Work.
- Improved procurement process.
- Reduced Infrastructure Costs.
- Reduced Software licensing.

Effectiveness
- Self-Service Capability.
- Data for Decision Making.
- One view of the Customer.
- Integrated Vendor processes

The reason for a new or replacement ERP can never be "*because we have to.*" Establish what benefits you will expect to get from ERP by looking at the current state and assessing what the future state will look like at a service, process and business outcomes level.

Given the depth of functionality of ERP systems available today you will get the most benefit from an "*adopt not adapt*" or "*configure not customise*" approach where you will be using the configurable nature of the ERP to be more efficient, effective and customer focused.
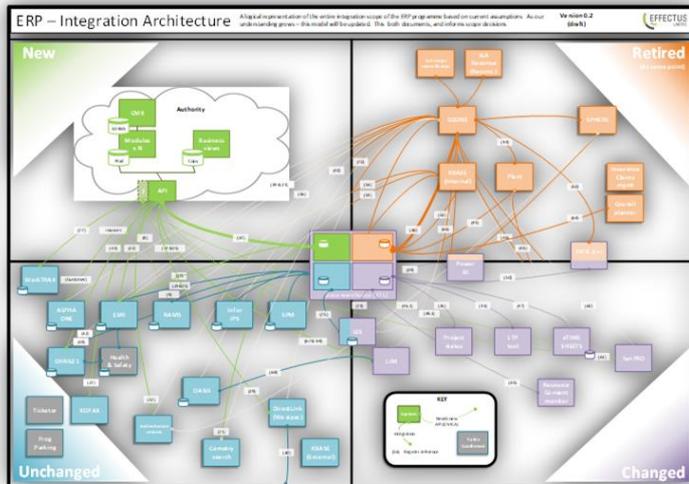
Understanding your Current State

Leading up to the ERP Selection stage a necessary requirement is building a clear understanding of the businesses services to properly plan for what will be included in the new ERP scope and to also guide what will be required for resourcing, integration, and data migration.

Business high level processes to be addressed by the systems are clearly understood and documented. Map current processes and identify what processes need improvement.
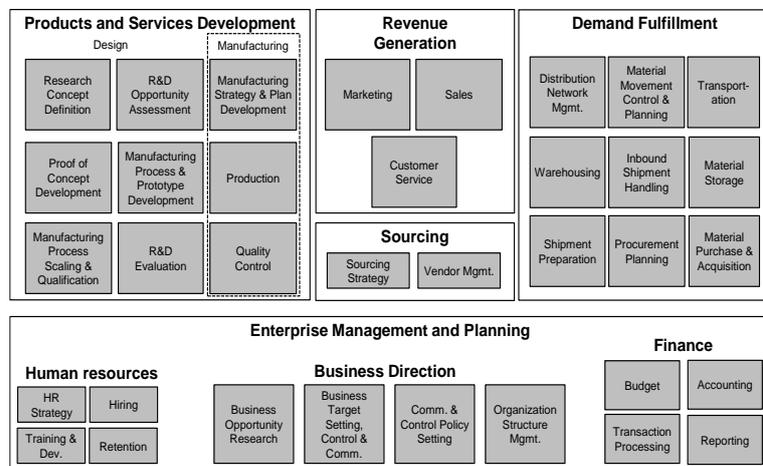
Document your Architecture!

Many businesses do not have their current state architecture documented or up to date. This is an important step that is often left too late in the selection process.

Understanding how your current systems are integrated at a high level is essential to help understand the ERP scope and impact of any proposed changes to your environment.

It is also crucial to vendors clearly understanding your environment and avoiding surprises down the track.

In summary, this is going to be hard!

There is no way to sugar coat an ERP journey. It is going to be challenging, so plan as well as you can to minimise impact on the business and IT. You must always keep in mind that if you do this well it should be transformational. So the last steps before the selection process are:

- Agree on the basics like it will be Cloud, it may be phased by module, it could involve multiple vendors
- Create a draft Data migration strategy
- Create a draft Change Management strategy
- Create a Target State Architecture
- Define and agree "What does success look like"

The three white papers in this series cover a high-level view of the ERP implementation journey.

- Part 1 - Building Rock Solid Foundation for ERP
- Part 2 - Selecting the Optimal Route for ERP
- Part 3 - Guiding your way through implementing an ERP

Take the Next Step

- Talk to us! We would be happy to have a 'no strings' chat about your ERP journey.
- Know where you stand.
- Ask us to carry out an initial status quo or ERP readiness assessment.
- Review our other whitepapers available on our website (www.effectus.co.nz)
- or if a chat is preferred, please get in touch with our Enterprise Systems lead Dan Biggs or with Colin Andersen our MD.

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