ERP Selection Methodology Major Events

Choosing the best supplier and implementing an ERP system is the most significant event most manufacturing organizations will ever undertake. All events having mountainously characteristics requires an investment of company resources and capital, under invest and a failure to gain benefits and a return is assured. Over invest with the wrong system exceeding your company's band width to implement and the end result is the same. Failure!

1) Identify, clarify, and document the business needs and processes of all major functional departments in the enterprise. This must be achieved at a detail level that reveals where opportunity for improvement and savings exist. The out-put from this task will be the Request for Information document that potential software suppliers will be responding. (This could also be the document needed to create a cost benefit analysis.) The RFI is very important and will used in other phases of the evaluation and final selection process. If your organization cannot identify at least (10) ten major benefits that will increase efficiency and /or profits to the bottom line, then you should not be considering new computer systems, as the pain for implementing will exceed the sacrifices and possible business disruptions

2) Prioritize the needs of your findings and begin reviewing the appropriate tier software suppliers that have proven track records. Your initial list of suppliers might be ten or more, however, with-in a few days or couple of weeks, the list should be down to 3. This is too early a juncture to have on site structured demos; it's a waste of your time and resources. The key point in this event is to establish your business drivers.

3) Schedule a vendors conference at your facility, the purposes are
    A) Discuss your plan and events to purchase systems,
    B)   Review with all vendors on your short list the rules for them to follow during the selection process,
    C)   Review the RFI and conduct a tour of your facility, at this time make sure you provide the suppliers with everything they need to complete the RFI,
    D) Technology issues such as E -Commerce and your E Business Strategy should be clarified and understood by everyone.
    E) The key point is to inform your vendors that selecting a supplier is not a contest among them, it is a business decision that your company will be making.

4) Schedule a day when all vendors will be together at the same time, on site at your facility to gather detail information needed to present their system in the demo. Schedule your core team and other users to attend these sessions. The purpose is allowing all vendors the same opportunity to gather information and build the model that your team will be reviewing in the demo. Direct the suppliers to bring only 2-3 reps. from their organization to the session, manage the session to keep on schedule, do not allow side bar meetings of any vendor with any perceived power players from your company.

5) Prepare a focused over-view demo that each supplier will present to your core team, have each supplier use your data, be consistent and use the same data for all suppliers. Prepare a score card for your core team to use during the demo, keep the over view demo on track and do not allow the suppliers to use this time to teach, rather just to show how their system functions. Do not allow Master file and systems parameter creation at this time. Take time between sessions for the core team to grade the supplier, about 3 grades per demo is about right. (Have the supplier take a break, leave the room, and then vote if you want to continue!)

6) Review the results from the over-view demo and eliminate one supplier, the number should now be down to 2 primary suppliers, - (keep the other around but do not spend any more of your resources unless one of the primary vendors falls out) Measure the results as each supplier has responded to the RFI, make sure the suppliers know their answered RFI will become a part of the contract and is legally binding should they be selected.

7) Begin serious reference checking of your potential suppliers, if at all possible visit a site without the presence of the vendor, this is not being under-handed, its just good business for you to obtain information and clarify certain positions without in-put from a biased third party sales-person.

8) Schedule two (2) day in depth demos with each remaining vendor (2 days for each vendor) Focus on the demo so that each supplier will show their system as if it were " a day in the life at your company " Instruct your users to keep score on issues that are important to the enterprise as well as their own responsibility for the business.

9) Schedule implementation and technology sessions that address the issues of training and implementation. Focus on technology as a tool for the users and IT. Focus on the implementation presentation as "OK, we like the system, " show us in detail how we will get from where we now, to where we want to be in the next 6 months" The suppliers should identify their people (staff) that will be responsible to train and implement at your site. Ask for a detail implementation plan that states resources required from their company and your team. Discuss data conversions and implementation methodology; discuss time frames to educate and physical locations where it could best be accomplished.
Insure the supplier has certification processes for training users; have the trainers gone through the certification process themselves? Has the application software been "business process enabled"? Were "best practices" used in the delivery of the software?

10) Choose the supplier that best fits your company based on a) facts you have documented, b) the track record of the supplier, C) the technology deployed, d) the vision of the supplier to keep improving the system over time, and the financial strength to be in business 10 years from now. Remember, the job of your supplier is to *sell*; your job is to *buy* not to be sold. Use a Business Risk Analysis format to keep track of pros and cons, obtain selection buy in from the staff members that have as much to *lose* as they have to *win* in making the best decision for your Enterprise

<u>Parting thoughts</u>

The price of the software, the on-going support costs and user count as well as contract language is always a negotiation & dollar factor. Don't believe the first number you hear from your chosen supplier….

Read the software license agreement and pass it on to your legal department for review.

The absolute best time to secure on going support, a great price & terms of payment for software & professional services is <u>*before*</u> you sign the contract.

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