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# Avoid ERP failure and set your organisation up for success

Few people in an organisation understand how complex an ERP implementation is and how a few key elements can be the difference between ERP success and ERP failure.

**Considering the vast benefits that an ERP system can provide, drawbacks shouldn't dissuade you from implementing an ERP system, but it is important to be aware of them to prevent costly implementation failures.**

Here we take a look at some of the common mistakes and some of the effective measures companies can take to greatly improve the probability of success and realise the greatest return on investment.

Before moving forward with an ERP implementation, it's important to consider these with your project team.

1. Poor software fit or inadequate system requirements
2. Lack of leadership buy-in
3. Lack of adequate resources
4. Inexperienced consultants
5. Lack of accountability
6. Unrealistic timelines
7. Insufficient data cleansing and preparation
8. Costly complex customisation
9. Lack of realistic budget
10. Insufficient training or support
11. Poor go-live testing
12. Resistance to change

### 1. Poor software fit or inadequate system requirements

One of the biggest ERP implementation failure reasons is a lack of understanding of organisational requirements. Your requirements are the single most important component of a successful ERP implementation and the purpose should be very clear.

- Meet with all the senior executives, managers and users from every discipline for feedback about their pain points.
- Discuss future plans and forecasts and try to predict where similar pains might occur.
- Trim the list until all are in agreement on a comprehensive list of both the most important requirements, necessary features and those not required but would be valuable.
- Use this highly detailed inventory of system requirements to begin shopping for an ERP system. Be relentless with your questions, have bespoke demonstrations seek customer endorsement, and read independent research. Not only do you need to assess the software features, but also the cost, functionality, compatibility and scalability of the software.
- Any software partner consultants should help you with their expertise, resources and industry best practice advice.

## 2. Lack of leadership buy-in

ERP projects are an exercise in complete business transformation that requires buy-in from the top down to be successful and for employees to embrace new ways of working.

- Ensure project leaders have the backing from an executive sponsor so they are empowered to manage the ERP project effectively, setting realistic expectations and timelines for implementation teams.
- ERP implementation is an organisation-wide task so executives from all departments must commit.

## 3. Lack of adequate resources

Depending on the size and scope, ERP projects can take months, even years, to complete so significant resources will be necessary. Your ERP project will fail if your organisation fails to devote adequate resources. Ensure you have enough resources to bring your ERP vision to life without affecting other business objectives.

- Core implementation teams will need to dedicate at least half of their time to the project so ensure employees have adequate time assigned, as their current 'day jobs' still need to be completed and the time dedicated to the project might rise and fall depending on their other duties.
- When resource planning, factor in training times as different employees and teams will come on board at different stages of the ERP implementation and staff might come and go during the implementation timeline.
- Consider hiring additional resources, contractors or outsourcing elements like data cleansing.
- Talk to your software partner consultants who can guide you regarding the skills, resources, and duration required to successfully implement the new system.

## 4. Inexperienced consultants

The success and failure of ERP implementation hinges to a great extent on the project management. The size and scope of an ERP implementation necessitate a dedicated and experienced professional project manager who can see the big picture while not letting the small details slip by them.

It is important to get the right talent and experience on your ERP team, those who have been through an ERP implementation before, and who know your business goals and needs well.

Also ensure that your software partner consultants have vast ERP and industry experience, and have performed implementations in companies of similar business or size in the past.

## 5. Lack of accountability

This is extremely important. Without a clear chain of command, an ERP project lacks direction so establish early on who is responsible for what level of decision making. Late, ambiguous, or poor decisions can cause your ERP implementation to fail.

- Engage a clear project owner to oversee the project from start to finish. The project owner will coordinate all efforts and report to executive management, maintaining a steady dialogue with all stakeholders to ensure that all project objectives are addressed through every implementation phase.
- The majority of the decisions should be taken at the implementation team level, as waiting for the senior management for every little thing can cause too much delay.

## 6. Unrealistic timelines

ERP implementations can be complex and time-intensive, especially for larger organisations consolidating multiple legacy systems. Delays can arise due to poor planning, overly optimistic timelines, and underestimating project complexities.

- Set realistic timelines so that there is sufficient buffer to manage any change in requirements or problems and project owners, stakeholders and employees know what is expected of them at different implementation phases.
- Use a project management tool, consider team availability and account for scheduled absences.

## 7. Insufficient data cleansing and preparation

One of the main benefits of an ERP system is that it provides a single and reliable source of truth. To gain that visibility, organisations first need to cleanse and migrate data from multiple legacy systems into the new ERP database. Data is often spread across an organisation in silos; stored in different formats and owned by different stakeholders.

The data cleansing and system build must occur in tandem. While it might seem daunting, the correct data format and choices cannot occur without understanding how the new ERP system will work, and the new system won't work without correctly formatted data.

