

# James A Robertson and Associates Effective Strategic Business Solutions



In Association with  
Dorsa Padideh Company

Presentation to the Strategic Management  
Conference, Tehran, Iran  
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## ERP and IT In Strategic Management

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Failures are increasing  
The threat and therefore the  
opportunity is huge



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Exclusive

**Labour's computer blunders cost £26bn**

Ministers blamed for 'stupendous incompetence' after taxpayers left with projects

By Michael Savage, Political Correspondent

Tuesday, 19 January 2010

**TIME**

**RISKY BUSINESS ON WALL STREET**

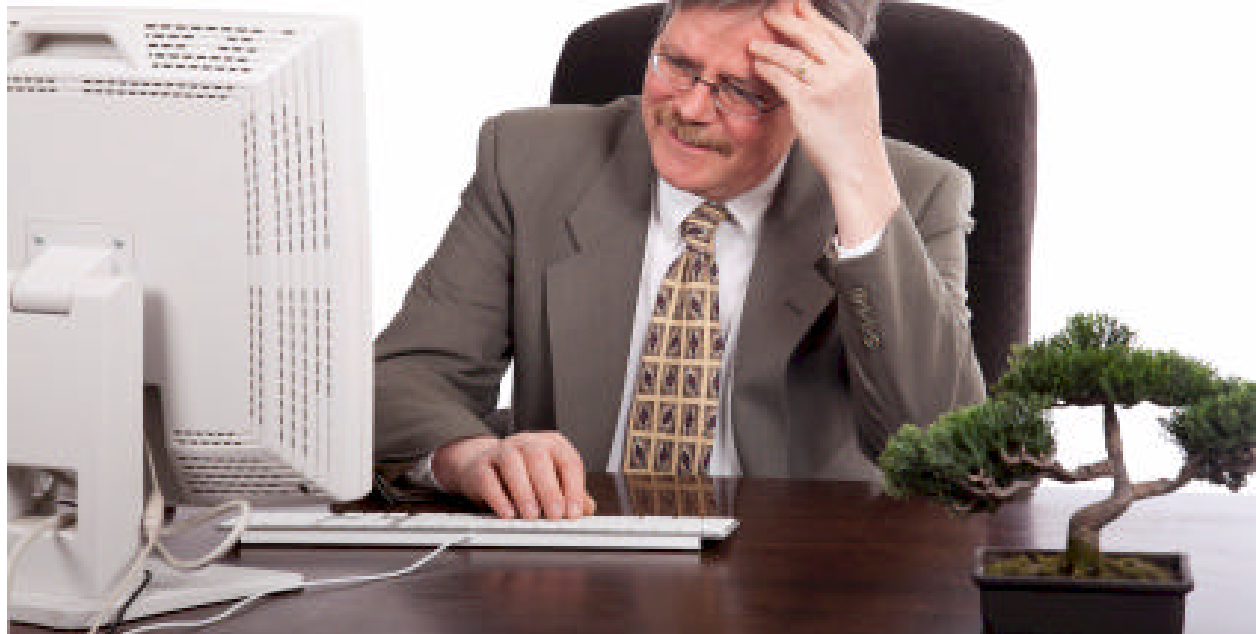
High-tech supernerds are playing dangerous games with your money

**PLUS: Why the Market Went South**

# One of the classic business problems of this age



We have spent a FORTUNE on this computer system and I.T. tell me it will take two years and another few million to get what I want BUT the transactions are being processed already





Recap

I.T. versus bridges





## Recap

Engineers do NOT design bridges to stand up



## Recap

Engineers design bridges NOT to fall down





# Vision



Angus Struan Robertson

# A classic example of IT strategic value -- double turnover in 12 months



I am successful because I make the right recommendations more than 51% of the time



1. Simple manual models were computerized
2. Computed faster and therefore many more scenarios
3. Creative business concept
4. Better advice in less time to more clients
5. Doubled turnover in 12 months
6. In 1982



# Experiencing failure



# Some historical context



1. Insects and butterflies
2. Cataloguing -- punch cards
3. Defence Force filing system
4. Strategy development
5. ERP and other IT projects which produced exceptional outcomes
6. Pulse measurements on many highly sub-optimal ERP and other implementations
7. Some heavy opposition
8. and some in-depth analysis



