

The Hitchhiker's Guide To The ERP Software Galaxy

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Preface



STOP & READ THIS PREFACE

We're happy you've found and opened The Hitchhikers's Guide to the ERP Software Galaxy.

Whether you're a rapidly growing start-up, a well-established enterprise, or somewhere in between, committing to an ERP software implementation is a sign that your organization is seriously committed to leveraging technology to **solve your business challenges, reach your goals and beat your competitors**. Navigating an ERP software selection and implementation is one of the best decisions you can make for your company, but this process does present unique challenges.

Our sole intention is for you to **use this eBook to better inform your company about how to successfully select and implement ERP software**.

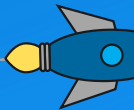
The reason we created this eBook is not so that we can sell you software or convince you to hire us. You'll notice throughout the eBook that we don't advocate for any specific software, and that's by design. This resource was created to help you and your team, nothing else.

We wouldn't be honest if we didn't tell you this: of course, we want to hear from you! But before you think about reaching out to us for help, it's better for everyone if you **read this eBook**.

View our list of **common terminology** in the ERP software galaxy!

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1

WHAT IS ERP SOFTWARE & WHY DOES YOUR BUSINESS NEED IT?

What is ERP Software & Why Does Your Business Need It?

ERP or '[enterprise resource planning](#)' is a technology used to manage and integrate all your business' core functional processes into one, centralized system.

Every business transaction your company makes, like a Sales Order, Purchase Order, Inventory Transfer, Production Order, [has a financial impact](#). At its core, modern ERP software is a step beyond your accounting system. It integrates every function so that as transactions happen, the financials of your business [update in real-time](#).

A lot of popular cloud-based software that you may use today is *pretty good* at managing a specific function in your business, like accounting software such as QuickBooks or Excel Spreadsheets for managing your inventory.

However, as you grow and as the needs of your business change, the limited capabilities and [the lack of integration](#) between these types of software can prevent you from having [access to data that informs intelligent, timely decision-making](#), and can make it difficult to [scale in the most efficient and profitable ways possible](#).





2

WHAT IS AN ERP IMPLEMENTATION & WHY DOES SOMEONE NEED TO IMPLEMENT IT?


What is ERP Software Implementation & Why Does A Business Need To Implement It?

Some of the software tools you use today to manage your business have been purchased and used with almost no human interaction. Others may have required a more involved support engagement to configure the software to meet your needs.

While you may or may not feel that your business processes are distinct and original, the fact is that **no two companies operate the same across all functions**.

Over the decades, ERP as a software category has matured tremendously. The top ERP software publishers are among some of the largest, most innovative and highest-valued companies in the world. This has allowed modern ERP software to be developed into incredibly robust, flexible and configurable solutions that **can fit the seemingly endless multitude of business and use cases that exist**.

Modern ERP software is the most sophisticated blank canvas you can imagine, which means that a high-degree of skill and experience is required to **design and configure the software to integrate the entirety of your operational processes into a centralized system**. So, the implementation of ERP software is when an experienced team, that understands your business, takes a powerful system and **personalizes it for your exact business requirements**.

 **It's not about your company molding itself to fit the software, it's about molding the software to fit your company.**



3

**HOW DO I KNOW MY
COMPANY NEEDS AN
ERP SOFTWARE
IMPLEMENTATION?**

How Do I Know My Company Needs an ERP Software Implementation?

If you're experiencing these 3 business challenges, then you should be considering an ERP software implementation:

1

Lack of integration across your organization:

The systems you use to manage your day-to-day operations are disconnected. This causes a *tremendous amount* of inefficiency, manual processes and human errors. These can manifest themselves in many ways, but the bottom-line is this: **your disconnected systems cost you money, which impacts your profitability.**

2

Lack of real-time information:

You don't have visibility, and access to accurate data, about how your company is performing on a minute-by-minute, hour-by-hour, day-by-day basis. **This impacts your ability to make good decisions about your business in a timely fashion.** There are things about your business that *you don't know*, and that keeps you up at night.

