HOW TO:

Maximize ROI on your ERP Investment

abas **ERP**

TODAY'S ERP ENVIRONMENT

Most enterprise resources planning (ERP) projects come with huge expectations of all the business benefits they will deliver. Indeed, when implemented correctly, they can provide insight into real-time data, streamline your production processes, reduce costs, improve collaboration and ultimately help drive business growth.

While most organizations, especially those in manufacturing and distribution rely on ERP systems, many struggle to fully optimize the capabilities the software can offer. In fact, according to Gartner, 55 to 75 percent of all ERP projects fail to meet their objectives[1]. This is an astonishing figure considering the business-critical nature of an ERP system, and taking into account how much money, time and effort goes into ERP selection and implementation.

COMMON PROBLEMS WITH ERP PROJECTS

Among the contributing factors for project failure are going over budget; missing deployment deadlines; lack of transparency in the implementation process; choosing the wrong vendor or partner; and not realizing the anticipated return on investment.

Complications and obstacles are part of the process, but it doesn't mean your project is doomed from the start. Understanding the common factors that impede ERP projects and learning how to to avoid them can drastically improve your likelihood of success.

No Roadmap: Many organizations carry out ERP deployments without a step-by-step roadmap, making it difficult to achieve continuous improvement. Using a road map jointly developed by the business and IT can help gauge business value and help drive future applications investments.

No clear benchmark: In some cases, ERP implementation begins without a clear understanding of the goals or targets to be attained. As a result, progress is not measured against the pre-implementation environment, making it difficult to track and quantify improvements.

Fear and uncertainty: Employees are often apprehensive and uncertain as to whether they will be able to carry out their jobs as well as they did with the previous system. Likewise, IT managers may be afraid the new software will make their responsibilities more complex, reduce their value, or even put their jobs in jeopardy.

Miscalculation of project demands: Organizations often underestimate the amount of time, resources, and outside support required to implement the project—as well as the commitment required to continuously enhance and improve the system after the "go-live" event.

IMPLEMENTATION PITFALL: What is the biggest mistake organizations make that hinders their ability to optimize ROI? "They don't pursue continuous improvements after go-live," says abas USA Senior Implementation Consultant, Brad Strathe. "Getting the ERP system active is just the first step. ROI takes follow-up training and business process revisits to ensure you are efficiently utilizing the system. Sometimes the most innovative functions of ERP are not implemented initially. They are planned for phase 2, but too often phase 2 gets put on the back burner."

Commitment to continuous improvements is a huge success factor for ERP.

[1]Gartner analyst firm, 2014, http://officeoffinance.com/gartner-75-of-all-erp-projects-fail-but-why/

ACHIEVING MAXIMUM RETURN FROM YOUR ERP INVESTMENT:

Best practice steps for optimum performance and long-term value

START WITH A SOLID FOUNDATION

A new ERP system can be an expensive investment so it's important that you get the most out of the system's functionality. Following are some best practice guidelines that will help your organization maximize the performance and value of your ERP system and ensure your workforce is equipped to take full advantage of its capabilities.

#1 UNDERSTAND YOUR BUSINESS REQUIREMENTS

An effective evaluation begins with examining your current operational and business requirements to identify the principal attributes and functionality you will need from an ERP system. This assessment can help justify your business case for an ERP and pinpoint the precise capabilities you will need right from the start.

Many organizations will simply attempt to replicate what they currently have in place without seeking to introduce better or more streamlined operational processes for lasting improvements. Instead, focus on realizing quantifiable business value for your business, and select the software that best enables you to do this.

Start by evaluating the business challenges and pain points that you need to address and develop a list of requirements that any new system must fulfill in order to achieve success. Why exactly are you interested in an ERP? What problems should it solve? What opportunities should it create for the business? Do you have industry-specific requirements beyond the abilities of your current system?

Take time to consider the scope and diversity of the different ERP platforms available to determine which ones might be the optimum fit based on your unique needs and business requirements. Keep in mind that your long-term business strategy will determine the core criteria for selecting your ERP solution.

#2 DEFINE KPIs

You can't manage what you don't measure. And unless you measure the results from your ERP solution, you'll never know if your business processes are getting better or worse.

To measure properly, determine exactly how your ERP system adds value to your organization. This value comes through a multitude of business parameters, so it's important to select a few key performance indicators—with a keen focus on those that align with the company's organizational vision. The ability to document a quantifiable, annual return will show the investment was worthwhile.

When determining which KPIs to use, measure factors that are of particular interest to your business, and also adopt overall vertical industry metrics so you can compare your performance to that of other companies in your market. Trusted advisors with niche industry expertise can help you choose the right industry-specific KPIs.

