

Where's The Value: Using ERP More Effectively

A Presentation By
Robert W. Starinsky

To Attendees Of
National Manufacturing
Week and Assembly
Technology Expo,
September 24th, 2008

Copyright 2008, Robert W. Starinsky. All rights reserved.

About Your Presenter

• Robert W. Starinsky

- 25+ years of diverse, professional experience in business and IT
- Adjunct Faculty
 - DePaul University
 - Project Management & ERP
 - Robert Morris College
 - Business Management
- Author
 - Implementing J. D. Edwards OneWorld
 - Maximizing Business Performance through Software Packages: Justification, Selection and Implementation
- Management Consultant



Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Starinsky. All rights reserved.

Slide 2

Session Agenda

- **ERP: The Dream**
- **ERP: The Promises**
- **ERP: The Reality**
- **ERP: Where's *the* Value**
- **ERP: The Risks**
- **ERP: Doing *it* Right!**
- **ERP: The Roadmap to Value**
 - People Alignment
 - Process Alignment
 - Technology Alignment
- **ERP: Life *After* Implementation**
- **Closing Remarks and Questions**

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Starinsky. All rights reserved.

Slide 3

ERP: The Dream

- **What is an ERP System?**
 - ERP stands for Enterprise Resource Planning
 - ERP systems serve *as an informational backbone, supporting most, if not all of the essential business transactions* that are related to a company's basic business processes
 - The basic architecture of an ERP system builds on several fundamental principles:
 - One Database
 - One Application
 - One User Interface and
 - One Best Way – *through the support of Best Practices*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved. Slide 4

ERP: The Dream

- **ERP software is often perceived as what Business Process Re-engineering guru Tom Davenport calls “a dream come true”**
 - To understand why, let's quickly consider what ERP software *promises* to its adopters

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved. Slide 5

ERP: The Promises

- **The technology-centric benefits that ERP promises include:**
 - ONE system that provides the seamless integration of *all* of the information that flows through a company
 - A platform for easily centralizing administrative activities across multiple locations
 - A platform for replacing existing business processes with *best practice-based* business processes
 - Reduced information system (IS) maintenance costs
 - Increased ability to deploy *new* IS functionality

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved. Slide 6

ERP: The Promises

- **The business-centric benefits that ERP promises include:**
 - Reducing inventories
 - Shortening lead-times
 - Tightening supply-chain links
 - Allowing for more flexible product configurations
 - Allowing for quick reaction to competitive pressure, economic realities and market opportunities

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 7

ERP: The Reality

- **But do ERP systems *really* live up to the expectations of adopting companies?**
 - Not always!
 - Many ERP projects do not achieve their expected business results
 - On some occasions, they fail completely
 - On rare occasions, the company fails too
 - Simply put, ***ERP projects are risky business!***

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 8

ERP: The Reality

- **What's more, *does ERP even matter?***
 - Several years back *InfoWorld* Editor-At-Large, Ephraim Schwartz, asked industry analysts and best-of-breed software vendors "***Does ERP still matter?***"

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 9

ERP: The Reality

- The answer Schwartz got was: **"Yes, but not as much as it used to."**
 - Why?
 - *The advantages of all new technologies are fleeting!*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 10

ERP: The Reality

- **Why ERP no longer matters (as much):**
 - Although early adopters of ERP may have gotten some competitive advantages from ERP, this is no longer true
 - Given their widespread adoption, *the use of ERP systems has itself become a best business practice*
 - The effect of such widespread ERP adoption has been to *level the playing field* by commoditizing many essential business processes and practices

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 11

ERP: The Reality

- **Given the risks and limited value-producing potential associated with an ERP implementation, does *ERP still make sense today?***
 - *Absolutely!*
 - Although employing an ERP system is unlikely to provide any strategic or competitive advantage, they are nonetheless a necessary evil for many companies *and when successfully implemented, they can and do provide measurable value*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 12

ERP: Where's The Value?

- So then what is the *value potential* of implementing an ERP system?

ERP: Where's The Value?

- First, it's about **keeping your company** in the game and at a **competitive** level
 - If your company wasn't an early adopter, it's likely you'll need to be a follower
 - In the case of ERP, being a follower has its advantages – your company can exploit the lessons learned from the many ERP implementations that have gone before yours

ERP: Where's The Value?

- Second, your **competitors might not be as successful with their ERP** implementation as you are – Why?

ERP: Where's The Value?

