

ERP Implementations: Planning, Processing, Budgeting, Training & More...

Naveen Mittal¹, Dr.Samir Gopalan²

¹Naveen Mittal: PhD Student, Silver oak university, Ahmedabad
Email id: naveenmittal.rs@silveroakuni.ac.in, Navitl.80@gmail.com

² Dr.Samir Gopalan: Principal, Silver Oak University, Ahmedabad

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Abstract:

What exactly an ERP system implementation is: It's the process of gathering your business requirements, software selection, customizations, deploying the system, migrating data, training users, going live and managing go live support. These are the steps required to integrate an ERP system to your organization's processes.

An organization may want to implement an ERP system for multiple reasons, such as streamlining operations, reducing manual labour, improving customer satisfaction or unionizing business processes. Some of the industries that use ERP software are retail, manufacturing, distribution, pharmaceutical, technology, aerospace and defence, hospitality and construction etc.

Let's dive into the steps involved in the ERP implementation process.

Keywords: ERP, business processes, customer happiness, accessibility, budget, scope.

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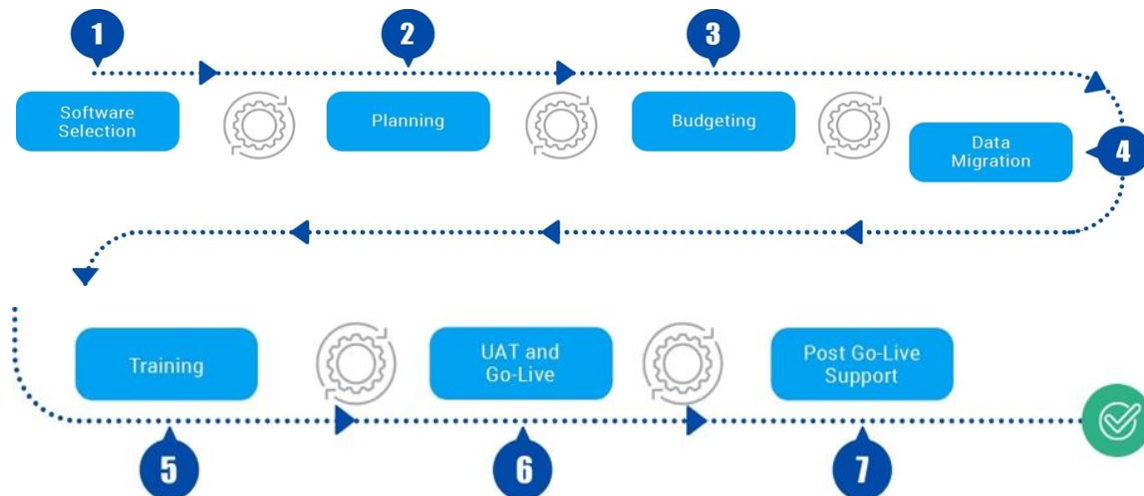
Previously, many people have identified and did the research from where any company needs to start for their internal ERP requirements. How any company will select the perfect ERP system for their own operations which is suitable and adopted by their business users. Many steps are involved in selecting the ERP and implementing the same within budget and scope.

Introduction:

Organization nowadays is looking for the best ways to improve their business performance in more effective and efficiency processes in order to sustain competitive advantages in the global market. To achieve the goals, the industry needs to upgrade their production technology in order to improve their productivity. Through a solid information business system, Enterprise Resource Planning (ERP) is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back-office functions (Beal, 2015). I wanted to highlighted the process involved for any successful ERP implementation selection process. What all the factors any stakeholders need to keep in mind before finalizing any ERP system. Many steps are involved for any ERP selection and we have to finalized based on our business processes or company standards. We have to select the ERP system which is best suits for our business processes. Also, other than ERP software selection there are few mandatory processes which needs to think and

implement while implementing any ERP system in the organization to mitigate any risk of failure. I will cover those steps below.

Let's dive into the steps involved in the ERP implementation process.



1. Software Selection

The first step of the process is ERP software selection. To start, you need to establish why you need an ERP system and what your business goals in adopting the system are; this is otherwise known as requirements gathering. Though software selection technically comes before the implementation process begins, these objectives play an integral role and will form the rest of your ERP implementation process. Don't take it lightly!

