ERP Systems – Do They Really Work?

A very common complaint Racca Solutions Group (RSG) often hears from clients who have previously implemented an Enterprise Resource Planning (ERP) system is "we spent a lot of time and money on a new system for it to not work." When realistically, ERP systems do work. The issue may be the system implemented wasn't the most suited for the company's needs, or it was implemented incorrectly or with too much customization. This combination of issues will always end in disaster. The next question that usually arises is, "what now?"

Before a company starts the journey of implementing an ERP system, a company must truly understand what purpose the ERP will serve, the risks associated with implementing one, and what they are signing up for. Even though the risk is large with an implementation, the value behind a correctly implemented system outweighs these risks and can truly allow a company to reach its objectives.

A few valuable reasons to implement or upgrade your ERP system are to streamline business processes, position the company for growth, provide more accurate and timely data, improve business performance, and better serve customers. But several risks can be associated with an implementation; for example, selecting the system that most closely meets your business's needs without a large amount of customization is important. If not, the system may require too much customization resulting in an extended implementation, inability to obtain information efficiently, and budget overruns.

RSG believes the best way to start on an ERP journey is by bringing in an unbiased outside source (that does not partner with software companies) to evaluate the company's people, processes, and current technology. Next, it is important to have key business requirements documented that will answer the question of, "how do we want to run our business?" This will assist with identifying the best ERP platform to meet your business's needs. This is vital for a company adopting the new ERP system because the evaluation will provide a clear analysis of the client's current and future capabilities.

If a system has already been selected, don't fret. RSG can still assist by confirming the documented business requirements have been implemented or document them, ensure the processes are mapped to meet the business needs and clean up the data. And if necessary, work with the implementor to reimplement the system. By documenting processes and creating a roadmap, the business will have fewer surprises and will be able to plan more effectively during the implementation.

Case Study – ERP Implementation

Situation Analysis: A national supplier of tools and services was considering a new ERP system. RSG was assigned to help select and implement the operating system. RSG performed an in-depth analysis of the client's current and future capabilities and documented a full operationalized functional specification.

Improvements Identified: Over a three-week period RSG documented all the processes and capabilities. people, process and technology gaps were identified and socialized with the executive leadership team.

1. Process Inefficiency – One of the major issues the client faced was a lack of process visibility and potential efficiency gains that could be achieved from process re-engineering. The inadequate process would put the ERP implementation at risk of time and cost overruns. The client agreed to fully process re-engineer the organization prior to embarking on a very costly ERP implementation process.

2. ERP Implementation – RSG led the client through a successful one-year ERP implementation process. The process work that had been performed the year prior was invaluable in aiding in a seamless implementation. The project was completed on time and under budget.

Overall Results: RSG redesigned the processes to create greater efficiency. In addition to this aspect of the redesign, RSG also designed the processes such that they were functional for the entire enterprise. As a result, of process design and an ERP implementation, the client could reduce FTE's by 40%.