ERP is hard, expensive, and risky. Most companies need it and many companies dread it. Fortunately, the last several years have brought with them a plethora of innovations in enterprise software, many of which make it faster and easier to implement robust ERP systems – particularly for mid-sized companies.

These changes mean that the companies need to evaluate, select, and implement the software differently than traditional ERP projects. We have built a modernized selection process from the best of the old methods and the highest value of the new technologies. Here are a few insights from our experience choosing and implementing these systems in the new world:

It all starts with selection

You are no longer selecting a vendor and implementer, you're now designing the concept for your ecosystem of solutions. Because ERP solutions have become so savvy to industry requirements, it isn't as necessary to focus on basic functionality of the systems. Therefore, when selecting a new ERP solution you're really doing three things –

1. Blueprinting your organization and prioritizing improvements to organizational structures, people, business processes, and the systems;
2. Identifying the few features that are going to truly add value – quantifiable wherever possible – to the business; and
3. Determining both the core ERP system and the related systems that will be required to achieve this value.

Do not shortchange selection. On the plus side, a good selection process will define a set of solutions that will drive demonstrable value to the business. On the downside, it is expensive, hugely disruptive, and even more resource intensive to change ERP systems in quick succession. Although it adds cost up-front, a good selection process greatly reduces business risk and, in most cases, reduces the total long-term cost of implementation.

Take it in pieces (aka don't boil the ocean)

Among the benefits of a modern approach to ERP it that it's easier to break the project into multiple phases. The leaner the company, the smaller the phases should be. This improves your chances of success – as long as the phases and interdependencies are thought through. This allows you to:

1. Have smaller, more controlled projects that are easier to manage;
2. Focus limited management resources on smaller sets of decisions; and
3. Impact a smaller number of users who will be able to iterate changes faster.

Again, this should be thought through – at least conceptually – up front. You can adjust how the phases are broken down as you go, but knowing which features of the system need to be designed and integrated, and at approximately what time, is important.

Invest in change management

A significant part of the project's budget should be invested in getting people to change. Good ERP implementations do more than put new systems in – they also transform the business with better structure and processes. That's a lot of change for people to absorb.

Good change management starts during design by involving people who will make good, forward-looking decisions and have credibility with their peers. It involves constant communication about what is changing and why. Of course, it involves a customized training program, preferably one that uses case studies and simulations to teach people how to use the new system in a real business context. And finally, it doesn't stop when the system goes live – it continues for months afterwards, reinforcing the benefits and announcing what is changing and how the solution is being improved.

Disciplined implementation

It seems obvious, but disciplined project management is crucial to big, complex projects like these. This isn't the most complicated thing to explain, but it does take a certain type of knowledge and savvy to do well. There is an art to having a tight project plan, well-resourced, with clear dependencies. Likewise, things like issue tracking and status reporting need to be done in a manner that is at once follows best-practice disciplines and is tailored to the company's culture and style.

This is an area where outside PMs can make a big difference. Most companies don't have people who have managed a lot of these projects, and there is often value in an independent party who can hold both the vendors and the client accountable.

When done right, ERP can add tremendous value to a business. If you follow these guidelines and select the right long-term partners, your company can greatly benefit. To read more about how we approach these projects, visit our website and contact us at steve@citrincooperman.com.