



Finding a New Passion: Lessons to Share When Selecting & Implementing A Enterprise Resource Planning (ERP) Software System

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My journey began when our company operationally outgrew our accounting program. We had growth challenges. For example, our sales team had a Customer Relationship Management (CRM) software trying to communicate with our accounting system and other platforms. The more the company grew, the more the company required additional systems. At the same time, these systems had to be integrated into one another. Growth challenges!

Our first step was to research various software online and ask the right questions. For example, should the company use its legacy system and add one (or more) plug-ins? This would be beneficial in several ways: it would have retained the historical data, customer lists, vendor lists and inventory item lists. It would also be easy to implement!

However, easy today is not always the best long-term solution. The legacy system had its issues too: it did not provide defined user roles and mistakes of the past were still visible today. Items and habits from when the company first began operations and early stage practices were still apparent in its accounting system, company policies, and operating habits. Habits, as the saying goes, may take three weeks to form; however, I've learned they take much longer and are more challenging to change.

Changing habits requires patience, encouragement, positive reinforcement, and rewards along the way. Change management skills and positive reinforcement are important traits to incorporate for leaders, managers, and team members involved with the implementation of any new system and process within an organization.

While the undefined and flexible system of the past was at one point helpful to the company, growth meant that the company was experiencing new level of inefficiencies, which were being felt and the company knew needed to be addressed. A new platform was required to resolve these items for today's challenges and for future growth.

Stay the same or something new?

After researching multiple products and solutions, I presented a few options to the other managers and owners. One was to plug-in an inventory management system to the current accounting system. This would have been the simplest solution, and the price was right! There were several concerns, including that the data could not be integrated and tracked to the level required for marketing tracking and statistics.



Another challenge which presented itself would be which program would control and maintain the data? Would it be the accounting system? Or perhaps the inventory system or the CRM? The more plug-ins that are required, the more reliant each system is to not only communicate with the accounting system, but potentially with one another.

For example, a software company might state the software communicates or is compatible with QuickBooks. This might comfort most small business owners and allow for a decision, especially after noticing pricing of software in the market place. However, there should be follow up questions: Does the software communicate with other software packages your company uses (or may use)? Is the software compatible? Will your company be required to engage a third-party developer to create custom code (which can become costly and require upkeep)? Then you have to question the developer about the code and if your company owns the rights to it.

Because the first option brought so many questions, I presented another option to the managers and owners: investigate Enterprise Resource Planning (ERP) software as a solution. Although this was a radical shift from the current mindset, it did meet the vision of the company, which is to be significantly larger. The current managers and owners believed that the current system would not support the expected growth, no matter the number of plug-ins added. The team members also believed that a change was required. Therefore, our call to action was a radical change and revealed several lessons to share. The company chose to move forward with an ERP.

A few lessons learned from the ERP sales cycle

Lesson 1: Testing and Evaluating the Software

Have you every purchased a car without driving it? I found it challenging to actually test (“touch and feel”) the software during the sales process. Prepare yourself to watch a lot of videos on how wonderful the software is. I prefer a more hands-on approach and watching videos pushed my comfort level. Patience is a virtue—eventually you will be allowed to try the software. You may have to be persistent, and it will most likely not occur at the beginning of the sales cycle.

If you have never used an ERP or complex software before, there could be a good reason for the ERP companies not wanting to allow you to try it too early on. The software could intimidate you during a time when the sales people are selling easy-of-use and addressing solutions to your company’s problems. Remember learning any new software may take some time. Flash backs to new versions of any Microsoft products or QuickBooks anyone, when just a shift of an icon would cause half of a CPAs office to revolt around the water cooler.

Lesson 2: Find Other People Using the Software



I had to spend time finding contacts who used an ERP or who knew someone who used an ERP to see what I could learn. I was surprised by the number of people who mentioned that their company purchased an ERP and then did not implement it due to the complexity. This was a warning sign for the nature and scope of the project as well as for certain products. Of course, products can change and improve over time. Take time to find companies and professionals who will discuss and share their ERP experiences with you.

Tip: If your company decides to move forward with an ERP, your entire management team needs to be dedicated to the process, and you most likely need to engage a consultant for six months to a year (life of the project) who specializes in implementation (or the ERP software) to assist you, besides the ERP's implementation team. This individual would be employed (or engaged) by your company and therefore work and report to your company. This individual would help coordinate events between your company and the ERP company's implementation team. This extra investment will be very valuable during the entire implementation period (planning phase, the "go live" and post-implementation period). Additionally, you will have a professional to contact who is intimate with your ERP system after the implementation period. This would be very valuable for your company to have, especially within the first year of the "go live" date.

Lesson 3: The Duration of the Sales Cycle

The interaction with the ERP company for the sales cycle from initial contact to final contract can be over six months, perhaps closer to a year. You should not be in a rush to select an ERP system if you want to ensure good pricing and getting the right software for your company and industry. Small businesses should be aware that many ERP providers will negotiate small business discounts. However, these discounts most likely fade over time as your company grows. I believe the thought might be to develop a long-term win-win between the ERP company and your small business. If your company uses the platform and grows, it will be successful, meaning that your company most likely will not migrate away from the ERP system resulting in a long-term ERP customer.

