THE ROLE OF BUSINESS IN THE ERP LIFE CYCLE
An ERP business environment characterised by weak business ownership and sustained only by a disproportionate level of IT involvement, is expensive and sub-optimal. In the absence of a formal programme to drive business involvement, this becomes the default position for many organisations, leading to an ERP system that falls into dis-use with further erosion of business confidence in the system.
My CFO says our ERP system is expensive, can you help us?
The business don’t know how to use the ERP system and they keep blaming IT!
We want to move to a new ERP platform because our current ERP system does not work!
Our ERP project was painful and we have not received any benefits.
Our end users say the ERP system is too rigid and they prefer Excel.
WHY DOES THE LEVEL OF DISILLUSIONMENT WITH ERP CONTINUE TO BE HIGH?
Who is disillusioned with ERP?

- Business leaders & process owners
  - Business-driven innovation

- Information users
  - Fact-based business

- Casual users
  - User experience simplification

- Traditional power users
  - Process excellence

Most ERP implementations focus on the needs of transactional power users
Where are we at?

63% of companies never actually attempt to measure value received from the ERP investment.
Where are we at?

...at any point during the ERP life cycle
Where are we at?

...However successive surveys show that this is the number one priority for CFOs, CEOs and COOs
Successful companies however, were found to share three key attributes:

- Consistency and cooperation
- Harmonising and improving business processes
- Centralised financial analysis of benefits & measurement of business value
WHAT IS THE ERP LIFE CYCLE AND HOW EFFECTIVELY ARE YOU MANAGING IT?
The ERP system is the business

- Business processes, standardisation/integration
- Business performance/KPIs
- Segregation of duties
- Governance & control
- Organisational structures
- Information, data, BI
- People, skills, roles
The ERP life cycle

"Beware the valley of despair"

Business performance vs. Time

High road

Low road

Point of go live

Phase 1 - implementation

Phase 2 stabilisation

Phase 3 optimisation

“Beware the valley of despair”

Continuity
HOW CAN IT FACILITATE MORE EFFECTIVE ORGANISATIONAL OWNERSHIP AND INVOLVEMENT IN THE ERP LIFE CYCLE?
Successful business transformation needs more than technology

- **Process and technology without people**
  - Alienation and turnover
  - Underutilized systems

- **People and technology without process**
  - Automated chaos and confusion
  - Poor customer service

- **The art and science of change management**

- **People and process without technology**
  - Frustration and inefficiency
  - High cost of operation

- **Sweet spot**
  - Frustration
  - Alienation
  - Automated chaos

- **Technology**
  - People
  - Process

- **Process**
  - People
  - Technology

- **People**
  - Process
  - Technology

- **Technology**
  - People
  - Process
Stay in the game

Effectiveness

High

Formal benefits audits

Baking in benefits

Harvesting reviews

Post-implementation reviews

Business ownership

Project and program management

Business case

Change management

Low

Rarely

Sometimes

Often

Stay in the game
Build organisational capacity

Business ownership of the entire business enabled ERP environment.

- Business process ownership
- Systems utilisation measurement
- End user competencies
- Business process KPIs & metrics
- Continuous business improvement
- Change management

End users?
- Deep business process & analytical skills

Business super users
- Track & resolve

IT service desk
- Support
- Development

ERP competence centre
- Traditional ERP support

SLA’s
- Product support

SAP
Gather intelligence

How efficiently are key BPs executed, and what is the nature & volume of user transactional error rates?

How many users have not logged on in the past 6/12/18 months?

Which BPs are not being utilised consistently across the organisation, are certain business activities happening outside of the system?

Which custom development programmes and/or functionality is not being utilised by business users?

How is ERP generated information used, by whom, and what decisions are made using this information?
### Practical exercise

**ERP maturity indicators**

<table>
<thead>
<tr>
<th></th>
<th>Disagree strongly (Score 0)</th>
<th>Disagree somewhat (Score 1)</th>
<th>Agree somewhat (Score 2)</th>
<th>Agree strongly (Score 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. There is clear evidence and broad consensus between business &amp; IT stakeholders on how effectively our ERP is being utilised.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2. Business and IT use a common framework to monitor and share information on how effectively our ERP system is being utilised.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>3. IT understands the strategic business goals and how the ERP needs to be exploited to achieve these goals.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4. The respective business and IT roles in driving value out of the ERP system is properly defined, understood and executed.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<tr>
<td>5. Business sees the value of our ERP and is able to articulate this value.</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
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</tbody>
</table>

**Scores:**

- 0 – 5 = This is a big problem
- 6 – 10 = Room for improvement
- 11 – 15 = You are ahead of the pack
Thank you and good luck