Our requirements templates can help you determine what you're looking for in an ERP system and in turn, what software features to look for in a vendor. On top of features, you need to consider deployment method, or whether you want a cloud-based or on-premise system.

If you decide to go with a Cloud-based ERP, that will change (and usually, simplify) the rest of the implementation process. A cloud-based ERP typically provides fewer customization options and has a lesser initial cost because they're billed on a subscription basis.

Below are the explanations how cloud implementations are unique:



The cloud has changed ERP implementations. There is no software to install, maintain or upgrade. It is simply a subscription and then the vendor will manage everything, including regular free updates containing new features and innovations.

As such an implementation is no longer a one-off “big bang” project, but a continual process of evaluating the new features available, adopting them in your organization to realize value and open up new opportunities.”

The best organizations are continually improving their business processes and operational excellence by adopting the very latest technologies such as AI, Machine Learning or Block chain which are delivered in business flows in the software and do not require data scientists, technology experts or more hardware to run on.

2. Assemble Team and Create a Plan

Now it’s time for some project management tasks. The implementation plan is the most important part of the process and requires great attention to detail. As for the implementation team, we should exercise just as much care in selecting the members. Here are some examples of roles to be filled:

1. Project Manager
2. Project stakeholders
3. The Executive Sponsor
4. Functional team members from your organization’s IT, finance and manufacturing departments
5. Data Scientist, if necessary
6. Implementation Partner
7. End-Users

The implementation team should have members from across your organization, making sure to include all departments that will be involved or using the software. It’s very important to include end-users.

Your change management plan should account for tasks such as data migration, system testing, cost forecasting, end-user training and measuring ROI when the project is finished. It should also set guidelines for communication, how to handle system downtimes or any other foreseeable issue that comes as a result of managing a transition at your organization.

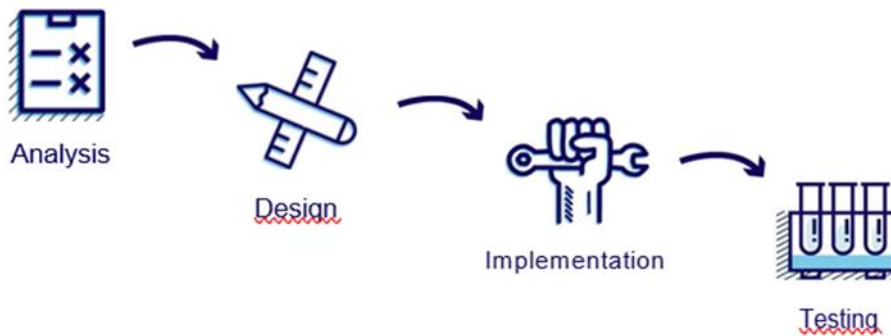
Now that you’ve assembled your team, you can design your change management plan. In addition, you’ll want to create a timeline for your ERP implementation, which can take anywhere from a couple of months to a couple of years to complete.



This is a great overview of items to consider when creating your implementation plan. Next, we’re going to get a little more technical.

Another choice you need to make at this point is whether you'd like to do an agile or waterfall method for the implementation. You can compare the two methods here.

Below, we explain why we favours the traditional waterfall approach:



One of the recent trends is the touting of using Agile for the implementation of ERP. In my career, I've worked on hundreds of ERP implementations. But I also spent time as the Product Manager for a tier 2 ERP, and in my time there I worked with the development team to switch from a traditional waterfall methodology to using Agile. So, I have some experience in both arenas.

My concern with this trend in the implementation space is that it's being thrown around more as a buzzword and marketing tactic by firms to try to give the illusion that it's going to make the process easier than it really is. And I feel like that is just setting businesses up for failure.

Implementing a new ERP is comparable to building a house. You need to have a floorplan, then dig a hole, pour a foundation, frame it, run electrical etc... Implementing an ERP isn't any different. I don't see telling a homebuyer to set a minimal viable product for the move-in date and then you'll try to work in any smaller features as time permits. You shouldn't do that with an ERP implementation either. If something like having all your product routings set up for manufacturing is important, then it's important and needs to be done.

