



smartERP blog

# 9 ESSENTIALS FOR SUCCESS WITH ERP INSTALLATION

A good ERP can improve your life immensely  
... but without the right preparation, it will  
be like running out of breath



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# 01

## ***Before anything else, set clear goals for your business transformation***



The purpose of goals is to be like a lighthouse. Business leaders, the project team, the software house, all need a clear set of goals to steer by.

General **wishes** alone, like wanting a good system, getting rid of the old one or wanting a more efficient company, are vague and inadequate. Words like “better”, “good”, “efficient” mean next to nothing when detailed answers are needed to specific questions.

While general wishes often are a good starting point, they **MUST** be translated into well-defined **business goals**.

Some examples could be:

- Standardize operations and workflow
- Achieve greater visibility for sales processes
- Synchronise sales orders, purchasing and production
- Optimize inventory levels
- Plan and monitor projects in “real-time”

Later on, throughout the project, the goals will provide the outlines for actionable **objectives**.

## Create a Benefit Map for jobs, departments and company



List and prioritise **benefits**, and recognise the very real **obstacles** the project will have to face. Heed basic questions such as these:

- In what ways will the jobs and life of departments be altered after the transformation?
- How will the changes benefit or hinder the people in these jobs and departments?

The list of anticipated **gains** and **setbacks** will form the **Benefit Map**. It is much easier to plot a course and navigate around the obstacles if you map them before the project starts.

Although the company is investing substantially to transform, not everybody will be over the moon. Individuals may find all sorts of problems or threats in the change process or the outcome. Extra work, increased pressure, loss of key position, incompetence revealed, just to mention a few.

At management level also, there could be a tug-of-war for responsibilities or a contest to avoid them.

# 03

## ***Effectively align your management team with the transformation's positive outcome***



Once the company has a realistic projection of how people's lives and work will be affected, the next step is to get key players on board.

Neither threats nor promises are suitable for gaining the internal backing you need. Instead of only glumly and reluctantly participating in the company's changes, you want your people to **proactively identify** and **manage tasks**. Their positive-minded involvement can, for example, give extra insights on what could be improved, and help handle the heavy load of testing and implementation.

Also, there are probably key influencers inside the company, whom you'd want to lead by example and to influence opinion in the right direction.

Incentives don't have to be financial, and there is no single way of gaining people's genuine keen involvement.

*Some people crave creative roles, others want limelight and status, and some might see an enhanced career opportunity.*

To set yourself on the right course, these questions need answering:

- How do your individual managers' personal goals relate to the transformation?
- Are they aware of their own personal gains, and are they "invested in" the success of the transformation?

# Set realistic project goals for *Time, Budget and Quality*

# 04



Every project's golden rule is to pick two out of **Time**, **Budget** and **Quality** to hold on tightly, and be flexible on the third. This applies equally for business transformations.

For example, if you want a tight deadline and high quality, then you should be prepared to reach deeper into your pocket.

If you are on a tight budget, then either you will have to be more flexible concerning the deadline, or you must be ready to compromise on the software's extent and scope.

While you might keep hearing absurd completion deadline promises about software installations, usually these fail to mention that they are only possible under ideal conditions.

**Ideal conditions do not exist.**

## **Remember, it is a business transformation and not a software installation.**

Even if the software is 100% ready, the company's processes and staff won't be.

For the transformation to work, the company and software will have to meet.

Given the right mindset, there is a good solution to this

For example, you only have, say, one year for the transformation, and you also have a budget ceiling. In this case, you should aim for changes that are achievable within these boundaries. The software and its scope should be selected and designed so that it will support the successful completion of the transformation project.

If the software scope is unrealistic within these boundaries, the project expectations will be way off. Therefore, you could soon end up with the implementation team struggling to get even a fraction of the system up and running. As tensions soar, they will compromise Change Management, business process scope, and other activities that would have been the key to transformation success.

# 05

## Select your “A-team” for the project



Typically, they are the ones who understand current operations best, and they may also have a vision for how things could be improved in the future. They could come from anywhere in the company, regardless of title or position.

This is where it gets difficult. The “A-team” are also the people who keep the company going day-to-day.

**To have a successful transformation, the team should represent all areas and levels of the company.**

There should also be roles for people for settling conceptual disputes, alignment of interests, re-engineering of business processes and dealing with organisational Change Management.