By developing the right KPIs and tracking them on an ongoing basis, you'll have the information you need to know whether your ERP solution is helping you your business objectives, and to make any necessary course corrections to keep your efforts on track.

Interested in knowing more about KPIs for manufacturers, including formulas for calculating the most important KPIs? Download our KPI Playbook for Modern Manufacturers.

#3 INVOLVE KEY STAKEHOLDERS

Not everyone in your organization will support your ERP plan, and in some cases, may attempt to sabotage your efforts. That's why it's critical to engage early with team leaders and power users (sales, finance, IT, operations, etc.) who will be impacted by the new system. You will need their cooperation and backing not only during the evaluation process, but also throughout the implementation and operation phases of the project.

These leaders will be able to respond to questions and concerns about system functionality and business processes, help other users navigate the application, and address process and system use problems. Power users can inform IT on issues and areas of concern, optimize training content and help the IT help desk prioritize user requests.

When you involve key stakeholders in the ERP implementation process, the result is greater user acceptance and satisfaction. Meanwhile, your IT organization can focus on the more technical aspects of system support.

#4 SECURE APPROPRIATE EDUCATION AND TRAINING

An ERP system's value is ultimately dependent, at least in part, on your users' grasp of its capabilities. Your ERP provider should be able to provide a number of training options that give employees the tools and knowledge they need to get maximum advantage from the system. The most effective training will come from a vendor that has a deep understanding of your industry and your organization's unique needs.

Keep in mind that education and training is an ongoing process. Team leaders should arrange periodic meetings with system users to help identify problems and share information gained through experience with the new system. Additional training should be scheduled on a regular basis.

Targeted instruction, feedback, and hands-on learning help users feel more confident and results in greater enthusiasm about maximizing the full potential and capabilities of the system.

#5 SELECT THE RIGHT VENDOR

To minimize the risk of project failure, choose an ERP provider with an established implementation methodology. Can the vendor provide the appropriate resources to implement the proposed solution to meet your unique requirements? Will the vendor be dedicated to your company and implementation requirements? Can the provider bring useful perspective and insight into your company's challenges and needs?

It's important to determine how ERP support will be provided, and if it will meet your operational requirements. Will support be provided onsite or online? What level of implementation, support and training will you need with a new solution? Is support offered as part of the product package, or is it an added cost? The best vendor partners are not interested in selling you a system; they want to help your business grow profitably and will continue to engage and contribute value to ensure that you're getting the most out of your ERP.

Ideally, your ERP provider should have a track record of success in your industry, particularly if your business is highly specialized. With the right technology and expertise, your ERP partner will be able to provide the resources and skills you need to address your most difficult business challenges and maximize your return on investment.

#6 PERFORM ONGOING MONITORING

Like any technology investment, ERP systems require ongoing monitoring and improvements to ensure they continue to perform as intended. Once the new system is online, regularly engage with users to determine whether the system is working as intended or if adjustments are needed to improve operation.

Set aside time after Go-Live has settled down to review the goals you envisioned when selecting your ERP system. What were the desired improvements, and have they been accomplished yet? What are the next steps and how do we stay focused on getting there?

Once you gain open and honest feedback, you can organize suggestions into groups such as process workflow improvements, software updates, or system integration.

For recommendations involving software, start by discussing your needs and potential options with your ERP provider. It's likely they have handled similar requests and are up to speed on many of the new software updates, new releases, and potential third-party integrations that might meet many of your requirements.

Driving Business Success

As global economies become more uncertain, organizations face increasing pressure to remain competitive. While an ERP system can help, it's only as effective as the effort placed on the implementation. With better insight and understanding of why ERP projects fail and knowing what best practices can be employed to help ensure success, you'll be better positioned to maximize your system's capabilities and your long-term ROI.

