



MCA
CONNECT

GUIDE

SUCCESSFUL ERP IMPLEMENTATION

A 3-Step Strategic Approach to
ERP Software Implementation
Success

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EXECUTIVE SUMMARY

“There is no such thing as an ERP software project.”

– MCA Connect Business Transformation Team

As the business transformation team here at MCA Connect, nearly all of us have come here after long careers (25+ years) in leadership positions. We were CIOs, CEOs, and CFOs before moving to the consulting side of this business.

Our experience has helped us realize that there truly is **“no such thing as a software project.”** Organizations who approach enterprise implementations and digital transformations this way are dooming themselves to near certain failure.

Major studies support our experience:

According to Boston Consulting Group’s analysis of 100 enterprise-level ERP implementations, **only 33%** were considered a success.

When it comes to business process improvements, a study by Mourier and Smith showed a **dismal 23%** success rate.

Gartner puts ERP and CRM project success rates at around **30-40%**.

What happens if you are trying to change both business processes and implement new ERP software at the same time? It can’t be good, right?

So how has our team been able to create an ERP implementation success rate of over 95%?

The first secret to success is to not think of an ERP project as a software project – because it’s not. You would never think of remodeling your office as a ‘hammer project.’ Software is a tool, and when you remember that simple fact, it transforms your entire approach.

THE CAUSES OF ENTERPRISE SOFTWARE IMPLEMENTATION FAILURES

When enterprise software implementations go wrong, the impact can be devastating for the company and for project participants. In the aftermath, executives and business consultants are eager to analyze what happened.

Common causes cited include:

1. Lack of strategic goals
2. Lack of executive commitment
3. Inadequate user training
4. Weak implementation team
5. Organizational push-back
6. Poor project management
7. Bad or missing data
8. Poor performance measures
9. Poor coordination between sites or teams
10. Technical problems
11. Inadequate budget
12. Unrealistic timeframe

All of these areas are very real issues that need to be managed as part of any software implementation project.

However...

These failure points are not root cause issues. These points of project failure could be prevented at the project's outset if the company invested in achieving Executive Alignment.

We believe that Executive Alignment is the lynchpin of ERP implementation success. When you get this right, the rest of the project falls into place.

WHAT IS EXECUTIVE ALIGNMENT?

BEFORE WE SHARE OUR DEFINITION OF EXECUTIVE ALIGNMENT, WE WANT TO RECOGNIZE THAT:

1. Your executive team is probably extremely smart and capable.
2. You probably think you're already doing "executive alignment."

Executive alignment is one of those terms that everyone thinks they understand, but very few people do... and even fewer can execute, especially without outside help.

We define Executive Alignment as having the vision, resources and plan to move your company toward its desired future state.

In the context of implementing ERP software, we believe the best outcome comes from a "top down" approach where your company vision is embedded in the ERP project's:

01

STRATEGY

Initiated with clear project goals help turn the company vision into reality.

02

STRUCTURE

Translated into optimal processes with clear objectives and success metrics.

03

SUPPORT:

Supported by the right people, processes, technology and performance metrics.

To truly be in a state of Executive Alignment, your leadership team must have a shared business vision, PLUS all three strategic steps in place.

WHAT IS EXECUTIVE ALIGNMENT? *(Continued)*

ON THE SURFACE, EXECUTIVE ALIGNMENT CAN LOOK LIKE ANY OTHER PROJECT PLANNING PROCESS. (THAT'S WHY EVERYONE THINKS THEY'RE DOING IT!)

When it comes to ERP projects, executive teams usually get stuck because they're not thinking high level enough. If you know you've outgrown your accounting or manufacturing software – or it's become outdated or inadequate in some other way, you may only be thinking about “fixing the system” rather than starting with your business vision in mind.

The decisions made are then constrained within the limitations of a faulty framework. This is like starting the project on Step 3 of the Executive Alignment framework, and hoping that the project will roll up to meet the needs of the company vision.

This is the exact reason we encourage companies to “turn their ERP project upside down.”

DON'T START WITH SOFTWARE REQUIREMENTS. START WITH BUSINESS VISION.

BUT – make sure your vision is implementable. Occasionally, companies will hire a big management consulting firm to help with executive alignment. On top of signing a check with six zeroes on it, you may not get a solution that translates into any real results.

At MCA Connect, our business transformation team delivers a project plan that rolls up to company vision and rolls down to the system and process specifications. We create a customer-centric value chain, which means that rather than looking at your business departments, we look at the end-to-end experience for your customers, finding ways to add more value and eliminate all non-valuable activities.

EXECUTIVE ALIGNMENT

STEP 1: SET VISION & STRATEGY

Software projects should only exist as a means to support the company's vision and strategy.

A. WHAT'S YOUR COMPANY'S SHARED VISION/MISSION?

Why does your business exist? What is your mission? The world's best companies have a shared vision that permeates every aspect of their culture. Disney's vision is to create happiness. Google's vision is to make information accessible.

