

Focus Experts' Briefing: Solving Real Business Issues During the ERP Selection Process



Focus Experts' Briefing: Solving Real Business Issues During the ERP Selection Process

Overview

The search for the right Enterprise Resource Planning (ERP) provider can be stressful, particularly when both the buyer and the vendor get stuck in the features or technical requirements and forget about the bigger picture—what the main business issues are that you actually trying to solve and whether this new investment will actually help you resolve these specific challenges.

According to Bill Wood, president of R3Now Consulting, this can become more frustrating because of the “old ‘business/IT divide.’”

“The basic requirement is to change how you go about ERP or business software projects,” he explains. “If there is not a clear business focus that goes beyond operations, then you are not very likely to translate business requirements into ERP requirements. The problem is that operations are just about all the consulting companies and most of the software companies know. Few of them have moved into the key areas of helping companies innovate their products and services or how to acquire or retain customers. Fewer still have any idea about how to help companies address a globally dynamic marketplace. They are so focused on transactional processing ,like ‘how can I get that requisition or PO processed,’ or ‘how do I record that inventory movement,’ and so on, that they have completely lost sight of what business is all about. Business is about sales, markets, and customers through selling more desirable (in other words, innovative) products or services.”

Depending on what you're trying to do, the right modern ERP solution can help get you there. It's critical to understand all the business processes in play to make sure you're not solving issues in silos, whether it is Customer Relationship Management (CRM), automated payment processing solutions, human resources management and payroll, or fixed asset management applications. It is vital for businesses to take a closer look at the comprehensive picture and answer these questions: Will you be using your ERP solution to the fullest extent? Do you need to? Will the solution help you manage growth and support your evolving needs?

In this report, Focus experts Brett Beaubouef, NTT America; Susan Penny Brown, Interim Technical Management; Gabriel Gheorghiu, Technology Evaluation Centers; Jonathan Gross, Pemeco Consulting; Andrea Vermurlen, Aether Consulting; and Bill Wood, R3Now Consulting share their recommendations on how to focus on real business issues when evaluating ERP providers.

Pull in the business and technology stakeholders

The first step to truly understanding the complete business picture is pulling in the appropriate contacts. As Bill Woods mentioned, there is a business/IT divide that can sometimes shift priorities. Getting all parties on

the same page from the get-go can make the process significantly simpler, for both you and the vendor.

Andrea Vermurlen, marketing and sales at Aether Consulting, suggests, “Ask upper management to set the priority for which challenges should be addressed, in what order, and across what timeline.” Figure out the biggest pain points and decide on your “must-have” and “nice-to-have” functionality.

The goal of pulling in the appropriate players across the company is to agree on what they’re trying to accomplish. Gabriel Gheorghiu, analyst at Technology Evaluation Centers, adds, “Ideally, companies should review their business processes completely (or at least the most important ones) and change them according to their needs and specific requirements of their company, not only the industry.”

Identify the real business objective

Brett Beaubouef, IT director of NTT America, offers simple but important advice, “Start with the end in mind.” Even after pulling in the appropriate stakeholders, the focus should be around what the organization needs, not what it has been doing. Ideally, you are looking for a new solution to make things better. Decide what you want the outcome to be, and then figure out what solution will help you get there.

According to Susan Penny Brown, enterprise strategist and software selection consultant at Interim Technical Management, “Above all the noise, there has to be a fundamental business need so compelling that it makes the cost and disruption worthwhile. Focus on that. How will this ERP implementation fundamentally increase sales (maybe open a new market that wouldn’t be accessible otherwise), decrease cost (the current system/Excel spreadsheet/yellow Post-it approach isn’t scalable to match your growth plans), or improve brand (your reputation is at risk in your industry because of poor quality, poor execution, time to market, or similar). Ask yourself, what is the one thing you wish you could do as a company but can’t because current systems and processes won’t enable it? There’s the answer that makes ERP worthwhile.”

Andrea Vermurlen continues her outline of the process, “Fundamentally, these steps need to take place, whether you go through them before an evaluation, during an evaluation, or during your implementation—because ERP software is just a tool. With unlimited time and money you can resolve just about any business issue with an ERP tool, but who has unlimited time or money?”