- The ERP software implementation process has been tagged by the Wall Street Journal and others as the “corporate equivalent of a root canal”
 - Therefore, not every company “measures up” to the level of decision-making and project management necessary to ensure a successful ERP implementation

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 16

ERP: Where's The Value?

- Although ERP systems are generic, the companies that use them aren't
 - There are many company differences and nuances that makes every ERP implementation – *even of the same ERP software, in the same industry – quite different*
 - The result?
 - Some companies make poor decisions about which ERP software to buy, or about how to effectively use their ERP software

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 17

ERP: Where's The Value?

- Third, ERP systems **are a virtual necessity** for companies doing business globally in today's fast-moving, competitive business environment
 - ERP *serves as the informational backbone supporting many of the most essential business transactions*
 - For example, the current trend in production planning toward build-to-order in many industries would be impossible to sustain without these sophisticated systems

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 18

ERP: The Risks

- **What are some of the more frequent reasons for ERP project failure?**
 - External consultant ineffectiveness
 - Project management ineffectiveness
 - Business process re-engineering ineffectiveness
 - The wrong software was selected
 - Executive sponsorship
 - A merger or acquisition terminates a work in process

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 19

ERP: The Risks

- **Many companies *did not get ERP right their "first time around"***
 - Re-implementations are costly and time-consuming, *but they are a frequent occurrence* in the ERP business

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 20

ERP: The Risks

- **OK, so why didn't *they* get it right the first time?**
 - They did not follow a *roadmap to value* – a best practice based implementation path
 - This is a frequent problem associated with previous "Drive-By" or "Drop-In" implementations
 - Many Y2K-related ERP projects were of this type
 - The *quickest* approach isn't always the *smartest*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 21

ERP: Doing *it* Right!

- **Increasing the value (and reducing risk) in ERP system implementation is:**
 - Largely a matter of focusing attention on the *effective use and alignment* of:
 - People
 - Process *and*
 - Technology

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 22

ERP: Doing *it* Right!

- **What can be done to:**
 - Reduce an organization's exposure to an ERP project's economic risks while increasing the probability of achieving the project's economic benefits?

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 23

ERP: Doing *it* Right!

- First, companies must not only **weigh the economic costs and benefits** of ERP, but they must also **identify which risk factors** might potentially lead to a project's economic failure
 - Once such risk factors are identified, risk-evading countermeasures can be identified, budgeted and implemented as needed

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 24

ERP: Doing *it* Right!

• Second, Cheat to Win!

- Companies should exploit the “lessons learned” from the many ERP implementations that have preceded its own implementation
 - Tap into the wisdom of consultants, vendors, industry experts and most importantly, any of your employees who have been previously engaged in an ERP implementation at your company, or at a past employer

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 25

ERP: Doing *it* Right!

• Third, employ best practices

- Best practices are techniques, tips, and tricks that have evolved over time, largely through trial and error, real-world deployments
- Best practices saves a company from spending valuable time figuring out *what somebody else already figured out*
 - *You don't need to reinvent the wheel!*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 26

ERP: Doing *it* Right!

– ERP related best practices exist at two levels

- Those techniques, tips, and tricks on *how to best implement ERP and*
- Those techniques and tricks contained within the ERP system itself, representing *how best to process a company's business transactions*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 27

ERP: Doing *it* Right!

- Fourth and most importantly, companies must fully understand and subscribe to the premise that **ROI** (for an ERP project) is **largely a function of *changing how business is done***
 - This means ***companies must discard what was done in the past*** in favor of more streamlined, faster and lower cost processes that better serve the needs of the customer – ***ERP represents change!***

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 28

ERP: Doing *it* Right!

- **If ERP systems are generic and best practice based, why is the value received from them so elusive?**
 - Again, the ways in which any given company implements an ERP system *can make a significant difference in the value it receives from their ERP investment*
 - This applies not only to reducing operating costs but also to the ability to execute core business processes more effectively

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 29

ERP: Doing *it* Right!

- **A detailed risk analysis of the forecasted benefits associated with an ERP system is critical** to achieving positive economic and operational results
 - However, forecasting economic benefits related to ERP can be challenging
 - *It's critical to document your assumptions about what must happen – what must change – in order for the desired benefits to happen*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 30

ERP: Doing *it* Right!

– The economic benefits associated with ERP can be easily compromised:

- The ERP system and its' associated new processes *must be implemented quickly and correctly* to achieve your ROI expectations

ERP: Doing *it* Right!

– If the business case for ERP assumes that all, or most of the ERP system's features will be utilized, the **economic projections will not be achieved if project scope is reduced**

- As overly ambitious ERP projects begin to wane, it's common for a project's scope to succumb to the 'man overboard' phenomenon of project management

ERP: Doing *it* Right!

