OVERSOLD *– ERP Buyers Beware*

Over the years, we've seen numerous situations where organizations that have purchased an ERP solution have not done so judiciously. One might say that some have been downright 'played' by the ERP vendor they chose. A few situations occurred that have reinforced the fact that the buyers of ERP have either not learned the lessons of others, or have chosen to think that they are smarter than all those other buyers…even when they've have zero prior experience in the selection process of procuring an ERP solution.

In this article, we'll discuss some of the OVERSOLD situations that we've come across and provide some direction and thinking that you'll listen 👂 to nearly five decades of experience and avoid the BSBB (B.S. Baffles Brains) issues.

Let's start with this statement: *The primary reason to purchase an ERP solution is that every person within an organization requires timely, accurate information in order to execute their daily <u>tasks</u> so that they deliver quality results that have near zero probability of having negative impacts.*

From the statement above, realize that Tasks occur within Stages of various Processes that typically require multiple people to execute from beginning to end.

Ask yourself this: *How many people / roles are typically involved in the Quote to Cash process?* And then ask: *What would we do to improve efficiency and outcomes?* And then: *How many end-to-end processes do we have? (Read the Summary)*

The Software Selection Process

There are two stages of the project that should occur, and normally do not, before you contact any suppliers.

- Education
    - Starting with the C-Level / Senior Management Team. They can get all of the information they need, and build a strong oversight plan, by investing less than a day of their time learning what they need to know about selecting the Executive Sponsor, the Organizational Project Manager (OPM) and the Organizational Change Management (OCM) Team.
    - Then the Project Leaders. These are the people who have the credentials to lead their areas, integrate their knowledge with other

team members and develop the critical success factors for the functional selection process.

- Process Reviews
    - A review of each process that: impacts profitability; has a significant risk factor; has an impact on the ability to implement continous improvement; or, could create significant stakeholder resistance to the changes the new solution would bring.

Now build your *Request For Information (RFI).* Out of the process reviews, you can develop the critical 'must have' list of functions and integration points needed in the solution. The RFI can go out to a multitude of ERP organizations but, if you do a bit of research or have a truly independent consultant working with you, then you'll likely be able to get that list down to single digits.

This is the beginning of where the ERP vendors will try to figure out how to win the business and maximize their contracts. This will involve creating personal relationships with decision-makers and influencers. ***Therefore, Single Point Of Contact (SPOC) is an absolute must with the vendors.*** The OPM is the only person that a vendor should contact and that message is delivered in the RFI along with the non-disclosure clause. Failure to comply with this requirement will likely result in the vendor being eliminated from the competition. Each Project Leader and Senior Management person will be responsible for informing the OPM should inappropriate contact between a vendor and the organization is made.

While the RFI is out, build your *Request for Proposal (RFP).* Other than the obvious items that go into this document, the vendors selected after the RFI responses come in will need your organization to create 'demo scripts'. The attention to detail that you put into this part of the document will severely limit a vendor's ability to oversell the solution's functionality.

After the responses to the RFP are received, you'll short-list the vendors that will demonstrate their functionality, etc.

After the demonstrations, you should have two, maybe three, vendors that you approve for a *Request For Quotation (RFQ).* This is where the BSBB will get thick and, if you don't do your validation process properly, you will be OVERSOLD.

The RFQ, Vendor Selection & Contract Factors

Each one of the following items is a subject all by itself. However, you need to know what you're doing and you need to take the time to do each completely.

- Pricing – The vendors will want you to purchase lots of software you may, or may not, need right away. They will also want to have you purchase lots of user licenses immediately. ❌ There's a way to negotiate this.

- Project timeline – The vendors will tell you anything they think you want to hear regarding the amount of time it will take to implement the solution. 🛑 There's several steps required to validate any claim and, more importantly, make sure that your organization has the right expectations for a successful implementation.

- Project resources from the ERP vendor – These people are going to be interacting with your employees and will impact the project timeline. ⚠️ There's an process that you can use to validate key factors.

- Resource restrictions imposed by the ERP vendor – Most ERP vendors have a clause in their contracts that states that you, the customer, must utilize only those people who are 'certified' by the ERP vendor. 🛑 Same as the last bullet, these people will be interacting with your employees. More importantly, the knowledge capital that you may need for your project may not be available through the ERP vendor. And, because you're a 'captive audience', they can invoice you at rates much higher than resources available through other methods.💰 There are strategies to overcome these restrictions. You can often validate your selection of a 'good ERP partner' by the strategies you employ when you negotiate the contact.

Summary

The answer to the question I posed earlier is that, in most organizations, there are at least six different end-to-end process groups. In some organizations, not including those that have diversified holdings, there as many as nine major end-to-end process groups. An organization with diversified holdings (e.g., manufacturing, distribution, real estate and professional services) will have a few more.

Invest the time, effort and money into the education and selection process. Minimize the potential to be 😠 **OVERSOLD** 😫 and increase 🔼 your potential to have your project(s) completed on time 🎇, on budget 💚 and with good acceptance by your stakeholders 🤦.

Emercomm has the experience and resources to assist you in:

💁 Providing the education your team will need during the selection process

💁 Providing the knowledge you need when creating Request documents.

💰 Negotiating the price.

✅ Validating the project plan and expected results.

✅ Validating the key project resources from the vendor

📄 Negotiating, and removing, restrictions typically imposed by the vendors.