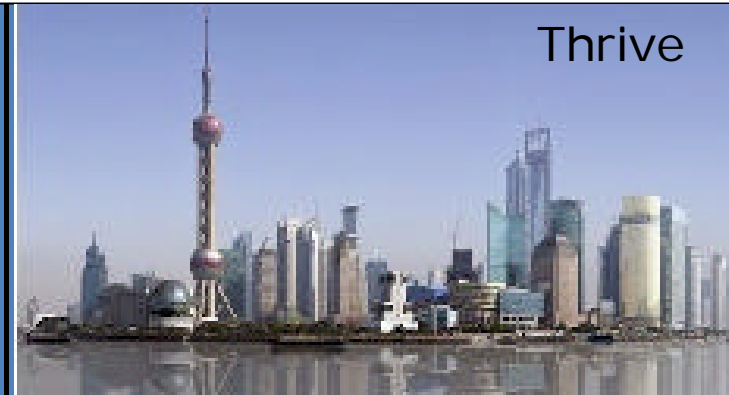


# Recap



## What is strategy?

Tactics – Doing things right →



Strategy – Doing the right things →

# ERP an industry in crisis



*"19 out of 20 ERP (integrated business information system) implementations do NOT deliver what was promised"*



# Extreme failures



1. Seven years and half a billion dollars -- international chemicals company
2. \$400 million -- multinational shoe corporation
3. Multinational entertainment giant -- \$878 million
4. Major supermarket chain -- \$195 million

Professor Rossouw von Solms



# vs Deleting a building





# An industry characterized by failure



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"Attendees of Gartner's Business Intelligence Summit in London last month were not surprised to hear that most enterprises are still failing to use business intelligence (BI) strategically. Gartner's survey of over 1300 CIOs returned some unimpressive findings about the state of BI implementations: Gartner's vice-president of research summed up the situation nicely by saying:

**"Most organisations are not making better decisions than they did five years ago"**

**There IS great opportunity  
ERP can and should add value**





# Different view of ERP / IBIS (Integrated business information systems)



# Recap

## An engineering approach to Strategy

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Key points from yesterday's presentation



# Recap

What is strategy?



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The **ESSENCE** of why an organization exists and how it thrives

