

# WHITE PAPER: When Is the Right Time to Implement ERP and How to Select the Right Vendor

To be recognized as a top performing company and brand, there are unique issues as well as internal company issues that need to be solved. This whitepaper addresses these issues that most companies face and goes into detail on how and when to successfully implement an ERP system



## Intro & Executive Summary

*When is the right time to implement an ERP System?*



As you are expanding your small business, you've probably faced the dilemma on deciding how to invest for the greatest return. To be recognized as a top performing company and brand in your industry, as well as reap the optimum return on investment, there are some unique issues that need to be addressed.

As time progresses and you transition out of startup mode, you'll notice that ad-hoc reporting does not produce the same results it once did. It's more difficult to find the business intelligence you need to

make the right decisions. Then you notice that the bottlenecks start to appear in your key processes. It's taking longer to fulfill orders as the volume increases, accounts payable can't keep up, and tracking customer behavior is almost impossible. With these issues, you're also most likely experiencing hindered growth and profitability.

Chances are, you're stumbling along working off of a combination of spreadsheets and disparate systems to store your data. The solution to these business challenges lies in Enterprise Resource Planning (ERP). You're probably thinking to yourself, "ERP is too complicated and how can we afford it?" when the real question you should be asking yourself is, "Can we afford not to invest in ERP?"

To be recognized as a top performing company and brand, there are unique issues as well as internal company issues that need to be solved. This whitepaper addresses these issues that most companies face and goes into detail on how and when to successfully implement an ERP system. The issues include:

- 1) Loss of Control
- 2) Uneducated about Expansion
- 3) Can't Meet Customer Demand
- 4) Cash is Tight
- 5) Lack of IT Staff

When most organizations look for a Business Management or ERP System, they think a software solution like SAP is too big or too complex. As a result, they often choose solutions that are inadequate for their business, resulting in the adoption of inefficient processes. Or they choose solutions that fix an issue without addressing the bigger picture. Additionally, because every industry has specific needs regarding client/channel management, product specifics, and distribution, it's important to look for a complete solution that is targeted to meet these challenges. Because most industry-specific solutions

are not extensible, they are often lacking in functional areas. This forces most companies to create workarounds to their own processes, which are usually time complex and time consuming.

The biggest challenge most growing companies face is managing the complexity of the growth. As an organization expands and processes become more involved, how do they reevaluate and move in the right direction? It is often a lot more difficult than they initially think.

### **It's All About Results**

In a performance-based culture like ours, it's crucial to have strong processes, audit trails, and reliable data that is immediately accessible. Neither spreadsheets nor non-integrated applications can compete with the added value an ERP system brings to the table. As we mentioned, one of the biggest challenges that growing organizations face is managing the complexity that comes along with expansion.



The more requirements, the more manual processes you have to tackle, the more data is scattered in various places/spreadsheets. Without data in the right hands and the right places, it becomes almost impossible to have visibility into your organization and where, how, and when you've made your best profit. Without this information, you have no way of monitoring your inventory levels. As inventory levels rise, you slip more and more in terms of meeting customer demands and requested ship dates.

If you don't have the ability to better forecast and produce product in a timely manner, it becomes increasingly challenging to keep a close eye on cash and liquidity with your current business systems. Without the proper team of trained IT specialists, you can't keep up with expansion and technology will leave you behind. You ultimately need an ERP system that will allow you to focus on providing the data your customers require to make decisions while automating routine daily processes.

As the business continues to mature and your customer base continues to expand, the previously mentioned challenges surrounding growth get increasingly complicated as well. The stakes increase as growth becomes more prominent. In a performance-based culture like ours, it is crucial to have strong processes, audit trails, and reliable data that is immediately accessible. No amount of manual process/spreadsheets can provide even a fraction of the value that an ERP solution can.

While most companies may see managing the above factors as issues without solutions, the reality is that these challenges prevent them from focusing on the important factors, like increasing cash flow, forecasting, and maintaining a competitive advantage. The right ERP system grows with your company and business plans.

