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6 Best Practices for Selecting ERP Software

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by Dana Craig, Jonathan Gross, Tim Hourigan, Michael Krigsman, Tom Rogers, Bob Swedroe, Chintan Tyagi

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Executive Summary

ERP solutions are, by nature, large and complex. How do you select the solution best-suited to your firm? In this guide, Focus Experts Dana Craig, Jonathan Gross, Tim Hourigan, Michael Krigsman, Tom Rogers, Bob Swedroe and Chintan Tyagi share their top 6 best practices for selecting ERP software. You can learn even more about making an informed ERP buying decision by downloading the 2011 Focus Experts' Guide to Enterprise Resource Planning.

After reading this guide, be sure to check out the entire discussion and join the conversation: http://www.focus.com/questions/operations/erp-software-selection-best-practices-what-are-your-3-tips/.

Best Practices Checklist

1. Know your requirements.
2. Make sure vendor competencies match your requirements.
3. Check vendors' training and support resources.
4. Treat your ERP project as a change-management project.
5. Enlist the aid of consultants.
6. Don't skimp when allocating resources.

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Best Practices

1. Know your requirements.

"Make sure that you know, in detail, what business problems you're trying to solve through the use of ERP. This takes a multi-departmental approach." (Craig)

"Understand your own needs and match them against potential vendors' offerings. Every ERP vendor has some particular sweet spots where they are strongest — for example, vendors can aim their products at large companies (or small), process manufacturing (or discrete), regional businesses (or global), and so on. If you don't get the right product 'fit,' you may end up trying to shoehorn a round peg into a square hole, which can lead to disaster." (Krigsman)

"Make sure you define your needs up front, or you might select a solid ERP that addresses the wrong issues. The needs assessment should involve all relevant functions/employees. This will also help to obtain employee 'buy-in' and generate enthusiasm for this project. The requirements list should have a ranking by importance of all functionality/capability of the ERP solution." (Swedroe)

2. Make sure vendor competencies match your requirements.

"Check your solutions partner's experience. Are they well-versed in the unique needs and 'pain points' of your industry? Have they worked with systems similar to yours? Have they written custom reports in your industry?" (Rogers)

"Demonstrations are where the vendors put rubber to the road. You should take advantage of this opportunity to have the vendors show you how well their respective systems handle your business's key processes." (Gross)

"During the demo, ensure that the ERP can perform all the key functionality that you require. If you cannot see the functionality that you need, do not assume that it exists. I would not proceed with the vendor unless they can demonstrate the functionality or allow you to see the functionality at one of their customer sites." (Swedroe)

"If a potential vendor shows you his product before trying to learn your business processes, process flow, and challenges — run, do not walk, to the next vendor on the list. " (Craig)

"To determine your comfort level with potential partners, ask yourself: Do they communicate clearly and effectively? Do they respond to requests quickly and thoroughly? Do they understand the unique demands of your industry? Can they explain and demonstrate technology in language all employees will understand? Are they open and friendly?" (Rogers)

"Find service providers that understand your specific business. Ask the integrator about directly relevant industry experience. This is even more important if your business or industry has specific requirements that are unique." (Krigsman)

3. Check vendors' training and support resources.

"Make sure there are at least three consultants on staff, are fully certified and receive product education annually. To control the cost of training new hires, make sure the reseller has at least one resource dedicated to phone and remote support." (Rogers)

4. Treat your ERP project as a change-management project.

"ERP projects are change-management projects, not technology installs. At their core, ERP projects are fundamentally people-driven change-management projects intended to improve cross-functional business processes. Just throwing your users the keys to a new technology product will not spontaneously result in the business improvement desired. New software implementations need to include user engagement and knowledge transfer so users understand not only their own roles, but the roles of others — and how what each person does affects the others in a given process chain." (Hourigan)

5. Enlist the aid of consultants.

"Find an internal or external expert who has worked with at least two different ERP systems and has also spent time in a functional role. Make sure it is someone who has been on both the sides of your fence, and does not have any vested interest in any vendor's solution." (Tyagi)

"If your company doesn't have an internal IT industry analyst and lawyer on staff, it should think about hiring an independent selection consultant that fits the bill. This type of person can help your business negotiate deals that most companies never achieve. In some cases, well-seasoned negotiators can negotiate concessions of up to 90 percent off listed, license prices." (Gross)

6. Don't skimp when allocating resources.

"Be ready for a long and challenging journey. Commit enough resources both financially and managerial time. It is not a website development project, and it will make or break your business." (Tyagi)

"Spend the time needed to review each vendor's implementation approach and assumptions to ensure their 'standard' approach really does meet your needs." (Hourigan)

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About this Report

Focus Best Practices Reports are designed to help professionals understand business and technology best practices in particular topic areas. The best practices included in each report are sourced from Focus Experts who have exhibited expertise in the particular topic. Best Practices Reports are designed to be practical, easy to consume, and actionable.