3

Lack of a trusted partner:

You don't have a partner who can understand your business, consult you on how to use modern technology, and implement that technology to solve your business challenges. You understand that you *will need* to successfully leverage technology if you're going to stay competitive, so **your lack of a trusted partner impacts your confidence in the direction of your organization.**



4

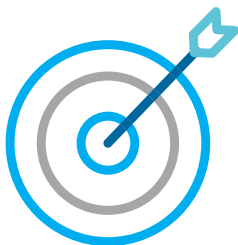
**WHAT QUESTIONS
DO I NEED TO BE
ASKING MY TEAM
ABOUT OUR
BUSINESS?**

What Questions Do I Need to Be Asking My Team About Our Business?

A successful ERP implementation is one in which you have **clearly defined objectives** and every step of the implementation is focused on achieving those objectives. In order to do that successfully, you need to have an understanding of the underlying fundamentals of your business data, people, and processes so that you can set the correct direction for your team. Typical things you will want to understand before embarking on an implementation journey are:

- How consistent is our master data?
- How accurate is our inventory?
- Can we get the reporting / data we need to make business critical decisions?
- Why does it take so long to run core business processes?
- How many returns / refunds do we give and why?
- How many times do we have exceptions?
- Do we rely on one person to make sure things go smoothly?
- What are our biggest challenges and what outcomes do we need from an implementation in order to move our business forward?

By **defining your top 2 – 3 desired business outcomes** and making decisions that are consistent with achieving these objectives will give you the best possible outcome from your implementation.





5

WHAT ARE THE WAYS ERP IMPLEMENTATIONS FAIL AND WHY?

What Are The Ways ERP Implementations Fail and Why?

Modern ERP software is vastly superior to those of a decade ago and can revolutionize the way your business performs – if implemented correctly. With that said, changing your ERP system, or implementing one for the first time, comes with risks that you should address before making a change.

Most risk arises from poor preparation.

Modern ERP software offers significant benefits and a competitive advantage by automating your most critical processes, unifying data across your departments and functions, and streamlining operations. Those things are great, of course, but they also mean that your new system is running your business, so poor implementation puts your operations at risk.

On the following pages, we'll outline **five major risks** to prepare for when considering an ERP change.

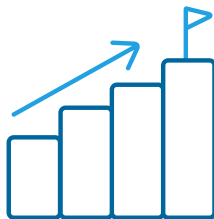




Risk #1:

Your project goes over timeline & budget

What Are The Ways ERP Implementations Fail and Why?



Your project goes over timeline and budget

Failure to clearly identify and address these risks can lead to a missed go-live date and cause you to exceed your project budget.

The team you hire to implement your new system is even more critical than your ERP software selection itself. Best-of-breed ERP software publishers, like SAP, Oracle and Microsoft, are household names for a reason – they develop the best business management software in existence.

However, the software you select is just a tool, which means the value you drive from the tool is completely dependent on how the tool is implemented and used.

An implementation partner who charges you by-the-hour forces you to assume the risk of going over budget, but you do not have the experience to take on the risk of pricing your ERP implementation. So, insist that your implementation partner takes on the risk by offering a fixed-price since they do this every day.

And, while they are hard to find, if you can find a partner willing to guarantee your go-live timeline then that should carry considerable weight during your decision-making process.

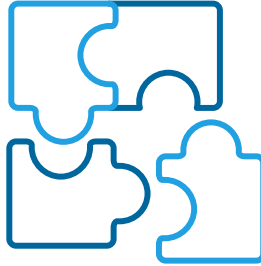
Going over timeline and budget are very common, so seek to eliminate these uncertainties with a fixed-price and timeline guarantee in writing before the project starts.



Risk #2:
You slow the
business

Risk #3:
The new system
isn't fully adopted
by your team

What Are The Ways ERP Implementations Fail and Why?



➤ You slow the business

When your new ERP system goes live, you'll incur some operational disruption – after all, you're changing the underpinning of your entire way of working. The real risk is continuously interrupting operations as you approach 'go-live day' and face the wrath of angry customers.