That's not to say that Kanban or SCRUM can't be used as tools to implement ERP, but that's not 100% agile. On the other hand, post-go-live I think Agile is a creative way to manage your continuous improvement initiatives as it is flexible and lets you work in new features and functionality when it makes the most sense."

We've compared ERP implementation to planning a wedding and Dozer has compared it to building a house. Notice a theme yet? A well-thought-out plan is critical for success, but our next step, budgeting, is of equal importance.

ERP Change Management Checklist (To use during your ERP Implementation)	
1	Do your employee understand the need for this change?
2	Do you have a clear Project Sponsor?
3	Do Leaders at your Organization agree on the Project Objectives?

4	Do Leaders agree on the high Priority on this Project?
5	Do you have mechanism in place to allow for Employee to provide their Feedback?
6	Does your Training plan include Role-Based Training?
7	Do you have a plan in place for Support Post-Go Live?

3. Budgeting

It’s time to confront the dreaded question: how much does an ERP cost?

ERP implementations are famous for going over budget. To prevent going over-budget, when you arrive at a number, you’re comfortable with, it’s wise to go a little bit higher. That’s because ERP implementations are at risk of a myriad of hidden or unforeseen costs, such as maintenance issues or overtime pay for employees.

Some examples of common hidden costs that you could run into:

Sometimes people do a good job of accounting for all of the hard costs associated with deploying ERP, but neglect or underestimate the soft costs — such as the time and resources involved in determining if how you need to change your existing business processes to get the best outcomes with the new solutions and training to get users productive on the new system. Unfortunately, there are also too many instances where ERP buyers believe that functionality that they thought were included in the contract turn out not to be!

But hidden costs aren’t the sole culprit for exceeding your ERP implementation budget.



The problem is whether the client is willing to accept what will occur upfront. Thus, we have the conversations upfront and recommend budgets but inevitably, if the client budgets less than recommended, they will call later with these concerns.

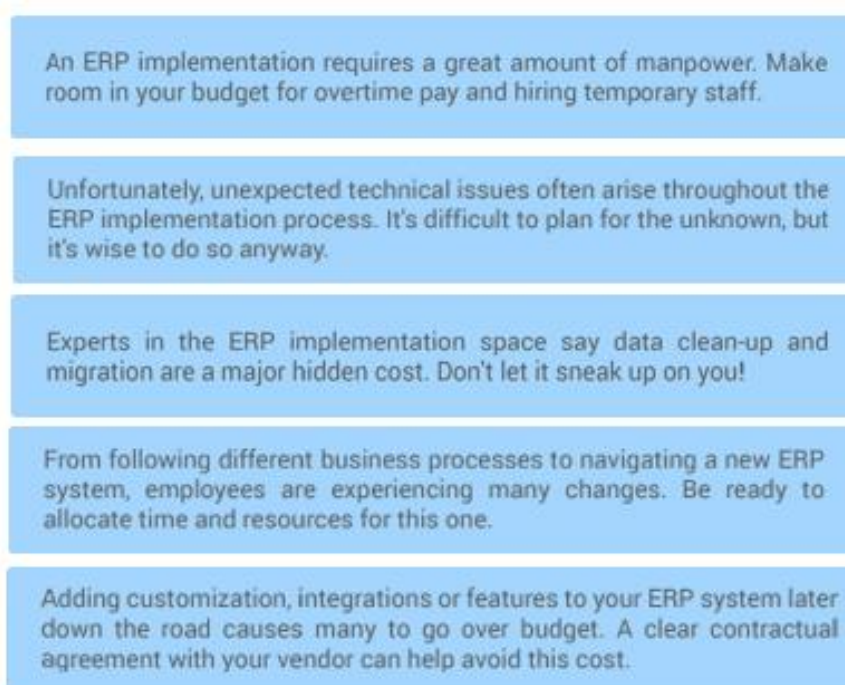
Beyond the scope of what the client thinks they will do versus the ERP supplier, the other items that pop up include additional time spent on data, reviewing design decisions (setups/ configurations for how they will work best to deliver key business requirements) and additional process support (aligning the people, process and systems).

Unfortunately, some clients do not think they can afford to invest in process support upfront; however, they end up investing more by not planning for this upfront. It is a tough situation because it is an expensive proposition; however, since it will dictate your business success for years to come, we recommend taking the conservative approach and invest additional upfront so that you are one of the select few to succeed.”