## Recap

The critical factors for strategy implementation = THRIVE success

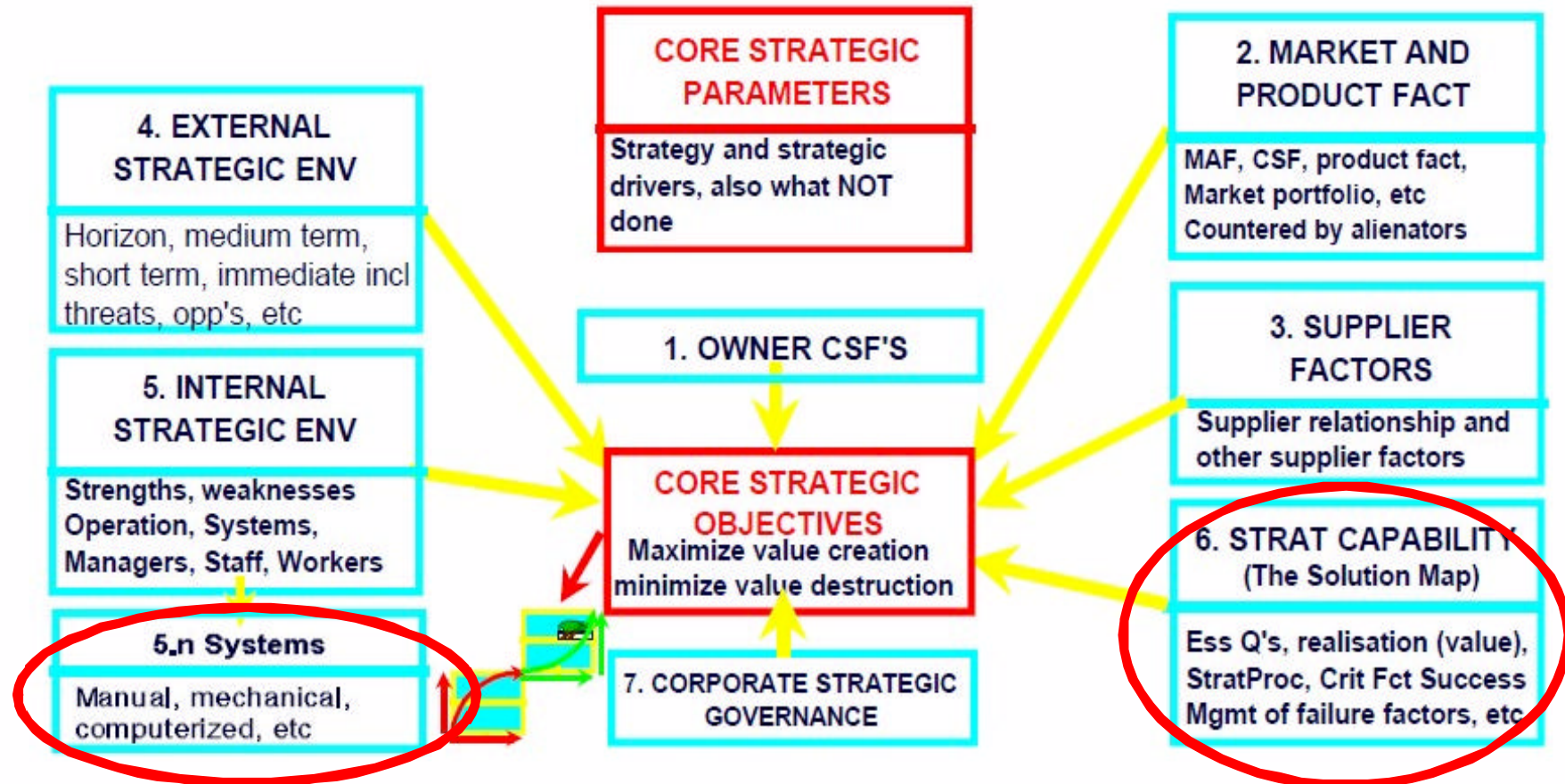


1. Executive custody (25%)
2. Strategic solution architecture (18%)
3. Clear strategic definition and alignment (16%)
4. Business integration and optimization -- facilitation of change (14%)
5. Effective project planning and execution management (12%)
6. Reliable information to support THRIVE decision making (10%)
7. Technology (5%)

**Requires appropriately implemented ERP / IBIS**

# Recap

## Analysis of the Strategic Environment



Defines the configuration framework for EVERY MODULE of ERP



# Recap

## Summing up



- 
1. **Strategy is the essence of why the organization exists and how it THRIVES**
  2. **Focus on THRIVE activities and decisions**
  3. **Rigorous definition of the strategy and strategic drivers of the organization**
  4. **Rigorous analysis of the strategic environment**
  5. **Structured strategic gap analysis leading to structured, prioritized action plans, projects and continuous THRIVE improvement**
  6. **Formal plan execution including governance, performance measures, required knowledge and experience, measurement of alignment, etc**
  7. **High value THRIVE outcomes**

## Case study

# Strategically successful ERP implementations

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Key points from conference presentations

Based on white papers with the clients

# Data engineering principles

## Case study

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1. Presented with the client at a public conference
2. Dramatic increase in management information
3. Reduction in head count
4. Dramatic reduction in audit time and cost
5. Unqualified balance sheet first time in 15 years



## Things we did right – client view **smexa**<sup>'10</sup>

1. *"The Highly structured product taxonomy product class linking to Projects and Contracts for Advertising and Promotion has given us a powerful strategic resource for conducting our brand management activities and has put us in position to give excellent financial reporting to our suppliers."*
2. *"Rigour in most of our classifications (taxonomies) has given us exceptional flexibility and ease of analysis and reporting in many areas. Areas where we did not apply this rigour, such as in debtors, are now a source of regret."*
3. *"Small things like rigour and discipline with regard to data capture standards, capitalization, spelling, etc. From the start we stressed high quality data and that is what we have, our invoices are neat and presentable and our reports do not require cosmetic surgery."*
4. *"Replacing the warehouse management system at this stage appears to be a great win."*

## Things we did right – client view **smexa**<sup>'10</sup>

5. *"We have developed a disciplined culture in which we do not take short cuts. People understand the impact of their actions on other parts of the business"*

# Things we did right – Project Leader view

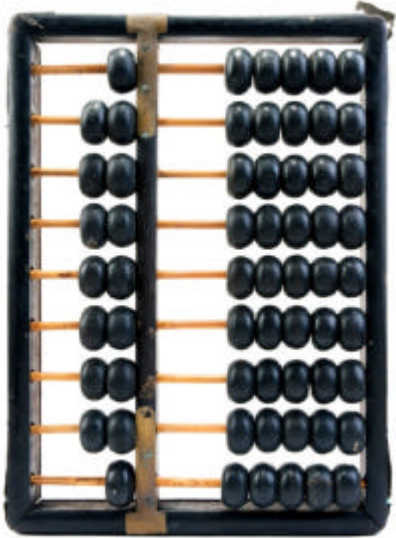
smexa<sup>'10</sup>

1. Degree of executive custody
2. High engagement by the CEO
3. Taxonomies are a major factor
4. Laboratory
5. Strategic focus → the essence of the business
6. Top down approach

