

# NEXT STEPS: Effective ERP Implementation

An ERP implementation touches every area of an organization, cutting across functional boundaries and departments as well as impacting the extended enterprise.

How can manufacturing and distribution companies ensure that an ERP project results in full utilization of the new system's stated functionality and anticipated benefits? It's all about the implementation.

This document comprises a collection of several key strategies that our experts recommend for effective ERP implementation.

We've given special attention to the six phases of a typical ERP project. In each phase, we describe the best practices proven to speed the rate of adoption

Plus, we give an implementation to-do list of ways we've found to get our manufacturing and distribution clients up and running faster and with fewer disruptions to operations.

The paper concludes with key considerations for the ERP implementation team.



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# Successful ERP Implementations: A Matter of Time

Most successful and seamless ERP implementations occur when a manufacturer or distributor is fully engaged in the process, including being in full alignment with the ERP vendor and other implementation resources, such as a specialized outsourced implementation team.

This level of engagement should begin long before the go-live stage. The team must take the time at the outset to determine the right participants within the organization, locate appropriate vendor and external resources and build solid plans. Carefully managing the extensive phases of implementation will ensure the project's success.

## Best Practices at Each Implementation Phase

How long should a typical implementation project last? The average timeframe is around 7-8 months, depending on the project's complexity.

### Some factors that affect the project's completion date:

- The complexity of the system being implemented
- The production environment
- The number of facilities and processes
- The level of automation within the organization
- The existing IT infrastructure
- ... and many other considerations

Given this level of complexity, our experienced team recommends working through the following six ERP implementation stages, each with key tasks and activities that we've summarized for you.



“We have a culture of confidence, but we know we are not invincible or infallible, so we decided to harvest the strengths of our organization and bring in the outside expertise we needed to ensure success.” **–Don McNeeley, CEO Chicago Tube & Iron**

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## Level 0

# Pre-Implementation Phase

The pre-implementation phase forms a solid foundation for the ERP project, with success at this early stage greatly increasing the likelihood of success at go-live.

**Typical best practices take place in the following areas:**

### Vendor Due Diligence

At the tail-end of the technology evaluation cycle, these tasks involve the final vendor of choice and necessary paperwork.

- Site visits
- Customer references
- Other evaluation activities
- Contract review
- Contact negotiation
- Finalization

### The Team and Charter

The ERP Project Team confirms key stakeholders to lead the implementation and creates a charter

- Determine Implementation Team members
- Outline Implementation Team responsibilities
- Create ERP Project Charter with statement of core goals, objectives and scope
- Stipulate IT project governance process with roles and responsibilities during implementation

### SOW and MSA

The ERP Project Team receives Statement of Work and Master Service Agreements from preferred vendors

- Include services, timeline, budget, etc. in Statement of Work
- Request list of vendor team members with profiles to verify fit with company's culture and necessary expertise for implementation tasks
- Research vendor references for "lessons learned" from previous client implementations
- Request Master Service Agreement from vendor with all terms of contract
- Review MSA with legal team, IT leadership, company management, etc.

### Outputs:

- Implementation Team formed
- ERP Project Charter created
- Agreed-upon final contract with vendor
- Consensus on MSA and other areas of vendor relationship
- Consensus on vendor's Statement of Work
- Agreed-upon start date for planning and other documents preparing for next phase



It's surprisingly important to ensure that the culture and credentials of the vendor team mesh with the manufacturing or distribution company's team."

**Brian Puz**  
Service Delivery Manager  
Ultra Consultants







Focus on fully understanding the vendor deliverables and statement of work (SOW) early on. With an understanding of what is expected, your project has a better chance of success.”

**Danielle Brashear**  
*Service Delivery Manager*  
Ultra Consultants

## Level 1 Project Planning Phase

During the Project Planning Phase, Manufacturers and Distributors build upon the foundation set in Level 0, solidifying the details within it by carefully confirming all final aspects of the vendor contract, including the Statement of Work, and understanding vendor deliverables.

**Typical tasks for best practices are in the following areas:**

### Vendor Contract Review

The Implementation Team leverages the organization’s legal team and all key stakeholders when reviewing each detail of the Vendor Contract

- Compare contract vs. demonstrated product
- Compare contract vs. needed functionality
- Review limitations of user licenses to access critical functionality vs. actual user counts
- Review final ERP application footprint

### Vendor Deliverables

The Implementation Team details performance expectations in the Vendor Deliverables

- List each project deliverable
- Clearly define each deliverable
- State timelines
- State expected completion dates

### Statement of Work

The Implementation Team outlines the vendor’s responsibilities and tasks in the Statement of Work

- Implementation
- Migration
- Testing
- Training
- Support
- When new work orders will be needed
- What level of support company will provide vendor

### Outputs

- Finalized Contract
- Finalized Statement of Work
- Finalized Vendor Deliverables

## Level 2

# Product Education Phase

In this phase, serious, systematic education helps accelerate adoption and increase buy-in from key stakeholders. With complex manual operations at manufacturers and distributors, ERP implementations run smoother with practical, hands-on training to address the new capabilities, new processes and the expected value-driven applications after implementation.

