



# Myths and Truths of Successful ERP Implementations

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## A little background on me...

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- ❖ 20 years experience as ERP user, tech support, implementer
- ❖ Specialize in supply chain, operations, MRP
- ❖ APICS member almost 20 years
- ❖ APICS Certified Supply Chain Professional (CSCP)
- ❖ Advisory Committee for BCIT Business/IT program (BITMAN)
- ❖ Academic liaison to BCIT Operations Management (OPMAN) on using SYSPRO to teach ERP concepts



# Myth: My company is too small for ERP

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## ❖ Truth

- ❖ ERP comes in all shapes and sizes
- ❖ Lower entry bar due to modern technologies, user interfaces, mobility, configurability, cloud, etc.
- ❖ Hidden costs of Status Quo
  - ❖ Manual processes, not utilizing employee capacity
  - ❖ Non-integrated systems, double entry, no single version of truth
  - ❖ Insufficient / incorrect / old data for making critical business decisions
  - ❖ Too much / wrong inventory
  - ❖ Delayed order to cash cycle
  - ❖ Unhappy / lost customers



# Myth: Price is most important selection criteria

## Truth

- Relationship/support from vendor most important
- Deloitte and Touche study – ranking buyer's selection criteria

	Price	Level of support
1 <sup>st</sup> time buyer	#1	#7
2 <sup>nd</sup> time buyer	#5	#1

- Vendor = trusted business advisor
  - Guides you as your business evolves and software evolves
  - Ensures you get value from software at implementation and beyond

# Myth: ERP should be implemented all at once

## ❖ Truth

- ❖ Phased approach better
- ❖ “Eat the elephant one bite at a time”
- ❖ Critical functionality first, “nice to have” later
- ❖ Control scope creep
  - ❖ Changing business processes on the fly
  - ❖ “New toy effect”
- ❖ Dedicated project managers - customer and ERP vendor
- ❖ Phase 1 “win” motivates for phase 2



# Myth: ERP should fit all your existing processes

## ❖ Truth

- ❖ Don't automate bad old processes
- ❖ Do business process review before configuring ERP processes

## ❖ Truth

- ❖ Not every tiny or infrequent process needs to be modeled in ERP



# Myth: ERP projects are owned by IT

## ❖ Truth

- ❖ ERP must be owned by C-suite with commitment down the org chart
- ❖ Without C-level commitment, IT-owned ERP implementations will struggle
  - ❖ Lack of authority
  - ❖ Sometimes lack deep knowledge of departmental business processes
  - ❖ Sometimes protective of status quo, legacy/custom applications
- ❖ Similarly for implementations led by specific departments, e.g. Finance vs. Sales vs. Operations

# Myth: We will be live in a few months

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## ❖ Truth

- ❖ Most companies underestimate the time and resources required
- ❖ Your people already have a full time day job
- ❖ Recognize how many “degrees of change” the company is making
  - ❖ Changing the software systems
  - ❖ Changing the business processes
  - ❖ Changing people’s functions/roles
- ❖ Dedicated project manager
- ❖ Manage scope creep





# Myth: ERP will eliminate departmental silos

## ❖ Truth

- ❖ ERP makes data more shared/visible but can't force people to talk to each other
- ❖ Use ERP implementation as opportunity to review business processes and educate people on the effects of their ERP actions on others
- ❖ People start seeing interconnectedness, small wins lead to more wins
- ❖ Sales and Operations Planning
  - ❖ Not a software module
  - ❖ Business process to plan for supply (Operations) to meet demand (Sales)
  - ❖ Overseen and signed off by CEO



# Myth: ERP automatically delivers expected business outcomes/ benefits

## ❖ Truth

- ❖ How will you know, if you don't measure ERP's ROI?
- ❖ Set goals at beginning
  - ❖ Often not specified in any project plan or document
- ❖ Measure results at defined intervals, e.g. quarterly
- ❖ E.g. lower inventory, higher fill rate, increased cash flow, reduced expediting, reduced non-compliance fines, etc.



# Myth: Training is expensive

## ❖ Truth

- ❖ Ignorance is more expensive
- ❖ Most companies don't invest enough in training
  - ❖ Often a sacrificial part of ERP budget
- ❖ Major reason for failed/under-used ERP implementations
- ❖ Role-based training
- ❖ On-going training: turnover, evolution of business
- ❖ Cross-training
- ❖ Example: cost of ignorance (Purchasing)
  - ❖  $(10 \text{ min per day}) \times (2 \text{ people}) \times (200 \text{ days/yr}) = \mathbf{67 \text{ hours/yr}}$
- ❖ *"If you don't make training a top priority, you will end up owning a very expensive version of Excel."*
- ❖ *"ERP = Excel Runs Production"*

# ■ ■ Myth: Training on software alone is good enough

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- ❖ Truth

- ❖ Education on industry concepts vastly increases value from ERP

- ❖ APICS courses, CPIM, CSCP

- ❖ PMAC / SCMP

- ❖ Finance, accounting



# Myth: Everyone will buy in to benefits of ERP

## ❖ Truth

- ❖ Changing the software is the easy part
- ❖ Changing people's behaviour is the hard part

## ❖ Obstacles: fear, habit

## ❖ Executives should communicate their ongoing commitment

## ❖ Support your "champions"

- ❖ People who "get it", see the vision, driven to improve on status quo by achieving wins
- ❖ Inspires others

## ❖ Users buy in when they see their own work lives get better





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