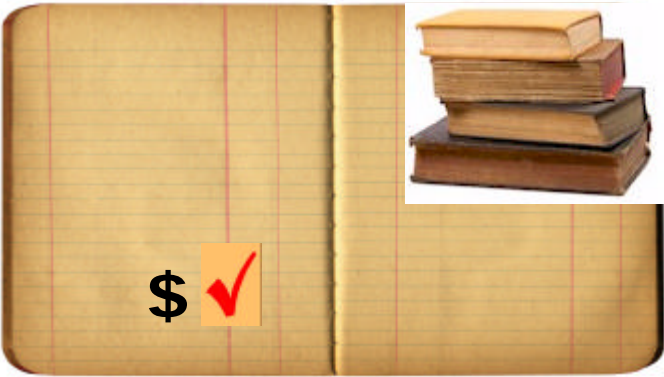


1. MORE RIGOUR – *“everything you bypass you will regret”*
2. Research and test all third party products thoroughly
3. Comprehensive and rigorous laboratory testing using real data
4. Greater rigour with regard to operational processes
5. Comprehensive taxonomies on ALL modules including Debtors and Creditors
6. Much more effort into reporting and analytics
  1. We are now appointing a senior analyst to do this
  2. We have a mountain of information we are not using to full potential

# What is IT? REALLY?



```
End Sub  
End Sub  
Private Sub tbToolBar_ButtonClick  
On Error Resume Next  
mTimer.Enabled = True  
Case Button.Key
```



# What is an ERP? REALLY?

---





# What is an ERP?



*"Enterprise Resource Planning"* = ERP Systems

? or ?

*"Integrated Business Information Systems"* = IBIS

= all the information "repositories"

= databases

= tables

= lists

= filing drawers / folders



real world items that require description and management

+ the numerical computations, workflow and other activities that are executed with the numbers (and text) stored in these repositories

ALL of which can be done by human beings -- including making a mess!

# Why invest in a new ERP / IBIS? Or any IBIS?



- |   |           |
|---|-----------|
| 1. Because everyone else has one?                               | ? Yes     |
| 2. Because the one we have does not work very well?             | No        |
| 3. Because the one we have is more than five years old?         | XXX NO!!! |
| 4. So that we can get better strategic (thrive) information?    | Yes       |
| 5. So that we can get better (thrive) information?              | Yes       |
| 6. So that we can get better operational (thrive) information?  | Yes       |
| 7. So that we can get more effective delegation and governance? | Spinoff   |
| 8. So that we can become more efficient?                        | Spinoff   |
| 9. Head count reduction and audit fee reduction?                | Spinoff   |

To support better decision making

# How do you unlock IBIS value?



1. Value is unlocked through effective delivery of information that is intuitively and fundamentally meaningful
2. Packaged in a way that the computer system is able to be intelligent

3. Presented through:

1. reports
2. graphs
3. dashboards
4. advanced visualization techniques
5. advanced economic analysis
6. advanced techniques of information presentation, analysis and interpretation

resulting in MUCH BETTER strategic, tactical and operational decisions that manifest in improved organizational profitability, growth, impact, etc



High value business decisions





# How is value created



Value is created by business actions that deliver on the essence  
why the organization exists and how it thrives

Value manifests through increased profitability, growth, innovation,  
job satisfaction, fulfilment of the strategic vision

The consequence of intuitive, intelligent and bold leadership  
business decisions – thrive despite uncertainty

Such decisions are facilitated, generated and enhanced through  
access to more intelligent, meaningful and relevant information

Answers to questions I have not yet thought to ask

Such "intelligent information" is assembled as a consequence of high  
strategic and executive level input into the design of the  
data CONTENT – taxonomies designed to catalogue every  
conceivably relevant classification ahead of time

High value intelligent content design

# Precision strategic content engineering



The definition of information content

- in a way that is structurally (taxonomically) fundamentally meaningful to human beings who understand the business
- and the translation of this content into structured codes which faithfully and accurately reflect human understanding of the REAL WORLD in a way that the computer can manipulate
- with minimal human intervention
- so that the computer system **appears to be intelligent**

# Taxonomy defined



1. Logical word (semantic structure)
2. Precision vocabulary of preferred terms
3. Conveys understanding between humans with relevant knowledge and experience
4. Once linked to a precision code scheme the most important communication mechanism between computers and people
5. An art and a science
6. Once it is right it is OBVIOUS 😊