Since your systems must also be capable of supporting processes including supply chain management, customer relationship management (CRM), finance, and human resources, it's important to note that companies who have used a dynamic ERP solution have reported measurable improvements in all of these areas, both from an operational and financial perspective. Achieving world-class success and industry leadership has never been easier.

### Choosing the Right Solution

Solutions to complex problems require a solid foundation to ensure long-term organization-wide success. The SAP Business One solution begins with a business system that provides a strong foundation for accounting and inventory transactions. This foundation gives companies an extensive system that is still affordable. Additionally, by delivering a relevant and technology-centric solution, you provide consistent business advantages to your customers.

What are the key issues you are trying to solve using ERP:

- 1) How do you gain control over my business processes?
- 2) How do you manage company-wide expansion?
- 3) How do you consistently meet customer demand?
- 4) Can you still be profitable even if cash is tight?
- 5) What if you don't have the proper IT specialists employed?



The features of SAP Business One ultimately improve efficiency and productivity, but are also good measures of visibility. For the most part, it is challenging to measure visibility from paper, spreadsheets, and manual processes. With an ERP system, you are able to operate from a single source of data, in real-time, reducing the risk of errors and omissions. The sooner you implement an ERP system, the sooner you can reduce costs, increase visibility, and be overall more connected to what's going on in your organization.

SAP Business One acts as the central nervous system of your organization, enabling shorter lead times, improved quality, reduced cost, increased profit, better customer service, and improved productivity. It makes carrying over definitions, data, and activity records a valuable process that adds additional opportunities to determine what areas can be improved, as well as measuring progress of efforts to eliminate unnecessary waste.

Features including analysis tools and graphical views of information are just a few of the benefits of implementing SAP Business One. With these tools, you can dig deep into data and mine for opportunities. As improvements continue to flourish, and the system files read these changes, the new

definitions you set through SAP Business One perpetuate the improvements and provide insight into how different aspects of your business interact and influence each other. Remember, removing waste from any processes ultimately leads to more streamlined processes and eliminates delays, mistakes, and additional costs. Of course, it is important to realize that the software can't get you to this point alone and it takes the guidance of an expert consultant to do so.

Without the right consultant, implementation can easily fail. By understanding where your company is in its growth lifecycle, the consultant will be able to determine your immediate needs as well as future requirements on a high level. In doing this, you both are able to determine how SAP Business One fits your business situation. In turn, this makes it easier for them to understand the processes that are different and configure the system to take those into consideration, while still keeping costs low. This knowledge of industry challenges, and more importantly having a way to solve them, gives the consultant a new level of insight into tailoring the system to your specific needs.

Remember, your ERP solution should be easy to use, reduce the knowledge of programming and database techniques, and assess the converted data to ensure its consistency before the go-live date.

### How to Select the Right Vendor

Your first step in choosing an experienced ERP vendor is looking for one with a positive reputation for successful implementations in your industry; one that has been down the path before.



The Third Wave and SAP Business One solution begins with understanding where your company is in its lifecycle. Understanding immediate needs as well future requirements on a high level enables the team at Third Wave to configure SAP Business One to fit your business situation while keeping the initial investment affordable.

Understanding the processes that are different to your business allows Third Wave to configure SAP Business One to take those processes into consideration. The powerful extendibility of the software allows us to take advantage of and codify any strategic business processes that your organization has developed. SAP is a powerful asset that enables our clients to run their business as efficiently as possible while leveraging the best practices that are inherent in SAP Business One.

After adapting the software to specific business requirements and strategic business processes, data is then imported, (bank accounts, customers, vendors and inventory) such that it enables the system to be tested and daily processes to be executed. The system comes to life and processes can be developed that will run the business. The testing of the configured system begins.

One of the strengths of SAP Business One is that this can be accomplished in a short period of time as long as the key resources of an organization can invest the time to detail their requirements. Many companies are brought live on SAP in as little as twelve to fifteen weeks.