Necessary questions are:

- Who could be the individuals making up the “A-team” for different job types and departments?
- Throughout the project, how will the “A-team” members keep having time available to take part in planning, decision-making and testing?
- How will top management be involved in both the oversight of the project and also in conceptual decision-making?

# Initial IT costs are only part of the budget

# 06



In addition to IT price quotes, there are other necessary budget areas in the transformation. Buying a house is more than the roof alone. The cost of your holiday is more than the plane tickets and hotel.

## In-house HR costs

**The substantial time required by the project team, management and staff is costly.**

Lost production time should also be calculated.

## Change Management costs

The transformation is nothing like a software update installed by your IT department. **Many things inside the organisation will have to be done differently for the system to add value.** Jobs and roles are likely to change, or at least be different from what they were prior to the ERP. People need to understand what will happen and how it will affect what they do.

This portion of the budget is to cover alignment of interests, maybe even the “sweetening” of change for staff.

This is where you put the costs of **further tweaks of the software to improve user experience.**

... And potentially the inclusion of Change Management professionals.

## So what does it mean for the budget?

If the transformation's clear benefits are so significant that even doubling or tripling the initial software cost still leaves you with a very good Return on Investment, then enlarging the budget may be your best choice.

If the project budget has a distinct ceiling, limit the project size, ensure that the initial software cost leaves fully enough funding for HR and Change Management.

As always, it is infinitely **better to have a smaller successful project yielding good results**, than a scarcely adequate one with money down the drain.

# 07

## Get "your house in order" **BEFORE** the installation **OR** commit to agile methodologies



Once the installation starts, specific objectives will be set. People will pour time and resources into completing these.

If hidden problems are only discovered after the installation has got going, then inevitably much work will be wasted. So get "your house in order" before the project begins, if you can.

Getting "your house in order" entails analysing current processes and meticulously mapping changes. This includes determining work flows and data usage. The purpose is to have a specific and well-argued vision of exactly how things will be done after the transformation.

Ideally, it's at this point that you start looking for the software solution to support the transformation goals.

However, this might be impossible or much harder than imagined

The problem is that planning a change is not the same as doing the change. What seems like a suitable solution on the drawing board might founder on the rocks of **unforeseen realities** or of **staff resistance**.

This is the reason why, contrary to what you might expect, **a more incremental, agile way can often be more effective**.

For example, the re-engineering of business processes gains from being done in **several successive rounds**:

- first at the system design stage
- second testing with users, then modifying from feedback
- finally tweaking after the system goes live

This facilitates and accelerates conversations among a greater number of key people earlier in the project. Problems are discovered sooner, **saving late and costly revisions** or even total project failure.

# *The project plan needs to specify task allocations and budget release dates*

# 08



For the whole business transformation project, a project plan is usually made. This should cover at least the following:

- Map out main and sub-stages of the installation process
- Determine in advance which specific tasks are the responsibility of the software house and which are responsibility of the company
- Allocate budget dates to every stage

Like with every project plan, this serves the purpose of telling the different stakeholders what will involve them and what they can expect from others. This forms the base for further decisions.

Of course, project plans always change.

This is normal, as they should indeed heed every major shift during the project's lifetime.

As a rule of thumb, **the project plan should be revisited every month on a regular basis**, even if it appears that nothing has changed.

You'll be surprised how often people will interpret objectives differently. Frequent synchronisation of the team is an absolute must.

# 09

## *The software should serve the transformation, not the other way around*



Select for the scope of goals:

- Breadth of relevant features
- Integration requirements
- Technical flexibility
- Services provided
- Budget transparency

It is fundamentally wrong if the business transformation is built entirely on a pre-existing system. To give a painful analogy, the denture should fit your mouth and not your mouth the denture.

This is because businesses are different, of course, so their responses to change are different and their realistic transformation goals are different. The number of variations is so astronomic that the chances are infinitesimal to find the perfect match in a pre-existing system.

The selection should narrow down the suitable candidates with these key questions:

- Does the system cover broadly the essential areas (topics, modules)?
- Is the technology flexible enough to adjust to whatever the company will finally need?
- Will the system have to follow the company's future changes?
- Does the company need an integrated system now or in the foreseeable future?
  - If so, is the software system capable of integration?
- Does the company need supporting services from the software house for the business transformation?
  - If so, is the software house capable and willing to provide these?
- Are costs transparent regarding initial costs, future tweaking costs, training costs, future support costs?