## EXPENDITURE

### DIRECT OPERATIONAL EXPENDITURE

#### ASSET OPERATING COSTS

DEPRECIATION ASSET OWNED-OpCost

DEPRECIATION ASSETS LEASED-OpCost

LEASE FINANCE CHARGES-OpCost

RENTAL OF ASSETS-OpCost

OPERATING LEASE COSTS ASSETS-OpCost

REPAIR AND MAINTENANCE ASSETS-OpCost

PROPERTY (NON-PLANT, NON-OFFICE)

LEASEHOLD IMPROVEMENTS

INDUSTRIAL BUILDINGS AND WAREHOUSES

OFFICE BUILDINGS

PRODUCTION LINES

FIXED MACHINES AND EQUIPMENT-AssOwn

TOOLS AND PORTABLE MACHINES-AssOwn

VEHICLES MOBILE PLANT LOCOMOTIVES ETC

Engine

Transmission

Chassis

Wheels, Tyres And Brakes

Cab / Manufacturers Body

Electrical

Electronic

Freezer And Cooling Units

Hydraulics And Pneumatics

Load Carrying Body

Specialized Mechanical Components

# Taxonomy relevance

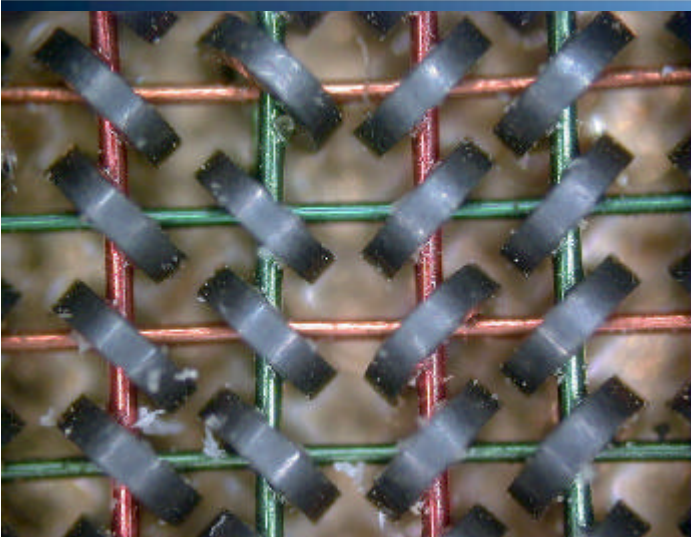


1. Essential to effective operational and strategic use of business software
2. Nearly ALL validation lists (drop down lists), chart of accounts, etc
3. Large body of expertise – Botany, Zoology, military filing, Library Science, Information Management, etc
4. Unknown to many (most?) IT professionals and business people

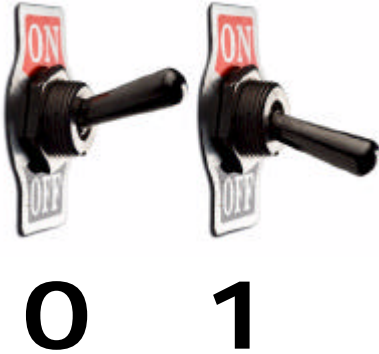
C.	ORDER CANCELLED
CC	Order Cancelled Credit Control
CS	Order Cancelled by Consumer
CT	Order Cancelled by Customer
D.	DAMAGED OR DEFECTIVE
DF	Defective Product
DM	Damaged Product
DP	Damaged Packaging
DT	Consumer Complaint
P.	PRICE ERRORS OR DISCONTINUED
PD	Discontinued
PI	Incorrect Price
S.	SUPPLY ISSUES
SD	Order Duplication
SF	Customer Non-Franchise Holder
SI	Incorrectly Supplied
SK	Overstock
SL	Late Delivery
SO	Oversupplied
SV	Not in Customer Inventory Master
T.	USED AS TESTER
TT	Used as Tester
Z.	OTHER
ZN	Not Known
ZO	Other



