Implementing ERP in Small and Mid-Sized Companies

Implementing ERP can be a time-consuming, problematic, and costly undertaking for a company of any size. There have been many papers written on how to implement an ERP package, however these are largely aimed at larger organizations that can afford a full-time team that have mammoth budgets. For small or mid-sized companies with limited resources, here are some ideas to make your implementation successful:

Selecting the Proper Package

The purpose of this paper is not to discuss the steps of selecting the correct package. However, so much of what goes on in the selection process is built upon to make a successful implementation that it must be included here. A basic rule of thumb is that an ERP package will provide 80 percent of the desired functionality. Find one that most closely meets your functionality needs.

Another important factor to consider is the relationship between your company and the software vendor, which is very important for the small to mid-sized company, as they will have to depend more heavily on the software vendor, than would a larger organization.

Select the team early and get them involved in the selection process. Once the decision is made to start looking for ERP software, it is time to assemble the team. The team should be in place from the beginning so they start to "buy in" to the whole process. By involving the team early and making them a part of the selection process, your chance of a successful implementation increases dramatically. The team should be made up of individuals from the company who know why things are done a certain way, not just that things need to be done.

In smaller companies, it is not unusual for one or two people to do the majority of the work. In this case, it is the responsibility of those persons to involve the appropriate people at the proper times. These people usually will understand most of the business and will be involved in making most of the decisions of the implementation.

Use the Requirements list generated during the software selection process as a tool during the implementation. This document was not only important during the selectionprocess but its continued use is important for the implementation effort. During the implementation process, this original requirements list should be a living document expanded to cover not only any new requirements but also how the software will be used to satisfy the requirement.

Getting Started

After the software has been selected a kick-off meeting should be held with the representatives from the software vendor and all team members. During this meeting the entire process of the implementation should be laid out. No details need be given at this point but the expectations, the methodology and the goals should be clearly defined.

Layout the expectations to the team: Here is a major differentiator between implementing in a large organization and a small organization. Depend heavily on the representative(s) from the software vendor since they should have done this many times before and should know what works and what doesn't. They should be both knowledgeable about the software and willing to learn your business processes. This is one reason why the selection process should look both at the software **and the people who will be working with you**. The representative(s) from the software company should be actively involved and even lead the project. Use of outside consultants at this point should be avoided if possible.

Always weigh the benefits of versus the cost of implementing functionality. Examine all functionality that is under consideration to be deployed. If the functionality is going to add complexity and lengthen the initial implementation, consider moving that piece of functionality to a future phase. The only exception to this is if the functionality is something your current system provides. Do not delay something that people are already used to, this will only give the perception that the new software is not as good as the old (which is a natural feeling for some people, so don't encourage it). It is better to start receiving 80 percent of the benefit now versus waiting a few months to achieve 100 percent of the benefits.

The Working Sessions

Working sessions involve representatives from the software vendor and representatives of the in-house team. These sessions should initially involve the entire team but as discussions get more detailed, the group can split into smaller groups.The team members need to understand not only the functions of their own department but also the functions and needs of other departments with which they interact.

The role of the software vendor representative should be greatly expanded when dealing with small and midsized manufacturers. The software vendor representative should be able to, if not lead the way…then show the way. The vendor representative may start to demo the software as a means to start the dialog comparing what the software capabilities are versus the needs of the functional department. During the working sessions, the gaps between what the software is capable of and the requirements of the functional department (GAP analysis) are identified. During these sessions, workarounds should be discussed as well as possible modifications.

By the time the system goes live, all of the gaps should have some solution. It is not necessary to immediately resolve all gaps, instead they should be documented and when the solution is offered, it also must be documented. Do not rely on the human memory. Often an issue will arise that everyone knows was talked about but no one can remember the solution or have differing opinions as to what the solution was.

The Pilot

The most critical task in the implementation cycle is a good thorough pilot test. A successful pilot can assure a company that it won't crash and burn when the software is put into production. The flow of all business processes in which the software is going to be implemented should be tested.

An often-neglected step is to test against converted data. For example a user will enter a sales order and ship against it. The first few weeks after implementation users will be working against data that has been converted, not data that was originally entered into the new software. There are many problems that could occur if the conversion was not done correctly. These problems will not be found until going live unless they are tested in the pilot.

Training

Training is ideally done with "Train the Trainer" methodology. In this method the team member will be responsible for training personnel in their functional area. In small organizations this is sometimes not practical. Your software representative should have enough familiarity with the way the software should be run in your environment and that he or she should feel comfortable doing the training.

Go Live

Representatives from the software vendor should be physically in attendance at each physical site where the implementation is taking place. A certain amount of comfort is gained knowing that someone is on site addressing the problems as they occur.

Watch for "tribal knowledge" taking place. People doing it the "old" way just because that's the way they are used to doing it. Communication is the key; make sure everyone is aware of what is going on. If possible, turn off the old system so that it cannot be accessed. Beware of the person who says "I've been doing it the same way for twenty years." (There 'will' be at least one) Chances are this person will need to be watched so that he or she doesn't continue to do it the old way for another twenty years.

Post Implementation

Chances are there are things that did not get implemented, either because of planned phasing-in of functionality or there just wasn't enough time. Make sure that arrangements have been made to have your software vendor representative continue on with the project. Do not let the support of your implementation be switched to a support help desk.

Summary

For small and midsized manufacturers that don't have the resources, a different method of implementing ERP software must be utilized. The limited resources of smaller companies make the relationship between the software vendor (OR its representatives) and the client crucial. The software vendor representative should be more involved in the entire process than in larger organizations. Time and budget constraints will probably eliminate the possibility of a full-time implementation team, making it imperative that an experienced representative from the software vendor is there to pick up the slack. The implementation of the software should be viewed as the beginning of a long-term partnership with the software vendor. The working relationship between the person representing the software vendor and the leader(s) of the implementation team can determine the success or failure of the implementation project.

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Metasystems, the authors, programmers, implementers and support team of ICIM ERP, has been providing integrated business software for small to mid-sized discrete manufacturers since 1975. ICIM is a versatile and flexible business system that fits well with manufacturers in the MTO, ETO, CTO, ATO and mixed mode industries. ICIM integrates the functionality of Sales, CRM, Engineering, Manufacturing, Financials and Warranty Management and provides affordable functionality to the smaller businesses who need 'big' functionality needs.