**Typical tasks for best practices are in the following areas:**

### Vendor-Based Education

The ERP vendor should have robust, proven manufacturing- or distribution-specific training available

- Request in-person and online training
- Specify core team members to be trained first
- Expand training to all key process owners

### Certification, Training Assessment

Assessment vehicles must test and certify the capabilities of the user so that key process owners have the information they need to configure and use the system

- Prepare for a lengthy process that could last months, depending on the depth of the new product, technology infrastructure and data integration
- Consider formal certification programs as needed

### Enterprise-Wide Education Roll-Out Plan

Once the ERP project team has completed system training, a roll out plan brings training to the enterprise

- Deploy short, targeted training sessions
- Encourage members to try out what they have learned
- Develop ideas for process modifications and system optimization

### Outputs

- Formalized education curriculum
- Roll-out plan
- Testing mechanisms assessing team members relating to ERP features, functions, reporting and user interface familiarity
- Ongoing training and support programs

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Save yourself and your team future headaches by ensuring that the ERP vendor provides training so that process owners are better able to absorb and retain key information about new features and functions.”

**Aaron Olin**  
*Senior Research Consultant*  
Ultra Consultants



## Level 3 Design/Configuration Phase

At this stage, an application consultant from the vendor engages with the company's process owners.

**Typical tasks for best practices are in the following areas:**

### Interactive Team Workshops

Workshops help process owners further their understanding of the capabilities of the product as it is being configured for specific business requirements

- Load master data, led by vendor or IT consultant
- Configure system, reporting, dashboard, etc.
- Identify any gaps between new solution and business requirements

### Conference Room Pilot

The IT consultant leads the pilot

- Observe the system in action
- Identify gaps in processes
- Identify data integration tasks and issues
- Design and configure data conversion, map business processes and assign data to relevant process owners

### Outputs

- Pilot completed
- Data converted
- Technology integrated
- ERP verified to meet needs of business process owners
- Plan developed for additions or customizations



"It's best to have configuration follow directly after product testing to leverage the most recent findings. Avoid combining education, design and configuration in one step."

**-Brantly Chavis** | *Service Delivery Manager* | Ultra Consultants







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This may seem obvious, but the final simulation just prior to go-live must successfully simulate running the complete business.

Don't take short cuts.”

**Neil Brody**  
*Change Management Specialist*  
Ultra Consultants

## Level 4 Development/Test Phase

This is typically the lengthiest, most involved phase of ERP implementation, a time to simulate using the ERP in real-life scenarios within the enterprise.

**Typical tasks for best practices are in the following areas:**

### Test Simulation Scenarios

Here the team prepares several test scenarios that simulate running the entire business within the new system

- Test simple processes: e.g. create a PO, order entry, etc.
- Test complex processes: e.g. from purchase order to receipt of product
- Confirm that both team and the ERP system are ready for the final go-live phase

### Continued Interactive Workshops

ERP implementation workshops become more detailed as the entire enterprise accesses the new system

- Test for data integration
- Test for data usage in multiple user scenarios
- Address any functions or features still needing configuration to meet business requirements

### Process Owner Involvement

Testing responsibility shifts to the process owners at the company

- Verify satisfactory results of the continuous iterations of the testing cycle, fixes, retests and configuration
- Notify vendor of any remaining issues for resolution

### Outputs

- Completed all tests
- Completed all adjustments and configurations
- Verified system optimization

## Level 5

# Go-Live and Post-Implementation Phase

With successful conclusion of pilots, tests, fixes and system fine-tuning, this stage brings user instruction, final documentation and training, and a timeline for cut-over activities.

**Typical tasks for best practices are in the following areas:**

### Establish the “Cut-off” Strategy

With confidence in the new system through testing, the team develops a strategy to cease using the old processes and systems

- Develop comprehensive cut-off strategy
- Single instance (all users migrate simultaneously)
- Parallel adoption (both systems run simultaneously for a set period of time)

### Manage the Shake-Out Period

The ERP vendor team is on-site through the cut-off and go-live, and stays on to help manage issues

- Note possible issues with reporting, data, customizations, etc.
- Make final assessment of all processes to reveal continued gaps or performance issues
- Address all noted issues

### Post-Implementation Audit

This audit helps organizations determine whether the “to-be state” is a reality

- Measure Key Performance Indicators (set during ERP selection)
- Translate KPIs into individual and departmental metrics
- Set target levels of performance as basis for post-implementation audit

### Outputs

- Schedule of metrics tracking
- Schedule of post-implementation audits



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Remember that the go-live date isn't the end of the road.

Post-implementation activities are critical to increase the ROI of your new system.”

**Katrine Maguire**  
*Finance Specialist*  
Ultra Consultants

# Considerations for the ERP Implementation Team

While familiarity with the phases of ERP implementation is important, special attention must be given to the ERP Implementation Team.