Your company's vision is your "north star" that orients you toward the right decisions. You may not be involved in creating the company vision, but you can do your part to support the company vision through the decisions you make as an executive team.

B. WHAT WILL YOUR COMPANY LOOK LIKE IN THE FUTURE?

Rather than starting by documenting "where are you now," begin your strategy discussion by deciding where you want to be in the future. What's possible?

C. WHICH TOP 3 COMPANY GOALS ARE MOST VALUABLE IN HELPING YOUR COMPANY ACHIEVE THAT FUTURE STATE?

Setting three goals is ideal. Up to 5 goals is acceptable. Don't allow your team to create more than 5 goals. Focus creates power. These goals should be the main thrust of your organization's focus until they are achieved.

D. HOW CAN THESE COMPANY GOALS BE TRANSLATED INTO PROJECT GOALS?

Software project goals should be a by-product of a company goal. You can set 1-3 project goals for every company goal.

THINK ABOUT:

- ▶ What the customer wants
- ▶ What adds value to the customer experience
- ▶ How these goals can be measured
- ▶ NOT...What do users want?
- ▶ NOT... What capabilities exist in the systems we're considering?
- ▶ NOT... What's wrong with our current system?

At this stage, keep your goals high level and measurable. For example, you may set a project goal to deliver product to customer within 72 hours of placing the order.

EXECUTIVE ALIGNMENT STEP 2: CREATE STRUCTURE

Next, we want to take our project goals and translate them into optimal processes with clear objectives and success metrics. For each of our project goals, we want to look at the entire customer value chain.

Many software projects start as an initiative within one division. For example, manufacturing may decide that they really need a new MRP system. However, if they don't also involve sales, marketing and accounting into the evaluation process, they miss opportunities to add value that can increase market share, revenue and profitability.

A. MAP YOUR CUSTOMER VALUE CHAINS

Putting yourself in the shoes of your customer, for each project goal, map the associated areas from:

- ▶ Concept to Market
- ▶ Procure to Pay
- ▶ Expense to Reimbursement
- ▶ Plan to Production
- ▶ Prospect to Quote
- ▶ Order to Cash
- ▶ Pick to Ship
- ▶ Sale to Support
- ▶ Post to Close
- ▶ Hire to Retire
- ▶ Quality Management

B. CREATE MEANINGFUL MEASUREMENTS

Your team needs to ask itself:

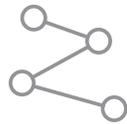
- ▶ Does this measurement support the achievement of our objective?
- ▶ How does this measurement relate to revenue or profitability?
- ▶ Are we measuring results for customers or employees?



EXECUTIVE ALIGNMENT

STEP 3: SELECT SYSTEMS & SUPPORT

Only now are you in the phase where your team can select:



Business process improvement areas



Technology selection criteria



People and resource requirements



Performance measurement tools

Your detailed objectives and project plan are now directly correlated to your company mission. With that elevated objective in mind, it becomes easier to get the budget and resources you need because you can provide evidence of the expected return on investment.

This is the phase where you or your consulting team does a Gap Analysis. By comparing your present situation with the future state of operations, you can develop detailed requirements for your software project.

THE VALUE OF OUTSIDE CONSULTANTS

THERE ARE PLENTY OF REASONS TO EMPLOY OUTSIDE CONSULTANTS TO ACHIEVE EXECUTIVE ALIGNMENT.



Neutral Facilitator

Whether your executive team operates in harmony or with a certain amount of contention between departments, it is almost always invaluable to have someone who is a step removed from office politics to facilitate discussions.



Experience

A consulting firm that focuses a significant amount of their time doing Executive Alignment projects will have the skills and experience to handle most situations.



Cost-Effective

While you see the price tag on a consultant's statement of work, you have to compare that investment to the benefits you're receiving by increasing the likelihood of project success – and maximizing the ROI on your enterprise software project.



WORKING WITH MCA CONNECT

Clients regularly say to us things like,

“I had no idea how radically different this approach – and this outcome – would be. If I knew then what I know now, investing in an Executive Alignment session would’ve been a no-brainer.”

“Never again will I approach a software project the old way. I’m sold that the best way to improve our odds of success is to start with an Executive Alignment session.”

“When we did a six-sigma project, it took more than 6 months. MCA Connect got our executive team aligned in six-weeks – and our internal resources didn’t need to be nearly as involved. The entire process was easier and more efficient. I’d definitely use them again.”

While the thrust of MCA Connect’s experience is selling, implementing and supporting Microsoft Dynamics 365 solutions, you do not have to buy Dynamics 365 to derive benefits from an Executive Alignment. The Executive Alignment has no determined outcome other than to determine the best strategy, structure and support for your organization.



ABOUT MCA CONNECT

MCA Connect is a global systems integrator and Microsoft Dynamics Gold Partner (ERP, CRM and Cloud) that delivers and supports operational transformation to help clients achieve a competitive advantage. By combining product and industry expertise with proven strategic methods, MCA Connect consistently delivers innovative solutions that help clients realize their vision.

NEXT STEPS

Alignment services, please contact MCA today!

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