• Doing ERP right requires taking a "roadmap to value" approach, not simply during the ERP implementation, but *throughout the entire ERP lifecycle*

- A "roadmap to value" approach relies on ERP related best practices to enhance both the implementation process and the deliverable quality

ERP: The Roadmap To Value

- **The ERP roadmap to value approach includes best practices in these areas:**
 - Determining Business Needs
 - Building a Business Case
 - Defining Requirements
 - Selecting the Software
 - Configuring and Testing the Software
 - Going “Live” with the Software and
 - Doing Business Using the Software *after* Implementation

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 34

ERP: The Roadmap To Value

- **What are some of the specific ERP related best practices that should be employed *before, during and after* ERP implementation?**

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 35

People Alignment

- **ERP ROI Equals The *Right* Project Team**
 - This isn't another “special” project where slackers can be dumped
 - *Only “A” players should serve on this project team!*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 36

People Alignment

- **ERP ROI Equals Investing in People**
 - If you expect your “A” players to successfully implement an ERP system within your company, they’ll need the right training and the right tools to get the job done
 - Putting implementation responsibilities into the hands of process owners reduces implementation costs
 - The processes and information are better understood by the process owners who are trained on how to add them into the system, thus reducing the quantity of incorrect or incomplete information

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Starnes, All rights reserved.

Slide 37

People Alignment

- **ERP ROI Equals Training and Support**
 - Inadequate system user training and go live support can become a significant roadblock to a successful ERP implementation
 - A thorough training and support program, *with an emphasis on understanding new business processes*, is necessary to make users comfortable with the system and to guard against a “crisis of confidence”

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Starnes, All rights reserved.

Slide 38

People Alignment

- **ERP ROI Equals Deep ERP Knowledge**
 - Too often, companies will reduce the number of dollars or employees they commit to *ongoing support and training* after completing an expensive ERP rollout
 - When employees fail to use all of an ERP system’s features, the benefits received from the ERP software itself will quickly disappear
 - *Don’t allow inadequate training, resistance to change, or position turnover to rob your company of ERP ROI*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Starnes, All rights reserved.

Slide 39

People Alignment

- **Continuous ERP ROI Equals Continuous Learning**
 - Reinforce the basics
 - At some point, you'll need to return to base-level "refresher" training to protect your software investment
 - Help employees "master" the software
 - Create a continuous feedback loop
 - Talk to system users; seek out knowledge gaps
 - Provide problem solving support and additional training to overcome software knowledge gaps
 - Document and publish gaps and resolutions

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 40

Process Alignment

- **ERP ROI Equals Process Improvement**
 - Simply put, ROI on ERP comes from the process improvements that an ERP system supports, *not from the ERP software itself!*
 - **ERP Value is Process Improvement Driven!**

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 41

Process Alignment

- **ERP software alone, no matter how good it is, will have little (if any) impact on improving business performance if**
 - A company continues to employ their same pre-ERP business processes after implementation
 - At best, they can only expect the same performance, but may in fact experience worse performance

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 42

Process Alignment

- **ERP ROI Equals Being Process Smart**

- Despite several decades of work on theories and methodologies from BPR to Six Sigma and a wide variety of technical standards for process management, *many companies still find their processes are unowned, unmanaged, and out of control* - in short, many companies are simply put, "process ignorant"
- Is your company process ignorant or process smart?
 - *For ERP to succeed, you need to become process smart!*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 43

Process Alignment

- **ERP ROI Equals Business Process Redesign**

- Companies that invest more heavily in business process redesign and that devote more of their ERP project resources to increasing customer value (e.g. quality, timeliness, convenience) achieve *greater productivity and business performance gains*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 44

Process Alignment

- **ERP simultaneously represents an "out-of-the-box" way of doing business and change**

- When a company chooses to implement an ERP package there will also be *a need for substantial organizational change*
- Very simply put, companies that adopt ERP software **must change** the way they work to be *in sync* with the way their ERP software works; for best results, *change your business practices not the software!*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 45

Process Alignment

- **ERP software can enable and support many new processes**
 - But not without the company deciding what those business processes will be
 - More importantly, companies *must make a conscience choice to accept, embrace, learn and utilize these new business processes*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved. Slide 46

Process Alignment

- **ERP ROI Equals Productivity Improvement**
 - A simple explanation of productivity in any company is the successful management of process
 - The practice of across-the-board cost cutting is rarely the best way for a company to achieve cost containment or savings
 - The focus of ERP related cost reduction initiatives should focus on eliminating *redundancy and inefficiency or the making of productivity enhancements*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved. Slide 47

