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ERP IN MEDIUM-SIZED BUSINESSES

7 PHASES OF ERP IMPLEMENTATION

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In order to make business processes more future-proof and efficient, the introduction of ERP software is often an important choice, especially for companies in the SME sector.

Practical experience shows that a balanced cost-benefit ratio plays a central role for the majority of SMEs when selecting a corporate solution. After all, the introduction of an ERP system means a long-term business relationship with the provider and the ERP solution should successfully support the company's business processes as well as the internal and external players involved in an increasingly complex value network. In order to make a solid and good decision for this, a systematic approach to the ERP project is useful. Based on previous implementation projects, we recommend 7 phases of ERP implementation that have proven successful regardless of the industry or size of the company:

01 Project start and target definition

The first step is to define the goals of the system implementation. The further project tasks are basically derived from this. In practice, a lack of goal definition is one of the most frequent causes of IT project failure. Therefore, it should be clearly defined what is to be achieved with the help of the new solution before a potential provider is invited for a presentation. The following questions are helpful: Which parts of the daily business can be integrated? What financial and capacity benefits are expected? Which internal project team and which structure for the project organization are target-oriented? What are the necessary work packages and milestones? What schedule is realistic and, above all, what budget is required and available for implementation? Which project risks are possible and how should they be handled (who is responsible for the project, which employees support, who is against, is the management behind the project...)?

02 Analysis of the current situation and conception of the target state

The second phase should focus on the current status and the desired state. Existing processes, IT systems and data often have an underestimated complexity that needs to be captured. Therefore, in the analysis and design phase, the current situation is precisely recorded, potentials for effective optimization are identified, requirements are defined and the target concept is adopted. Requirements specification generators provide support. But also here, it should be carefully weighed up what is actually needed.

03 Selection of provider and system

Essentially, two offering models can be distinguished in the enterprise software market:

A *Specialized industry solutions:* For companies with very standardized processes, programs that focus on a specific business area often represent an interesting alternative to the comprehensive ERP system. In some cases, the most important requirements and processes can be mapped in this way without the need for additional adjustments. In addition, providers of industry solutions often already have the necessary industry know-how.

B *Modular, integrated systems:* Other ERP systems have a modular structure. The module catalog includes extensive functions in the areas of financial accounting, sales, purchasing and production, more specialized applications, e.g. for project management, and integrated modules for collaboration with a separate email client. This makes a very strong individualization of the system possible. Here it is necessary to make a precise analysis of which modules are needed. However, it is still possible to expand the range of functions at a later date without any problems. Thus, it is usually recommended to limit the approach to a basic requirement of functionalities at first and to expand these further in the later course of the project.

If there are doubts that the industry solution can optimally serve all the needs of the company, modular systems - ideally with open source code - represent the more future-proof solution. Nevertheless, it is advisable to gain an insight into both models if possible and to invite providers of both models for a presentation. Even at this stage, it can be crucial for success to involve key users in the decision-making process. General checklists are useful, which can be used to evaluate the presentations based on objective facts. In addition to the pure evaluation of system functionalities, the vendor's industry expertise and credibility play an important role. Other topics are services for support requests, integration capability in already existing IT environments, and future-proofing with regard to minor updates and release upgrades.

04 Detailed design and implementation

Once the decision has finally been made in favor of an ERP solution, the fine specification phase begins, in which the requirements are recorded in great detail. This requires a great deal of openness in order to arrive at a realistic scheduling and prioritization of individual project steps and to set up the ERP software sensibly and in accordance with the individual company requirements. If necessary, the migration of master data can also take place at this stage. Coordination between the ERP provider and the customer takes place throughout the entire project, ideally via one or two fixed contacts on both sides.

05 User training

Once the setup has been completed and all master data is available, all future users of the software are integrated into the process. In the first step, key user training sessions should clearly explain the operation, configuration and assignment of rights. This is followed by user training sessions focusing on day-to-day business processes. Such training courses should be designed to be highly interactive in order to ensure that users are as independent as possible in day-to-day processes.

06 Test phase and Go Live

In the test phase before go-live, processes, interfaces and transferred data in particular should be tested as intensively as possible for correctness and functionality. Here, possible malfunctions can be easily uncovered and directly corrected in cooperation with the provider. Other fine details that are not absolutely necessary for the production start can also be adjusted later on.

Finally, the results of the test phase can be used to set a final go-live date. The following questions should be answered in advance: Can all regularly occurring processes be covered by the new system? Are all necessary interfaces ready for use? Do all users have sufficient knowledge of the areas of the software with which they are to work on a daily basis? Are all key users trained and available at the time of go-live? Can an inventory be taken immediately before the go-live date?

07 Promoting acceptance among employees

This type of major change can lead to skepticism and rejection on employees' side. Important elements are therefore educational and motivational work. Comprehensive acceptance and active participation in the change of familiar processes as well as the firm conviction and backing of the management level are important key factors for a successful ERP introduction.

An ERP implementation project is not conclusively finished after these 7 phases of implementation. The support provided by the software provider allows continuous fine-tuning, simplification and further development of the processes. Generally, inefficient structures that have grown over the years crystallize over time and can be optimized easily and quickly with modern software.

The evaluation and implementation of new business software should not be underestimated. It requires a systematic approach, especially in medium-sized businesses, which often have tight budgets and manageable IT departments. Although well-organized and successful implementation projects have their price, they often pay off very quickly. For these reasons, before selecting a new ERP system, we recommend that our customers consider what options the intended investment offers for a stable and adaptable solution in the future.

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