**Through the years, we've compiled the following ERP Implementation Team key success factors:**

## **An Emphasis on Project Management**

Due to the complex nature of an ERP implementation, the team must be led by an experienced project manager

- Manage tasks and responsible parties
- Hold parties accountable
- Lead with transparency
- Be decisive

## **A Commitment to Apply Appropriate Resources**

Significant internal and external resources must be expended for ERP implementation

- Don't underestimate required resources
- Plan for critical, resource-intensive phases
- Don't trivialize the scope and scale of the implementation
- Allocate the proper amount of time and resources to the project

## **Collaboration with IT**

While an ERP implementation affects the whole enterprise and extended supply chain, IT must be at the center

- Communicate and coordinate with the IT team wherever possible
- Build-in collaboration with the IT team

## **A Focus on Change Management**

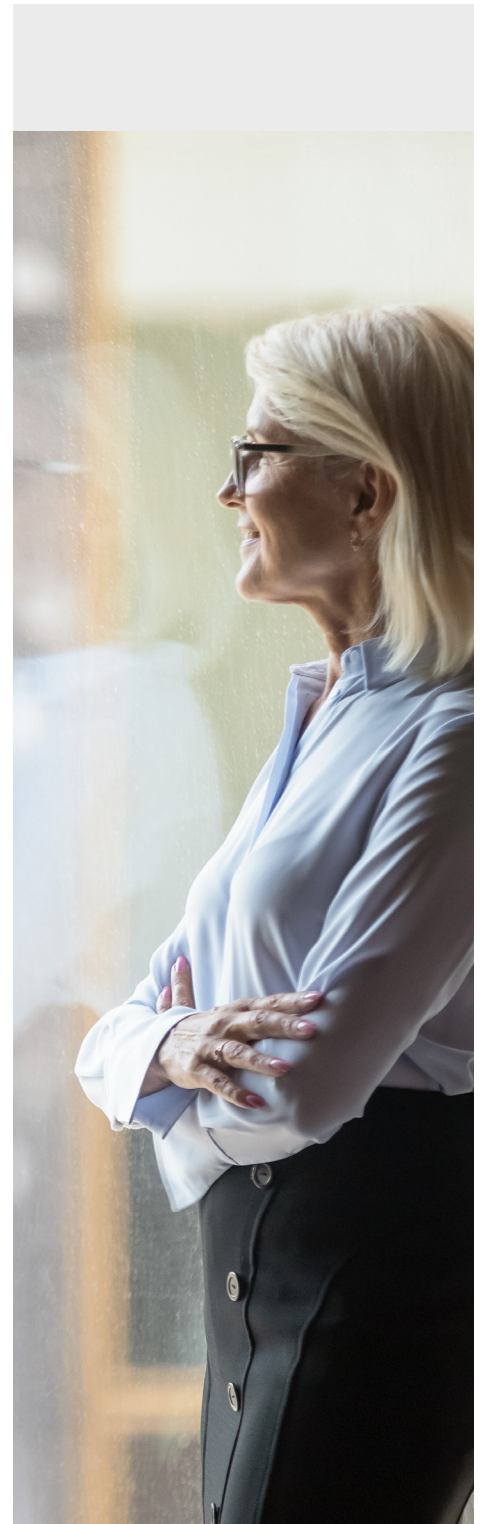
An ERP implementation brings with it drastic change for the entire enterprise

- Anticipate how the workforce will react to a new ERP system
- Enlist a project sponsor to champion the project and lead their people to success
- Gain consensus from all team members

## **A Focus on Education**

An ERP implementation is only as good as the end-user's ability to operate it

- Design workshops
- Create learning opportunities to teach how to fully utilize the system
- Be accessible and approachable for critique and individual problem-solving





## Final Thoughts

A complex project of this magnitude deserves careful planning and execution. We've shared these best practices in the hopes that they help our potential clients in manufacturing and distribution to have needed insight for an effective ERP implementation.

However, the best advice we can give you about ERP Implementation is simply this: Don't go it alone. We have experienced ERP consultants who can be tapped to implement a new ERP system much faster and more effectively than business professionals who are unfamiliar with the rigors of an ERP implementation.

You're the expert at running your business. We're experts at helping you optimize it.

## About Ultra

Ultra Consultants is an independent consulting firm with the experience and ability to quickly deploy top industry experts into your company in order to improve business processes and select the most effective technology solutions for your **organization, while saving time and resources.**

**Our Clients:** Our clients range in size from a \$21 MM regional plumbing distributor to a \$16 B multi-national minerals manufacturer, each with an unrelenting desire to be the best in their respective fields. They team up with us because we specialize in the manufacturing and distribution sectors, in verticals as varied as aerospace, food and beverage – and everything in between. We understand your **business, with all its challenges and opportunities.**

**Our Expertise:** Our unique, proven methodology is BPI-based and ROI-driven to improve revenue and customer satisfaction, enhance financial management and real-time decision making, increase productivity while reducing time to market. In short, we provide deep experience in best practices and current technology solutions for manufacturing and distribution process optimization.

**Our Commitment:** When you utilize Ultra Consultants, you can expect greater ROI, better information flow, shorter time-to-value, and an easier transition from your legacy system to your new ERP. We understand the unique complexities within manufacturing and distribution companies, and we know how to get you operational with new efficiencies and increased visibility from supply chain to customer care.