Avoid this scenario by having a comprehensive implementation plan laid out ahead of time and notifying staff early and often regarding planned system disruptions.

➤ The new system isn't fully adopted by your team

Some businesses implement a new ERP system only to find a year later that their staff is still using spreadsheets and one-off, department-specific workarounds. Usually, this happens when employees feel as if they didn't have a say in how the system should operate.

To avoid this, get user buy-in before going live on your new system. Assign an ERP implementation project team involving all departments and repeatedly communicate the vision for the new system.



Risk #4:

Lack of training
drains time &
resources

Risk #5:

You lose track of
valuable data

What Are The Ways ERP Implementations Fail and Why?



Lack of training drains time and resources

Some businesses fail to account for the importance of practicing with the system before going live. When this happens, the only way to ensure user uptake is to revisit training which costs both time and money; you can **avoid this situation entirely by including both technical and non-technical users on your system early and often during the implementation process.**



You lose track of valuable data

Your ERP system will only be as good as the data you put into it. Often businesses forget to transfer some of their data into the new system, potentially losing years' worth of valuable information. Also, by failing to track their data, they may inadvertently expose it to the wrong people, leading to theft or other damage.

Minimize data-related discrepancies and losses by noting all the places your data exists and all the current processes that use the data.



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BEST-PRACTICES FOR ERP IMPLEMENTATION SUCCESS

Best-Practices for ERP Implementation Success

Small and mid-market businesses tread carefully around their decision to implement a new ERP system. After all, doing so represents an enormous change – significantly streamlined operations, efficiency gains in multiple areas, better access to real-time data, and much more.

Unfortunately, some companies don't think through their ERP implementation before jumping in with both feet.

This can have disastrous consequences, including halting business and losing customers. To ensure a successful ERP implementation, have the following steps in place before proceeding.

Identify desired (but also realistic) outcomes

This includes choosing a few simple, clear goals and then making decisions that support those goals.

Define a reasonable scope with a short time frame

It's important to see implementation success quickly for both morale and profits. In addition, goals are less likely to change during a short project, and a condensed time frame makes it easier to stay on track. Don't try to automate everything during the implementation. Start with implementing existing or updated business processes, and once those are operating, figure out where best to automate your business.

Commit and incent your project resources to getting things done

This will prevent the implementation from dragging on endlessly - or failing entirely.

Best-Practices for ERP Implementation Success

➤ Understand your business processes

First, assemble an implementation team that understands how the business runs, then give them the power to make decisions (or give them access to the decision-maker).

➤ Don't get hung up on detailed requirements sessions

Typically, these sessions don't move a project forward and are a waste of time. If you choose to have the sessions, the results often reflect "as-is" processes and fail to consider potential improvements that can occur during implementation.

Focus instead on making multiple, end-to-end iterations through your core business processes in the system to identify improvements. These core processes include:

Record-to-Report

The finance and accounting management process which involves collecting, processing, and delivering relevant, timely and accurate information about strategic, financial, and operational performance.

Quote-to-Cash

The complete set of business processes involved in selling, from creating initial offers or quotes for prospects to collecting payments from customers.

Procure-to-Pay

The complete set of business processes involved in the integration of the purchasing department with accounts payable.

Inventory Receipt-to-Complete

The entire life-cycle of a product, from inception, through engineering design and production, to distribution, service and disposal of manufactured products.

Manufacture-to-Complete

The complete process by which products are manufactured by using material, labor, machine and tooling resources.

Forecast-to-Plan

The collection of processes between creating the demand forecast and the publication of revenue, production, sourcing and distribution plans.



7

SOFTWARE PUBLISHERS VS. PARTNERS OR RESELLERS

Software Publishers vs. Partners or Resellers

A **software publisher** is an organization that develops and markets software. It includes market research, software production and software distribution. Publishers may develop their own programs, contract for outside development, or obtain off-the-shelf packages. A "publisher" implies distribution and marketing as well as development. For example, SAP is a software publisher.

Some software publishers sell and implement directly, and others may use a partner network of Value-Added Resellers or service partners to sell, implement, and support the software.

