

A new ERP System doesn't have to slow your schedule – or your business

Small and medium-sized businesses (SMBs) want and need comprehensive and functionally rich systems, commonly called Enterprise Resource Planning (ERP), to help manage their business and deliver great customer service. Many of these businesses, however, are saddled with obsolete systems they've had since they were much smaller businesses or, worse, starter systems that are just not up to the challenges a growing business faces every day.

Even those SMBs with adequate systems for their size and markets may be lagging their industry and competitors. Leading ERP developers are continually adding functionality and technology to support evolving manufacturing practices like capturing all types of data from customers, suppliers, and equipment using the Industrial Internet of Things (IoT). Plus, many business processes are moving to mobile devices such as phones and tablets.

Selecting and implementing a new ERP system can seem a daunting prospect, but it doesn't have to be. **Proper selection and a well-planned, well-managed implementation** can take the sting out of the transition for your business to move forward and thrive.

Selecting and implementing an ERP system drives a number of important business decisions. However, small to medium sized companies have an advantage: they can schedule based on their immediate needs with the right software and team. This whitepaper explains how to do it successfully.

It's all about how you do it



Identify your strengths and weaknesses

The first step is to take a good, hard look at your current operations and identify what your system does well — and what it doesn't do well. Armed with this information, select a system that meets your needs and is well supported so that it will continue to grow and adapt to your changing requirements.



Choose an implementation strategy

Now it's time to plan the transition. Most implementation teams assume a “big bang” approach is the only viable alternative, and it may be in some situations. But implementing everything all at once is not always the best way to go, and it is certainly the highest risk strategy.

In many cases, it makes more sense to plan a phased implementation wherein parts of the new system are put in place initially. Then, additional strategic steps follow over a reasonable period. This not only reduces risk, but it also spreads out the costs and the toll on internal staff over a manageable period.

Phased implementation advantages for SMBs

This is an important advantage for SMB firms. Most large competitors don't have this flexibility. Not only do they have to deal with a large, slow-moving bureaucracy to even get approval for the change, they also must develop and follow a vastly more complex implementation plan that slows process improvements and return on investment.

A phased implementation reduces risk, spreads out the costs over time, and introduces changes to internal staff over a manageable period.

As an SMB with a more agile structure, and a flexible ERP system, you may choose to simply replace existing functionality in the first increment, and then add additional functions later. Or you may implement some new function that is a high priority need first, and then follow up with the other capabilities in the second round. In some cases, you may want to start with a department or location because they are better prepared to lead the effort.

Your chosen system supplier and independent consultants can help you lay out an implementation plan that will work best in your situation. There's a caveat here: not all ERP systems are flexible enough to accommodate a phased implementation – more about this later.

Can you do this with any ERP system?

When considering a phased implementation, keep it in mind as you do your system selection. Also, be sure to ask potential suppliers if and how their system handles such an approach.



Functionality

How complete is their solution? Does it include additional functionality that you may not need today but could be important in the future? The last thing you want to do is implement a system that becomes obsolete a few years down the road when your business needs change.

The system should be structured as units of functionality that can be operated independently. Developers use different names to describe this architecture: modules, editions, or series, for example. Of course, the applications should be fully integrated and operating within the same database structure, but they should also be designed to be used in various combinations.



Pricing

Pricing is an issue as well. There is no standard way to price applications, particularly when they run on the cloud. When considering a phased approach, be sure that the price will match your implementation phases.

Another note on pricing: some cloud-based systems are priced by the number of users (called 'seats' and can either be named users or simultaneous users). That can be counterproductive because it discourages adding users to your system.

Function or resource-based pricing does not count the users, encouraging you to give more people access to the system and thereby get more benefit from it. It's a good thing, indeed, to be able to get partners, suppliers and even customers to participate, collaborate and coordinate their activities by working directly in your system (with proper security and access controls, of course) without extra cost.



Looking forward

With any long-term business system, do your due diligence on the developer. An ERP system choice is a long-term commitment, and you want some assurance that the supplier will be around five, ten or even twenty years from now to continue supporting and expanding the system.

Talk to existing users and get a feel for how well the developer supports their users both during implementation and after. Find out how good they are at keeping up with changing technology and adding new functionality as new ideas and new customer expectations enter the market. A business system is not a simple purchase; it is the beginning of a long-term partnership in support of your company's success.

Keep focused on your long-term business needs, prioritizing the functionality and technology that have the greatest value to your firm.

Choosing and moving to a new, up-to-date business system doesn't have to be a "big bang" wholesale transition with all of the costs and risks concentrated on the one event. Small and medium-size businesses in particular, with limited resources, might want to spread the costs and the risk by choosing a phased approach to implementation. This is entirely feasible and often advantageous as long as you choose the right system and the right partner to work with you through the transition.

The most important aspect of implementation planning is to keep it focused on the business needs, prioritizing the functionality and technology that had the greatest value to your firm. Your supplier and consultants will keep an eye on the system capabilities, but it is up to you to make sure the system really **serves the business, provides the right functionality, and is compatible with the way your people work**. Remember that these systems are tools to help your organization serve your customers to make a profit. The tools have to make your day-to-day activities easier.



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For more info, visit: www.ujimatec.com
To speak to our certified experts, contact:

✉ info@ujimatec.com

☎ 1-877-242-4903

