B2B Solution of the Week: How to avoid the pitfalls of ERP implementation

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It's the granddaddy of all B2B applications: enterprise resource planning (ERP) software. Many flavors of ERP exist today on premises and in the cloud, however, they all share a level of implementation complexity fraught with danger.

What can B2B practitioners do to ensure that their ERP implementations have a maximum chance of success? A number of steps exist that B2B can take to avoid potential multimillion dollar pitfalls of ERP implementation.

Understanding enterprise resource planning

Before a B2B install of an ERP system can proceed, a thorough understanding of what's involved in the process must be completed.

For a successful implementation understand your interconnected business processes and optimizations essential for your business, says Matthew Montgomery, industry manager, financial process automation, Lexmark, enterprise software and printer company. "The data reported out of your ERP is only as good as the data that is in it."

Therefore, B2B staff must recognize that they will need to go beyond a strong ERP foundation to ensure an appropriate solution for information capture and verification, according to Montgomery. In addition, technology and processes for managing information, workflow and information delivery in context must be accommodated, as the business demands.

'Monumental' change

Unlike some routine rollout of the latest version of Windows or an upgrade to Microsoft Office, the implementation of an ERP system can mark a turning point in the life of a B2B enterprise. And employees should involve themselves in the process.

"Remember that implementing a new ERP solution is so much more than simply installing new software—it's often a monumental change for your company—which is a good thing!" says Ruth Raistrick, client services, K3 Syspro, vendor and developer of ERP software. "It should be treated with due seriousness. You need to get every one of your employees prepped and engaged for the change."

B2B implementers will have to conduct extensive consultations with rank-and-file employees—not just top management—to get them on board. Ongoing rollout updates also must be seen through to keep employees informed as well as surveying them to find how the software is being received, according to Raistrick. All employees who will use ERP should get full training on the application, and a dedicated team will be needed to fulfill the install.

Project team assemble!

Impacting productivity and project costs, companies often do not properly identify what they need from an ERP system, according to Kelly Kuchinski, director, product marketing, Revitas, provider of revenue management solutions. A team approach will help remedy that issue.

"Assemble a project team, containing key players across the organization, to identify processes and compliance requirements and build them into the system's workflow," she says. "Since ERP systems include user licensing fees, the project team should identify which employees need access to the ERP and to what extent."

These end-user employees should be part of the project team but need the appropriate skill sets and authority, according to Russ Tickner, senior project manager, Unit4, provider of enterprise applications for service organizations.

"Putting several people on the project will allow them to capture the knowledge and ensure it's not trapped with one person," he says. "Know that the project will take almost 100 percent of these resources' time."

To expedite the implementation process and make it more efficient, Tickner advises that B2B companies hire contractors for up to six months to conduct daily business while the project team focuses fully on the ERP implementation.

For the implementation on the B2B side, the ERP project team must be led by a dedicated project manager. It is not enough to rely on the vendor's project management prowess.

Curt Finch, CEO of Journeyx

"Have a real project manager on your side for the rollout," says Curt Finch, CEO, Journyx, provider of time and expense tracking software that integrates with ERP software. "Expect a real one on the vendor side as well. If either of them don't have what it takes to successfully implement the system, failure is imminent."

Hard software advice

With so much at stake with ERP, any potential implementation project manager should seek out expert input on the process. "ERP implementation projects can be daunting," says Forrest Burnson, market research associate, Software Advice. "While adopting any type of new software can present a challenge for companies, ERP implementation projects in particular often fail for the same reasons."

To help B2B companies navigate the perilous shoals of potential ERP disaster, Software Advice recently published a complimentary ebook titled *How to Avoid ERP Implementation Failure*. This ebook will teach you how to avoid the common pitfalls of ERP implementation, Burnson notes, and it outlines what you need to know before embarking on an ERP implementation project."

ERP-as-a-Service in the cloud

When it comes to enterprise software, ERP may have the longest history of any B2B computer system outside of the mainframe world. Its on-premises pedigree may make C-level execs and middle managers reluctant to move to an "as-a-Service" model. With those caveats, it can pay to begin ERP-as-a-Service at your own pace and then ramp up.

"The as-a-Service model allows you to start small and scale fast in a way that other models don't," says Michael Corcoran, senior managing director, growth and strategy lead, Accenture Operations. "For most ERP leaders, their as-a-Service journey will start with a roadmap, and then proceed function by function examining how the value levers can transform ERP to deliver specific business outcomes."

B2B leaders should consider a less critical ERP function as square one and then use that success to build commitment with upper and lower layers of management, according to Corcoran. "Also consider a pilot in one geographic area, and then be prepared to build on the successes to scale globally," he says.

Once B2B ERP has gone global you may want to take implementation across silos or extend into CRM. Companies that want to take the platform approach a step further should implement an ERP that is on the same platform as their CRM, according to Kevin Roberts, director of platform technology, FinancialForce.com, a cloud ERP provider.

"Uniting front and back office cloud applications on a single platform dramatically increase businesses' operating speeds and allows companies to develop a complete, 360-view of their customers," he says.

Transition and celebrate success!

When a B2B ERP migration is complete, there should be a team celebration to mark the occasion. "Don't forget to celebrate victory!" says Iris Schimke, CEO, Express Information Systems, business and accounting software consulting, implementation and support provider. "Not only does this reinforce positivity during a challenging time but also you are ensuring that your team members feel as if their efforts are appreciated."

With thorough research, system cohesion and proper employee training, an ERP implementation should see a successful deployment and avoid any pitfalls associated with an overly rigid system, according to Suchit Bachalli, president, Unilog, e-commerce specialist in enriched product catalogs for B2B enterprises.

"When developing a plan for ERP implementation every step is crucial," Bachalli says. "It only takes one wrong decision to take down a business's entire operation, which in some cases, could result in millions of dollars in lost revenues."

Check out the previous column in B2B Solution of the Week here.

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