Three Reasons You Need an ERP (Enterprise Resource Planning) Selection Consultant on Your Side

By Robert Gilson

ERP is one of those once in a decade decisions that most companies dread because of the significant external cash outlay, the internal costs and demands on the already stretched too-thin staff needed for project success, the amount of change to the organization that is confusing and stressful and last but not least the fear that there will be a dip in customer satisfaction during and immediately following the implementation. It is a widely held opinion that the second most difficult thing a company will ever do is implement an ERP system (the first is to start the business).

An ERP selection (or any computer solution including CRM, BI, PDM, etc.) process must anticipate all of these concerns and set the tone early for the seriousness of the project to come. Making a firm "ERP-ready" is a largely unknown and seldom practiced skill, but it is a critical part of a successful ERP implementation. An ERP selection is not just about picking the best software for your business (necessary but not sufficient), it is a process of engaging a new partner, or partners, in a potentially multi-decade relationship based on trust and enough disclosure to surface the partner's style, values, expectations and cultures, knowing that potentially everything the company does might change to realize the new systems value.

Because of the seriousness, and complexity, and risks, you should utilize a consultant with expertise in ERP selection. The three big reasons you should not do an ERP selection alone include:

1. **The information disparity between you and the software vendors and implementation partners is just too great.** Software selection is a complex task requiring knowledge of the marketplace, trends in technology and functionality, the financial status of your software vendor, the reputation of the implementer partner(s), where the software product is in the technology life-cycle (don't buy an obsolete product!), the technical and functional availability of people to support and utilize the system over time, the third party software products and ability to integrate your existing systems with your chosen package and a host of other items that make the process a potentially risky and expensive endeavor. The last and potentially most sensitive one is the nature of the software sales industry. Software salespeople are among the most highly trained, and highly compensated of any sales people. The billion dollar companies that make up the software industry can and do select the best and brightest of the alpha types available. They live in a world of complex projects with high-risk, high return to their companies and themselves. Understanding this is critical to understanding the long sales cycle process you are about to undertake.
2. **You do not have a process to manage the project.** Putting aside the asymmetry of information between buyer and seller, we can speak to the lack of a proven software selection process that is almost certainly the case in companies large and small. In my conversations with ERP salespeople, they list the #1 reason for companies failing to arrive at a good, or any decision at all, is the absence of a proven process. Your project team may possess exceptional understanding of the business, but unless they have performed this type of project several times, it is unlikely they can capture the requirements for all of your functional areas (perhaps 8 or more

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including technology), capture and describe the vision of the business, formulate an RFI using terms and concepts that reflect the business yet are generic enough to communicate accurately to ERP vendors and implementers. In addition the project team would need to vet the implementer partners as part of short listing the candidate ERP vendors, or written demo scripts that reflect your business and should be the basis for a selection, or managed the meeting of your project team and the ERP vendors team (a meeting of two different cultures, see notes on software salespeople above), and then formulated and negotiated a selection of software product, implementer services third party providers, hardware salespeople, and integrated all of this with the activities your company will be expected to perform. Aside from requiring significant skills, the performance of these tasks is extremely time consuming and will take the team members away from their everyday jobs for extensive periods of time. All too often an ERP selection process is a demonstration of features and functions that are meant to wow your selection team but often have little to do with meeting your company's needs. In these cases you are not buying a solution; you are being sold to because you do not have a transparent and objective process.

3. **You do not want to make a decision emotionally or out of frustration.** I have a theory about decision making that is anecdotal, challengeable and potentially way out there. ALL of the difficult and complex decisions in life are ultimately made with a great deal of emotion. No matter how objective we strive to be, ultimately the overwhelming number of considerations causes us to rely upon our gut instincts. When I do selections with a company I like to provide/enforce enough objectivity until we arrive at two acceptable alternatives and then tell the client "it's OK to fall in love now". The result is satisfying because the result will be a good system and partner, and yet the executive project team is able to satisfy that very human need to connect emotionally. Important note: The ERP selection consultant should NOT select the system, they should facilitate an honest and transparent process where in the end, the ERP project team makes a knowledgeable selection.

Robert Gilson brings more than 30 years of experience assisting small, medium and large manufacturing companies in achieving their objectives. This includes growth, cost reductions, and developing world-class

systems and processes both foreign and domestically. He has extensive experience in industry verticals including aerospace and defense, automotive, food and beverage, electronics, telecomm, entertainment and consumer products.

If you are ready to take the next step with your IT Strategy, please contact Robert Gilson (rgilson@cmtc.com) for a copy of the IT Assessment and Benchmarking tool. Our expert analysts will provide valuable information about your current state that will allow you to set in place an action plan that will move your firm to the next level.

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