The Third Wave Project Methodology, when followed closely, ensures success for our clients in the shortest possible time.



These deliberate steps are taken to uncover the requirements and information needed to produce a solution that solves today's needs, as well as positions our clients for success in the future.

The specific steps in each of the major phases listed above are as follows:

*Project Launch:*

- Define Roles
- Refine Project Plan and Timeline
- Install software on Test database
- Conduct Kick-off Meeting

*Process Mapping:*

- Configure system
- Master Data Load
- Develop Processes and SOPs
- Confirm Processes and SOPs
- Document SOPs
- Sign off on Processes and SOPs

*Build and Configure – Proof of Concept:*

- Configuration Modifications based on final Processes and SOPs Report Definition
- Develop Reports
- Test Reports
- Develop Test Scripts
- Sign off on Reports

*Testing:*

- User Testing and Retraining
- Sign off on Testing Results



### *Go Live:*

- Install and configure software on Production Database
- Master Data Load
- Sign-off
- GO LIVE

### **Turning to an Efficient Implementation**

Your data is your biggest asset and the ability to migrate your current data in your systems about suppliers, customers, resources, and employees is a major step in the implementation process. Doing so will maximize your knowledge of the new system while minimizing any unnecessary costs.

Shift your main organizational focus from order processing and inventory control to lead generation and building brand recognition. The issues that have held you back in the past become automated processes that shorten the supply chain and improve cash flow through error-free order processing.

A proven implementation methodology should remove any leftover uncertainties and address your expectations for an efficient system implementation process. As we mentioned, this process begins with your very first meeting and carries through to ensure a more effective transition, deliver a faster learning curve, and shorten the time to ROI.

This solution reduces the burden of manual data entry and quickly allows sales support to commit to delivery, processing orders, generating invoices and expediting collections. The order-to-cash process is optimized, with predictable delivery dates to add value to their customers. The overall benefit for your company is the ability to scale up sales while maintaining a consistent level of staffing, improving overall profit margins.

### **The Cost of Growing Your Business**

The software costs are based upon the number of users that are required to access the system. Different user profiles are developed by utilizing a flexible security model to ensure that the resources are accessing only the screens and fields required to be efficient. Costs vary from \$20,000 to \$35,000, depending on the number of users.

The Implementation costs reflect to what extent SAP's and its partner products best practices are leveraged.



Additionally, the cost of labor-intensive order processing - customers that find it difficult to buy products from you - can be ten times that of a typical implementation. Missing just one delivery date or misprocessing an order can cost your business and customers countless amounts of revenue.

## Conclusion

There are many ways that companies approach acquiring Enterprise Resource Planning systems. Our experience dictates that purchasing a complete solution, with a phased approach to implementing modules, is the most effective approach. This approach builds the financial foundation for the system to report from and greatly reduces training costs incurred when switching software platforms. You need technologies that will grow with you, help you effectively compete in your market, and smoothly run your operations now and in the future. Through experience, knowing the process required at every stage allows Third Wave Business Systems to lead our clients down a known path with a destination they are satisfied with. Remember, the best systems include capabilities that give your organization new ways to become competitive. With a solution like SAP Business One so readily available, why not take the plunge now?

## About Third Wave Business Systems

Third Wave Business Systems specializes in the implementation of business management systems to provide clients with a competitive advantage in their industries. It is a leading developer of SAP Certified Integrations that extend the power of the SAP Business One platform. These solutions are being used worldwide by SAP Business One customers to streamline their operations and improve their return-on-investment. Third Wave Business Systems is recognized as a Microsoft Silver ERP and Development Partner, SAP Business One Gold Partner, and SAP Pinnacle Award recipient. It has been recognized by both Microsoft and SAP for high levels of customer satisfaction due to the high quality of their consulting staff. For more information, please visit the company's web site at [www.twbs.com](http://www.twbs.com).