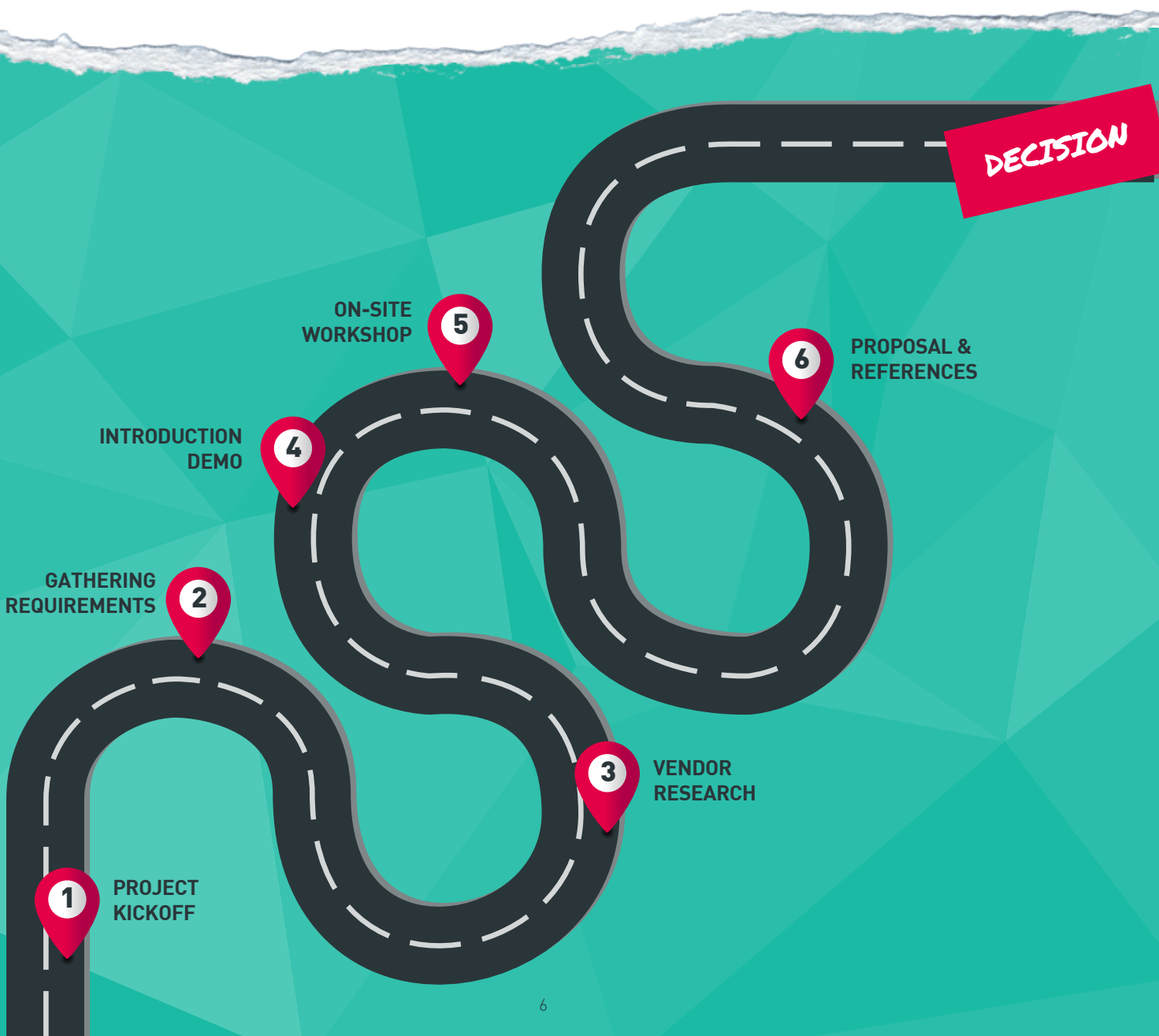# THE ROAD TO ROI SUCCESS STARTS WITH YOUR ERP SELECTION

The 7 steps to selecting the right ERP system

Managing the selection and implementation of a new ERP system is a major undertaking for any organization.

abas ERP has 35 years of experience helping businesses get it right. The process starts with our first encounters and an overview demo of the system, which helps you get a sense for abas ERP. Then we work through the discovery process, where we learn about your company and ERP requirements, then the workshop, where we give you a look at how abas ERP could help meet your unique business goals. If you like what you see, we move to the proposal phase, and provide you opportunities to interact with other companies using abas ERP.

Learn details about these steps and more in our guide, How To Buy ERP Software In 7 Easy Steps or in our popular Guide to Writing a Better ERP RFP.

DECISION

ON-SITE WORKSHOP 5

INTRODUCTION DEMO 4

PROPOSAL & REFERENCES 6

GATHERING REQUIREMENTS 2

VENDOR RESEARCH 3

PROJECT KICKOFF 1

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About abas

abas ERP is more than just software—it's a complete solution designed to meet your unique manufacturing requirements. Our expert consultants have a wealth of domain experience that makes them an ideal partner for midsize manufacturers and distributors. Not only can we implement software across an entire organization, but we can teach the relevant stakeholders how to make the most of the system to improve your business performance. Whether you have 10 employees or 1000, our aim is to optimize your processes so that you can save time and costs, improve visibility, implement reliable advance planning, and achieve competitive advantage.

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