Process Alignment

- Many companies spend significant amounts of time and money researching, analyzing, and justifying an enterprise resource planning (ERP) purchase
- Yet they give only a token look (if any) at how well the application *actually performs* once it's installed
 - And that's a big mistake

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved. Slide 48

Process Alignment

- **ERP ROI Equals Measurement**

- You can't manage what you don't measure
 - An ERP project must be driven by the right strategic and tactical process improvement objectives, with *documented assumptions* and *valid ROI expectations and metrics*
 - Measure ERP performance against process improvement benchmarks early and often

Process Alignment

- **ERP ROI Equals Continuous Business Process Improvement**

- Business processes do not remain static for long
 - Who does business in exactly the same way they did even five years ago?
 - Those who have survived aren't
 - Today's global economy demands operational improvement at an ever-accelerating pace
 - *Existing best practices soon give way to new best practices*

Process Alignment

- This unrelenting pace of business change results in a **perpetual gap** *between ERP software functionality and business needs*

Process Alignment

- **ERP software gaps can be addressed in one of several ways** – the quickest and easiest – *when it's possible* – is to simply change configuration settings within the ERP system
 - Although ERP vendors heavily promote such configuration flexibility, once certain portions of most ERP software is configured a particular way, *additional changes may be limited or are simply not possible*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 52

Process Alignment

- So what are the options when a quick and easy reconfiguration won't work?
 - The next possibility is to address the gap through a system workaround – usually some combination of a systemic and offline workflow that closes the gap – but at this is usually at a cost of scalability and performance consistency

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 53

Process Alignment

- Okay, you've tried the workaround route – the result is something that's too slow, too labor intensive, error prone or otherwise impractical, what then is the next option?
 - The final possibility is to address a gap through an "invasive" approach by either "customizing" the software, or by building an "extension" to the software
 - In some cases you can buy an off-the-shelf bolt-on or add-on "best of breed" package to fill a gap

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 54

Process Alignment

- However, invasive remedies add complexity and often limit your flexibility to easily or quickly update the core ERP software to a new release level
- What about my “partner”, the software vendor?
 - Don’t expect your software vendor to introduce new system functionality that closes any of your gaps quickly, if at all – it simply doesn’t work that way

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stammers. All rights reserved.

Slide 55

Technology Alignment

- **Companies must carefully choose their ERP software**
 - The ERP software a company selects must be *the software that best matches its overall business needs*
 - It’s best to use products that are:
 - Tailored to your industry or business model
 - From software companies that are financially stronger
 - From software companies that reinvest in their software *at above industry average levels*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stammers. All rights reserved.

Slide 56

Technology Alignment

- **Focus software evaluation efforts on how your core business-related processes are carried using the software**
 - There can be substantial “look and feel” and “execution” differences between competing ERP software for what are essentially the same tasks – *even for so-called “standardized” best practices*
 - Vendors may overstate the value of their standardized best practices
 - What may be good for one adopter (other companies) may not good be for another adopter (your company)

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stammers. All rights reserved.

Slide 57

Technology Alignment

- **However, an ERP system can't promise to meet all of a company's requirements**
 - *What then should you expect from a candidate system?*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 58

Technology Alignment

- **A candidate system should:**
 - Contain functionality covering *90% or more* of your documented, actual business needs
 - Not contain any "fatal flaws" or "showstoppers"
 - If the software under consideration fails these "litmus tests" consider a different, more robust or "better fitting" system

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 59

Technology Alignment

- **Customize With Caution**
 - How much customization *is really needed?*
 - Customization is a doubled-edge sword
 - While customization extends the value of an ERP system by filling in gaps in functionality, it does so by increasing both implementation and ongoing support costs
 - *Often times customization costs go well beyond the business value of the underlying software changes!*
 - The bottom line: Scrutinize customization investments as carefully as the ERP investment itself

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 60

Technology Alignment

- **Understand the “source” of customization**
 - Customization is often the result of *an unwillingness to change business processes*
 - Alignment of business processes to ERP software, rather than modifying the software to fit an existing business process, is a proven path to greater ERP ROI factor for many implementations

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 61

Technology Alignment

- **When you must customize, do so smartly**
 - Take advantage of vendor-provided tools to adapt the software to the nuances of your business
 - Next-generation application architectures promise greater business-process flexibility and collaborative ability, but the customization dilemma isn't as easily solved with these new architectures

