E.R.P: What to look for while implementing

Big corporations have always looked towards simplification of their processes, in order to streamline their daily activities. In 1990s when there was a boom for integration of processes, companies started

looking towards a concept like "Every thing under one roof"

This concept literally meant the integration of all departments of the large company / group with a particular resource planner or a tool which could really meet all the needs of the management. With this need in mind, software companies started developing those types of software, which could be deployed across the group or a company and could meet the actual needs. Some were out of the box products and others were customised to meet the needs of the client. Slowly this concept of integration started taking root in all major companies. Full fledged IT departments came up to man these operations. Having spent quite some time in the manufacturing vertical, I would take up this sector as a case study. Ultimately the basic principles remain the same for any company while implementing an ERP.

1: Initial Planning and Management Participation

The top management of the company deliberates the actual need of the ERP. All the department heads sit together and put in their thoughts along with their department needs, discussing the pros and cons of such an implementation. Such type of discussions, sometimes have a drawback of being dragged for months as some may not agree with the concept while some may see their independence being curtailed or monitored. But there has to be some timelines or deadlines to be fixed for such a meeting in order to push forward the "reform". In parallel to this, the company that implements gives a near budgetary estimate for the whole project to be implemented. It may be wise here to select the type of ERP that is needed for the company instead of buying on some one's experience. Once the decision is made, all are made party to the decision, i.e. it is now a collective responsibility to make it a success.

2: Sound Designing of the ERP

A work group is constituted internally drawn

from each department who put in their thoughts on the typical workflow, at that point of time. All the data is now grouped onto one broad canvas and an attempt is now made to link each workflow activity into one another so as to have an idea of one single smooth workflow under simulated conditions. Mind you, such type of activity where the synchronization is attempted may not be successful initially. There might be some disagreements between the production and the purchase department or between production & stores. In such scenarios, in the larger interests of the company, the management has to intervene to thrash out the various differences between the departments. Only after many sessions, the final blue prints will be ready that too with lots of revisions and versions. The selection on the type of software can be made along with the proposed architecture. Over all a sound ERP design is needed at the end.

3: Right Kind of Software development & Timely Implementation

The software development can be made at the premises or at the company's place that have been awarded the contract. One significant aspect of the software being developed at the main premises is that the development can be monitored and whatever changes are needed can be incorporated along with the development of the software code. Usually there is a practice of development at a far of place (what we refer to as off-shore concept) for the sake of cost saving. When the implementation times come, one whole team of developers come and start implementing the skeleton structure and work towards the final shape of the ERP software. In this aspect, the effort in developing such a project is less and less of costs overruns, which nowadays is a major issue in an ERP implementation. Even the slightest of overruns can result in the delayed return-of-investment (ROI) for the company

4: Proper Testing (Live run) & Data Migration

When the implementation is over, the ERP is put to test (live run) where the actual working of the ERP starts. This is sometimes similar to a factory starting the actual commencement of production since its inception. The actual strength or the load bearing capacity of the developed ERP is tested. If experienced developers with good domain knowledge develop the software, I am sure this phase will pass off smoothly with some minor bugs surfacing, which can be rectified online. The problems surfacing phenomenon, when any ERP goes online, depends pon how well it has been coded and documentation had been done for all the possible problems.

The second aspect is data migration. It has to be clarified from the beginning on the responsibility issue i.e. is it the company who is getting the ERP implemented or the software company who is developing migrate the whole data. Usually data migration, if done, by internal consultants will hold well, in consultation with the software company.

This is because the internal consultants will be able to handle all the sensitive data properly and there will be a remote possibility that important data will be missed.

Conclusion

Whichever solution a company wants to implement in the form of an ERP, they have to keep in mind a few salient points like the employee and management participation, controlling cost overruns, timely implementations and maintaining of the whole systems. There is no short cut to any solution. Each solution has to be studied in entirety and finally one has to be matched with the company's soul and philosophy •

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