A **partner** or **reseller** brings hands-on implementation experience, and often industry expertise, to your company and a good one will be able to offer business process advice, not just configure software. Additionally, the partner or reseller will offer complementary products, build integrations, and include other products and services that meet your business requirements.

For example, Stellar One is a partner of SAP. Stellar One has its own cloud platform that packages SAP ERP software, integrations, extensions, and other applications that comprise the entirety of your business management ecosystem.



Market Research, Software Production & Distribution



Sell, Implement & Support for Client



Client



8

HOW MUCH DOES ERP SOFTWARE COST?

How Much Does ERP Software Cost?

The most common question we get asked by small and mid-market businesses, once they're confident that ERP software can help them overcome their challenges and reach their goals, is how much does it cost to implement?

The factors that influence the cost of an ERP software implementation include:

1

Complexity of your business processes



- a. Do you need just accounting, sales & purchasing capabilities?
- b. How advanced are your warehouse management needs?
- c. How complex are your production operations? Are you doing light assembly and kitting or do you have advanced manufacturing requirements?
- d. How many sales channels do you have? Are your customers consumers or businesses, or both? Are you selling into big box retailers like Target, Walmart & Home Depot, or on websites like Amazon, Wayfair, or Ebay?

2

Number of users



Is it 5-10 users, or will you have 50, 200, or 500+ people on the system?

How Much Does ERP Software Cost?



3

Number of Locations

- a. How many locations do you operate?
- b. Do you have multiple warehouses or production facilities across the country or around the globe?



4

Number of Entities

Are your operations housed under a certain entity or do you have a more complex entity structure that requires consolidated financials to roll-up to a parent company?



5

Number of Currencies

Are you transacting in multiple currencies, or in just US dollars?

**SEE HOW WE PRICE
IMPLEMENTATIONS**



9

STEPS OF AN ERP SOFTWARE IMPLEMENTATION

Steps of an ERP Software Implementation

The stages of a *traditional* ERP software implementation look something like this:



- Why doesn't the traditional implementation process work?
- Why does it too consistently produce inaccurate ERP software configurations, overrun budgets and missed go-live timelines?

Here's why we believe this methodology breaks down often:

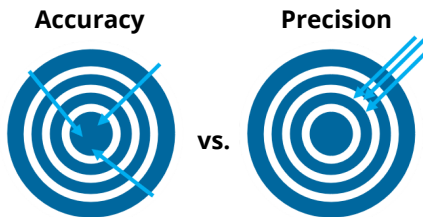
In the first phase, you'll receive education about what the software can do. In the discovery and planning phase, you'll take your limited knowledge of the software and try to communicate your requirements to your implementation partner. Then, your implementation partner will configure the system based on what you've communicated. Only until the project is two-thirds complete does your team finally begin to test and validate whether the system configuration meets your requirements.

Is it any wonder why you've heard the horror stories about failed or stalled implementations, budget overruns and missed project timelines?

Steps of an ERP Software Implementation

The traditional methodology is often fatal to an ERP software implementation because:

- Requirements and needs may be missed at the beginning of the project making your scope and project not very accurate
- This process lacks the flexibility to adapt to unforeseen events (which always happen!)
- Your team is asked to answer questions they're not capable of answering this early in the implementation process
- The project is more than halfway over before your team gets into the system to test the configuration of your business processes
- You get to the end of the project and the system isn't configured accurately, so costly budget and timelines overruns are inevitable



The traditional ERP software implementation focuses on precision, **not accuracy**. Precision dives deep into the details about how a business process is configured in your ERP software, but the system configuration isn't accurate because *too much time* was spent designing and *not enough time* spent making sure the system actually works when put to the test.



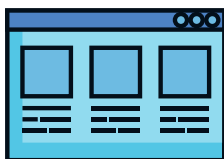
10

**WAYS YOU CAN
TAKE ACTION NOW**

Ways you can take action now

Thank you for taking time to read The Hitchhiker's Guide to the ERP Software Galaxy. We hope you can now better inform your company how to successfully select and implement ERP software.

Do you have questions or want to chat with us? We'd love to hear from you!



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