Take it from the experts: when it comes to your ERP implementation budget, you should hope for the best and plan for the worst.

Hidden Cost of ERP Implementation

(ERP Implementation Projects are at risk of 'hidden' or unforeseen costs that lead to going over-budget. We compiled a short list of common unexpected expenses to help you get ahead of the game)

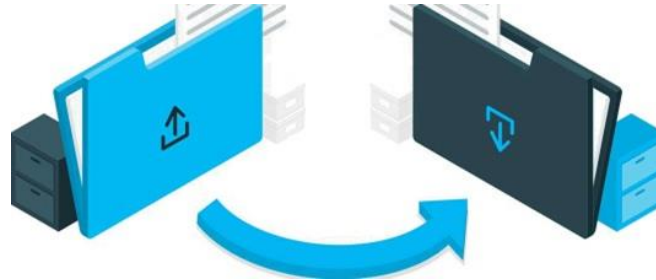


4. **Data Migration**

Congratulations! You've made it to the data migration step. It's finally time to put that carefully devised ERP implementation plan into action.

Data is the backbone of every ERP system. With that being said, data migration requires you to be meticulous. Data is the complete responsibilities of Business users. Mistakes made at this point can

lead to serious consequences down the road of your implementation or post-go-live. For example, data issues can lead to misinformation concerning your available inventory. Incorrect inventory data can disrupt your supply chain, decrease your customer satisfaction and more.



The data migration period is often when implementations fail or go over budget. In fact, says data migration is one of those pesky ‘hidden costs.’

“The biggest ‘hidden costs’ I have seen in ERP projects is underestimated the need for data clean up and transformation. Too often an organization will try to make their new ERP system fit their old data and processes. Be brave and archive as much as possible to avoid this cost.”

You should do a ‘spring cleaning’ of your data to get rid of duplicates and any information you don’t need anymore. Data clean up and migration is known to be a mundane task that can become very complicated. Oftentimes, organizations hire a data scientist or a professional to assist in the process

— especially when they don’t have an IT team or they know their data is a mess.

5. Training

At this point in the implementation process, it’s time to start training the end-users (if you haven’t already).

We’re going to caution you on implementation failure one last time; if users aren’t properly trained on how to use the system, the whole project and your efforts will have been pointless. Poor training will likely lead to a delayed implementation failure that slowly reveals itself over time, with users never becoming fully adept to the system. The same risks are posed for those who don’t continue training post-live; ERP software is complex, and any system upgrades will certainly require additional education.

The importance of user training:



One of the most important items to consider is whether your users understand how the system fits in with their day-to-day tasks. Going live is much more than knowing how to enter a purchase order or a sales order. Instead, it is knowing how to handle daily situations that arise . . . In many situations, so much money is spent that the project team strong arms users by saying they are “resistant to change” or that they must follow “best practice” when the reality is that they don’t understand how they will perform a vital part of their responsibilities. Then on go-live, it all blows up because the user was right!’

Unfortunately, user training isn’t usually straightforward. Customized, role-based training that works with the individuals’ learning needs is the best way to ensure that users will truly understand how to leverage your ERP system. This requires some evaluation of the end-users to properly execute.

There are several different courses you could take in your training method. Many software vendors offer training programs, from in-person sessions to e-learning webinars. If offered, training programs can be an additional cost or an included tool. This is something that you should discuss with potential vendors during your software selection process.

Alternatively, you could take the train-the-trainer route, but it won’t work as a standalone training method:

If you are assuming that your core team will follow a train-the-trainer approach, it is probably unrealistic. Although every project team wants to use train-the-trainer, it isn’t a realistic goal for 100% of the process. The devil is in the details, and they will require additional deep dives to determine how to use the system to meet the specific business requirements. In our ERP selection projects, we refuse to estimate with 100% train-the-trainer because we know it is unrealistic.

In summary, a combination of various methods is the most effective and convenient approach to end-user training. You’ll need to assess your organization to decide what that combination will be.

6. System testing & Go Live

It’s finally the day we’ve all been waiting for: Your new ERP system is going live! Nevertheless, try not to get ahead of yourself, and resist the temptation to rush through this step. We still have a little more work to do.