Lesson 4: The Cloud or Local Server Option.

The ERP can be in the cloud or on a server. Be mindful of your company requirements. You will see the multiple offers from the ERP companies. Is the ERP company selling a cloud-based solution or a software and a hardware package? Does your company want to upgrade a server and pay an IT company or multiple vendors or have a relationship with minimal vendors (primarily the ERP company)?



The ERP salesperson may also try to explain tax regulations (e.g. Section 179 deduction) for purchasing a server versus paying for software monthly in the cloud. Please double check their calculations. I recommend conducting an analysis on how the different options will affect your company's balance sheet and financial structuring. It is also important to understand how the differences may affect important Key Performance Indicators (KPIs) such as fix asset turnover and other financial metrics such as debt obligations (if you finance or reduce your cash position). These presentations can also reveal the sale person's bias towards what they prefer you to do. For example, errors in calculations, and extreme discounting can reveal attempts to pressure decision making.

Lesson 5: Sharing Information

A salesperson will want to learn about your company—the growth and the challenges. This is natural and can be very beneficial. However, I observed how several salespeople continued to sale on preserved “pain” points instead of software solutions. Be cautious of your emotions being triggered during this process. Although it may be beneficial to share information during the sales process, ensure the software representative is selling on the merits of their product.

A few of the lessons learned implementation an ERP system

Lesson 1: Your Company Has New Policies and Procedures

When you purchase an ERP, neither the salesperson or consultant will tell you that the software you just purchase redesigned your company's policies and procedures, and perhaps culture.

A small business has a lot of personality, flexibility and spunk, especially in the early years. When implementing an out-of-the-box system-wide ERP with pre-defined roles, your team members might feel as if you have “gone corporate” on them. Team members who are used to be able to see all sorts of information in the old system now cannot. When you explain to them that it is for internal controls, better efficiency, more focus or any other creative reasons, be prepared to receive a backlash of response!

Lesson 2: Be Very Flexible!

I was prepared for three weeks of stress as everyone learned the new system followed by a new state of Zen. I was under the belief that it takes three weeks for humans to make a habit. I believed three weeks from the “go live” date our company would be in its “new habit” and moving along right before our busy season began. The third week may have been the hardest--the team began becoming comfortable with the ERP system and increasing the demand of changes.



Additionally, at week three our life boat, the old system, was out of sight! I knew there was no turning back and my workload was only increasing. I later was informed that the general adaption period is three months, not three weeks, for most companies. Be prepared for a three-month cycle after your “go live” date for continuous updates to the ERP system.

Lesson 3: Scheduling During “Go Live”

Be mindful of your scheduling during the implementation period. I was also faced with catching up on the traditional responsibilities and a work trip. Managers and staff should not schedule any non-essential trips during the pre-launch and implementation period.

Lesson 4: Testing Is Critical

The testing phase before going live is crucial. The company was trying to conduct testing and training for the ERP during its offseason. However, the company was faced with several challenges. The staff reported they were busier than normal, and the company was relying on the old system. At this point, it was becoming more apparent the old system wasn’t going to be able to support us into the future. During the testing phase is when you customize the processes, roles, and forms for your company and, as one consultant stated, “find the problems and try to break it.” If you do not take the time to test your ERP appropriately, you will compound the stresses and change requirements during the “go live” implementation.

Lesson 5: Training Is Critical

Team training and talk-through sessions are vital. The team will need encouragement, positive reinforcement, goals, rewards, and time to learn the new system. I found that the training is mostly videos. Be prepared to watch 16-60 hours of videos depending on your role. Intertwined in the videos are exercises in order to have some interactions with the software. Nothing truly beats real life experience! And with that comes mulligans, do-overs, change-orders, edits, and the delete button, especially during the first week. Everyone in your organization needs to be prepared to take deep breathes and have an extra dose of patience and grace. This tone, plus some excitement, can be best set from the top of the organization.

Tip: Allow your marketing team to complete the basic training early in the process. Then they can then begin to create templates and conducts testing as well as advance training on the ERP system. This will allow the marketing team to be prepared for marketing campaigns using the ERP system on the “go live” date.

Lesson 6: Best Practices

PROACTIVE ERP

enterprise resource planning

Understand the best practices the ERP your company selected offers. How do these best practices affect, intersect or will change your current practices? What policies and procedures will need to be updated as well as communicated? Be prepared to spend time with staff to talk through before implementing for feedback and comments.

Conclusion

In conclusion, moving from a traditional accounting system to an ERP has been an amazing and unique challenge! The company has been able to get its first real time data streams, which it is using in a variety of ways including order management, sales and marketing. The data from the ERP is our company's competitive advantage.

I have uncovered an exciting new technology passion in my life! I now realize how amazing and available technology is as well as how it can affect a growing business. Is your company ready to upgrade and adapt? I bet your competition is!