- Separate your data into two classes; static data that is only to be entered once like supplier information; dynamic data is transactions.
- Select what static data you want to migrate and what is required in your new ERP. Map the data fields back to your legacy systems and determine how to copy data from several sources into records in your new ERP system.
- Select what dynamic data transfers you wish to include, your legacy systems probably have years if not decades of data, so only transfer data that provides real value.
- Validate data for accuracy, correct misspellings, eliminate duplicate records, complete incomplete information, resolve conflicts, standardise formats, validate values, etc.
- Data cleansing can also help to mitigate risks and costs by ensuring that data is compliant, secure, and up-to-date. Data cleansing can also help to reduce the costs of data storage, processing, and transmission.
- Consider outsourcing your data cleansing to help you speed up your data quality processes and benefit from best practice, standards and methodologies.

## 8. Costly complex customisation

Some organisations implement an ERP system right out of the box, with no changes to baseline functionality or source code. However, many companies customise ERP solutions to meet their unique operational needs. While some customisation can be required, over-customisation can cause technical issues and without strong project management and governance, customisations can become overly expensive and time-consuming.

- Ensure any customisation is essential as it increases every other cost and risk, makes upgrading and testing more difficult and can reduce ERP functionality.
- If customisation feels necessary revisit another solution as most ERP systems include easy configuration tools that minimise much of the need for customisation.

## 9. Lack of realistic budget

ERP implementations are expensive but the cost of an ERP failure can make the implementation cost seem like small change. Savings and ROI will come, but project costs must be well funded or the implementation can fail. As a rule of thumb take your vendor estimate and increase that estimate by 25% when you ask leadership for a budget.

Stop 'scope creep' draining a project budget by ensuring you document your project requirements, and set clear and measurable objectives and deadlines from the start.

Factors to consider when planning and setting a budget:

- The deployment model of the solution - the price of the software and software license agreement.
- Costs to improve your hardware, networks, and other infrastructures if deploying on-premise.
- Payroll costs and contractors in various disciplines, training, testing, data and support.
- Vendor/consultancy support post implementation.
- Integration and other third-party tools.
- Customisations and development investments.
- System improvements, bug fixes, technical support, etc.
- Scalability considerations.

## 10. Insufficient training or support

An ERP project does not end with the system's go-live date, it is just the beginning for the employees using it each day. Effective training gives teams more time to prepare and adapt to their new reality and it makes them feel like they are part of the business's transformation journey from day one. Their ability to use and draw value from the solution will ultimately determine the success of the ERP implementation.

- Users should be provided with continuous technical support and training during the go-live implementation phase, users who are not well trained will cause a drain on the resources of the implementation team.
- Once the system is live, it's equally important to support employees with continuous guidance, support and training to help them unlock the full potential of the ERP environment, discover new opportunities to work more productively and have the ability to resolve go-live problems.
- Set realistic goals and don't put too much pressure on staff to adapt to change too quickly and get staff to sign-off once they've completed system training.
- Are any resources required such as training materials and how-to guides. If your new software is particularly complicated, could you utilise a learning management system (LMS).

## 11. Poor go-live testing

It is impossible to overstress the value of testing and retesting an ERP system. With so many departments involved and in turn so many processes and workflows, it's critical that organisations take the time to properly test the new system to ensure it delivers on its full potential.

Missing and inaccurate data, a lack of adequate training, or the inability to take advantage of key functions, missing functionality and reports and impractical processes can cause issues at this stage.

By testing, refining and optimising ERP processes before permanently switching to the new system, organisations can catch and address issues before they become real problems.

- Scenario test - make a list of uses for your new system, create scenarios for each use case, and simulating these scenarios to test how your system performs.
- Besides scenario testing, you should also try user acceptance testing (UAT) and stress testing.
- Run a mock go-live, similar to the beta launch of a new technology platform, to see how the system performs under all the demands it will face once live.

## 12. Resistance to change

Resisting change is human nature and the transition to a new ERP system can feel like a big change for many employees may not be able to see the benefits and future possibilities.

To preempt employee resistance, companies should be as transparent as possible about the reasons for the new system and how it will help employees perform their jobs each day. This process should begin long before implementation and continue after the new solution goes live.

If your staff feel intimidated, frustrated or confused by the new system, you'll quickly run into problems. Take employees on the journey to prevent issues from the outset.

- Communicate the necessity and importance of the ERP implementation company-wide thoroughly and regularly. Start early, so that employees have the time to come to terms with it.
- Establish ownership and accountability with key staff members. Involve teams in information-gathering stages and remember those who will use the system and are familiar with the processes and are best placed to know what is wrong, and what changes can improve things.
- Consider hiring change management consultants to handle this situation if resentment feels very high.

And remember its not just staff, communicate with your customers and suppliers. Let them know about the system changes, when can they expect any issues to be resolved and the benefits they'll see once everything is running smoothly.

**Avoiding these common ERP implementation mistakes can help ensure a successful implementation process and the realisation of the full potential of the ERP system.**

**We can help guide you through the process. Set up a call to discuss your needs.**

Book a consultation