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 62

Technology Alignment

- **Many companies use multiple ERP packages from multiple software vendors**
 - These situations arise from divisional or geographic autonomy or through acquisitions
 - Even when a common vendor is used, multiple installations are common, and software versions vary
 - While multiple ERP systems may be necessary to meet the varying needs of operating units, it's more difficult to aggregate enterprise data and to achieve economies of sought through centralized business processes and standardized IT operations

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 63

Technology Alignment

- **Consolidation** of multiple, redundant systems, which results in the elimination of unnecessary or manual interfaces and custom system enhancements ***is the goal of every company***
 - Reduction or elimination of such systems helps to lower software and hardware licensing and maintenance fees as well as related upgrade costs

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 64

Technology Alignment

- **Companies can improve ROI by reducing themselves to reliance on only one ERP package**
 - By using a single solution from one vendor, companies maximize the benefits from standardization and its resulting cost efficiencies

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 65

ERP: Life After Implementation

- Companies that have already made substantial investments on ERP often recognize *they are not receiving the full and expected return* on their investment – why?

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 66

ERP: Life *After* Implementation

- Many companies are still spending a lot of money implementing core ERP applications, consolidating to one ERP solution, upgrading in order to take full advantage of new functionality, or extending a system's reach to all parts of the business
 - *But is this really where the money is?*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 67

ERP: Life *After* Implementation

- Often times the highest value projects are those dealing with *how to better use information* from existing transaction processing systems, such as multiple ERP systems, rather than trying to consolidate their underlying business functionality into a single solution
 - For some companies, projects to implement collaborative commerce, data integration, warehousing and analytics may extend the value proposition of ERP software more so than would making further investments into the underlying ERP system

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 68

ERP: Life *After* Implementation

- The ERP system, long thought destined to become the “Swiss army knife” of business software – *doing everything for everybody* – is changing
 - Simply put, ERP is nearing its limits in terms of the overall value it can bring by itself

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 69

ERP: Life After Implementation

- Today's business opportunities are more likely to be found in collaborative commerce initiatives within the extended supply chain
 - ERP has proven itself to be the *right model for transaction processing* and for collecting a myriad of transactional information and in automating internal workflows
 - However, *ERP alone is not the right answer for an effective supply chain management (SCM) automation effort*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 70

ERP: Life After Implementation

- ERP systems are evolving into "business technology platforms" that enable, enhance and better support transaction-based collaboration and messaging within and across enterprises (customer to supplier, supplier to supplier's supplier, etc.) and across a myriad of disparate, best-of-breed, enterprise software solutions (ERP, APS, SCM, PDM, etc.)
 - Business process management (BPM) and enterprise application integration (EAI) applications complement ERP for transaction-based collaboration and messaging

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 71

ERP: Life After Implementation

- **You can't manage what you aren't measuring**
 - Companies today need a very good model for measuring, analyzing and improving their businesses – and they need that information not tomorrow, next week or next month – *they need it now!*
 - A problem at many companies is that although they have spent plenty on IT, they never have any idea about how the business is doing, *except at month-end*

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 72

ERP: Life *After* Implementation

- Does ERP solve the “measure to manage” problem?
 - Not entirely
 - Yes, ERP systems are good at transaction processing
 - Yes, ERP system do capture transaction processing related information *in real-time*
 - However, most ERP systems *aren't very good at management reporting or real time decision support*
 - For example, Advanced Planning and Scheduling (APS) add-on systems are typically required to provide real-time decision making support

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 73

Closing Remarks

- A few disclaimers about my remarks today:
 - There are *no silver bullets* for ERP effectiveness
 - What works for one company may not work for or be appropriate to another company
 - Improving ERP ROI is largely a matter of identifying *how ERP will improve your business* and in *executing the ERP implementation project correctly (the first time)!*
 - Although our time together has been short, I do hope it's been informative
 - Thank you

Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 74

Your Questions



Where's The Value: Using ERP More Effectively
Copyright 2008, Robert W. Stainley. All rights reserved.

Slide 75

How to Contact

Robert W. Starinsky

rwstarinsky@tradewindsgroupinc.com

630/871-1149 (Voice)

312/301-1629 (Mobile)

Management Consultant/Owner

TradewindsGroup

Consultants to Management

Tradewinds Group, Incorporated

Box 3601

Oak Brook, Illinois 60522-3601

www.tradewindsgroupinc.com

Where's The Value: Using ERP More Effectively
Copyright 2005, Robert W. Starinsky. All rights reserved.

Side 76