- “1. Evaluate and document your current business process and how it utilizes any existing software tools across all departments of the organization.
- “2. Have upper management agree on which business processes are challenged/prohibiting growth/draining resources and agree that they are willing to pay money to improve them.
- “3. Be able to explain your processes, priority, and timeline to the software vendors you include in your ERP evaluation project.”

Ideally, these steps should be done at the beginning of the process to avoid solving problems in silos and getting stuck in the details. Make sure that your systems will talk to each other or that your new ERP solution has the extensions in place to satisfy your cross-functional needs. Working toward the end goal can help make the selection process easier for you and keep your focus on the long-term plan.

Don't get stuck in an RFI rut

During software selection, vendors and buyers can sometimes get stuck in the details. They focus too much on features and less on what the outcome should be. This is why it's imperative for the end goals to be established and communicated up front. It's not just about the technical requirements; rather, you are evaluating vendors to help a larger business need. Don't lose sight of that.

"Request for Information (RFI) documents are commonly used to do this, mostly during software selection." Gabriel Gheorgiu explains, "The problem with RFIs is that most of them tend to focus on technical functionality of the ERP and don't follow business logic. In other words, they can give you a pretty good idea on what an ERP can do but not how it does it."

While RFIs can help keep you organized, Jonathan Gross, VP and general counsel of Pemeco Consulting suggests, "A good starting point for an RFI or RFP is to have a documented set of business process maps, together with a list of prioritized gaps and issues. That way, you can visually identify 1) the key, nonnegotiable existing requirements you'll need an ERP system to satisfy, and 2) the holes in existing processes you'll need the system to plug."

Selecting an ERP provider can be confusing, but mapping out the plan in advance can keep you from veering off course. Focus on what the organization as a whole values most and make sure the vendor you choose can get you there.

Contributing Experts



Brett Beaubouef, PMP, CISA

IT Director, NTT America

<http://www.focus.com/profiles/brett-beaubouef-pmp-cisa/public/>



Gabriel Gheorghiu

Analyst, Technology Evaluation Centers

<http://www.focus.com/profiles/gabriel-gheorghiu/public/>



Jonathan Gross

Vice President and Corporate Counsel, Pemeco Consulting

<http://www.focus.com/profiles/jonathan-gross/public/>



Susan Penny Brown

Enterprise Strategist & Software Selection Consultant, Interim Technical Management, Inc.

<http://www.focus.com/profiles/susan-penny-brown/public/>



Andrea Vermurlen

Sales & Marketing, Aether Consulting

<http://www.focus.com/profiles/andrea-vermurlen/public/>



Bill Wood

President, R3Now Consulting

<http://www.focus.com/profiles/bill-wood-2/public/>

About this Report

Focus Experts' Briefings are sourced from Focus Experts who have exhibited expertise in the particular topic. Focus Experts' Briefings are designed to be practical, easy to consume and actionable. This briefing was originally commissioned by Sage. Sage had input into topic selection, but had no editorial control over the final content selections.

About Sage North America

Sage North America is part of The Sage Group plc, a leading global supplier of business management software and services. At Sage, we live and breathe business every day. We are passionate about helping our customers achieve their ambitions. Our range of business software and services is continually evolving as we innovate to answer our customers' needs. Our solutions support accounting, operations, customer relationship management, human resources, time tracking, merchant services, and the specialized needs of the construction, distribution, healthcare, manufacturing, nonprofit, and real estate industries. Sage North America employs 4,000 people and supports more than 3.2 million small and medium-size business customers. The Sage Group plc, formed in 1981, was floated on the London Stock Exchange in 1989 and now employs 13,400 people and supports more than 6.3 million customers worldwide. For more information, please visit the website at www.SageNorthAmerica.com or call 866-996-7243. Follow Sage North America on Facebook at: <http://www.facebook.com/SageNorthAmerica> and Twitter at: <http://twitter.com/sagenamerica>.

About Focus

Focus.com makes the world's business expertise available to everyone. At the heart of Focus is a network of thousands of leading business and technology experts who are thought leaders, veteran practitioners and upstart innovators in hundreds of different topics and markets. You can connect with the Focus experts in three primary ways: Q&A, Research and Events. Personalize your Focus.com experience by following specific topics and experts and receive the Q&A, research and events of interest to you. Focus is easy to use and freely available to anyone who wants help making better business decisions.