You need to plan for system testing to run through before and after the official launch. You’ll also need to prepare your organization for system downtime. Remember: you won’t have any working software during the go-live transition.

The system test should make you feel confident that the software’s interfaces and functionalities are responsive, able to process your company data and ultimately perform according to your requirements. You should test the system using real-life scenarios, and ensure that your integrations connect properly. Don’t forget to include the end-users in this step.



When it comes to the official launch or system deployment, you have a couple of methods to choose from. The most popular are big bang and phased approaches. Consistent with other guidance in this article, it's advised to take the phased approach, which allows you to deploy the system one step at a time.

An ERP plan should be phased wherever possible. Too often there is an assumption that one big cutover is necessary — like a light switch turning on. It is much better to have small, measurable successes that build confidence within the organization for next steps.

7. Post Go Live and Tasks

Not so fast — the ERP implementation process doesn't end when the system is live. Yes, you now have a functioning ERP system, but you should confirm that it's working. Post-Go-Live tasks, such as the following, can ensure you've completed a successful implementation.

- Analyzing the ROI
- Evaluating employee productivity
- Checking client satisfaction

Aside from measuring the impact of your project, another post-go-live responsibility is managing maintenance and ongoing training. These tasks are instrumental in the long-term success of your ERP implementation.

Here's some good closing news: 95% of businesses improve some or all of their processes after their ERP implementation. If you've made it this far, it's highly likely that your hard work will pay off!

8. Final Thought:

ERP implementations are a challenge that every company has their own unique experience with, but the universal first step is to gather your requirements. After that, you can use this article, mistakes to avoid and proposed steps as a guide for your journey — we hope it'll help you!

9. Failures:

Let's also talk about ERP implementation failures. Which is an unfortunate fact: implementation of ERP systems often fail outright, go over budget or don't meet the proposed ROI. In fact, 55 to 75% of ERP projects fail to meet their objectives. On top of the obvious disappointment, an ERP implementation failure can have a devastating effect on a company.

It seems like ERP failures are the hot topic right now in this space. Maybe that's because they used to get swept under the rug, or maybe it's just because there is more transparency in the industry now. The reason for failures is almost always due to a breakdown in the people part of the process. Sometimes the software really isn't a fit, but that can be traced back to the sales process and unrealistic expectations being set. Other times the project is rushed to meet an arbitrary deadline and corners are cut. And then sometimes end-users aren't trained appropriately. The root of failures can be traced back to some sort of mismanagement of the process. That's why it's important to have a third-party project manager as well as stakeholders from the business and the implementation partner."

One of the largest mistakes I've seen ties back to the old joke that if you want something fast, cheap and high quality that you can realistically only get 2 out of the 3. That doesn't stop people from wanting all three, and it doesn't stop some system integrators from touting that they can deliver on all three. And what this really boils down to is the mistake of mismanaged expectations. Everyone needs to know going into the project knowing realistically how long it will take and what the cost to do it right is going to be.

The second biggest mistake is not taking ownership of the ERP system. I've seen businesses who when talking to the consultants will use the terminology 'your software' It's important to realize early on that when you purchase an ERP system, you need to own it as yours. It's a set of tools that allow you to achieve what you want to accomplish. As long as the perception is that someone else is "in charge" of it then it will never be successful, and adoption will be low."

On top of mismanaged expectations and lack of ownership, there are plenty of other potential mistakes we could add, but it's more productive to talk about how to get ahead of them. Here's a couple of ways to do that:



- ❖ Accept the up-front investment of time and money
- ❖ Include the end-users every step of the way
- ❖ Carefully gather your requirements, be selective with vendors and opt for an industry-specific solution (if applicable)
- ❖ Hope for the best and plan for the worst, especially in the areas of budgeting and maintenance
- ❖ Create a strong change management plan
- ❖ Communicate across all departments internally
- ❖ Ensure you have the support of entire team
- ❖ Remain dedicated to leveraging your ERP system; don't fall back on old business processes

10. **Conclusion:**

As per above points its clear that if we keep these points in mind for any ERP implementation so there will be very less chances of failure. For any successful ERP implementation, we have to prioritize the internal planning as well other that ERP implementation vendor.

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