# A computer is An adding machine / calculator



0  
1  
 $1+1=10$   
 $1+1+1=11$   
 $1+1+1+1=100$

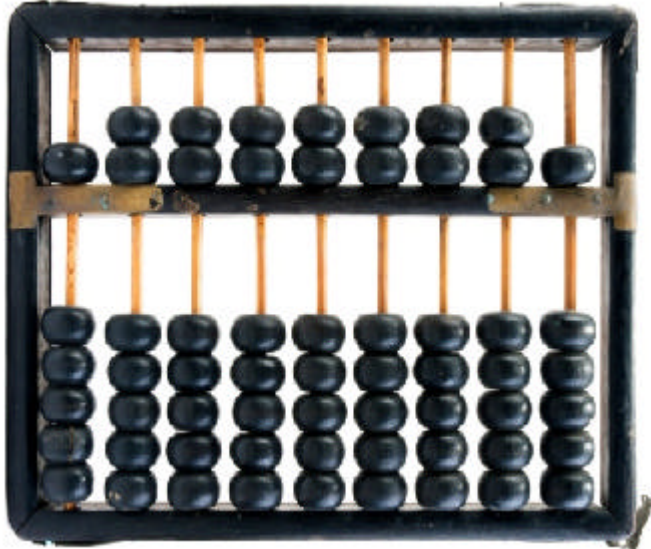


Called a "bit"

8 bits make a byte

2 bytes make an  
ASCII character

A= "41" hex



# Coding taxonomies



1. Computers only understand binary
2. The code is a unique binary pattern that corresponds to the structured language taxonomy
3. The only way the computer will appear to be intelligent
4. Results in “intelligent data”
5. Standard conventions
  1. Indents and trailing periods
  2. Capitalization
  3. Other standards and conventions

```
EXPENDITURE
DIRECT OPERATIONAL EXPENDITURE
ASSET OPERATING COSTS
DEPRECIATION ASSET OWNED-OpCost
DEPRECIATION ASSETS LEASED-OpCost
LEASE FINANCE CHARGES-OpCost
RENTAL OF ASSETS-OpCost
OPERATING LEASE COSTS ASSETS-OpCost
REPAIR AND MAINTENANCE ASSETS-OpCost
PROPERTY (NON-PLANT, NON-OFFICE)
LEASEHOLD IMPROVEMENTS
INDUSTRIAL BUILDINGS AND WAREHOUSES
OFFICE BUILDINGS
PRODUCTION LINES
FIXED MACHINES AND EQUIPMENT-AssOwn
TOOLS AND PORTABLE MACHINES-AssOwn
VEHICLES MOBILE PLANT LOCOMOTIVES E
  Engine
  Transmission
  Chassis
  Wheels, Tyres And Brakes
  Cab / Manufacturers Body
  Electrical
  Electronic
  Hydraulics And Pneumatics
  Load Carrying Body
```



# Software and data text -> hexadecimal -> binary All for US 😊



Binary Viewer : C:\Data\2\2M\2M-C-SEM\2009\01\_Exec B

File Search View Help

Address (Hex)	Hex	Text (ASCII)
00000150	30 20 63 65 6C 6C 50 61 64 64 69 6E 67 30	cellPadding=10
00000160	20 77 69 64 74 68 3D 36 32 30 20 0D 0A 6	width=620 ..bgC
00000170	6F 6C 6F 72 3D 23 30 32 30 31 38 30 20 6	olor=#020180 ali
00000180	67 6E 3D 63 65 6E 74 65 72 3E 0D 0A 20 2	gn=center>.. <T
00000190	42 4F 44 59 3E 0D 0A 20 20 3C 54 52 20 7	BODY>.. <TR vAl
000001A0	69 67 6E 3D 74 6F 70 20 61 6C 69 67 6E 3	ign=top align=le
000001B0	66 74 20 62 67 43 6F 6C 6F 72 3D 77 68 6	ft bgColor=white
000001C0	3E 0D 0A 20 20 20 20 3C 54 44 20 63 6F 6	>.. <TD colSp
000001D0	61 6E 3D 32 3E 0D 0A 20 20 20 20 20 20 3	an=2>.. <CE
000001E0	4E 54 45 52 3E 0D 0A 20 20 20 20 20 20 3	NTER>.. <H2
000001F0	3E 3C 46 4F 4E 54 20 66 61 63 65 3D 56 6	><FONT face=Verd
00000200	61 6E 61 2C 41 72 69 61 6C 2C 48 65 6C 7	ana,Arial,Helvet
00000210	69 63 61 2C 73 61 6E 73 2D 73 65 72 69 6	ica,sans-serif><
00000220	49 4D 47 20 62 6F 72 64 65 72 3D 30 20 6	IMG border=0 hsp
00000230	61 63 65 3D 30 20 0D 0A 20 20 20 20 20 2	ace=0 .. al
00000240	74 3D 22 22 20 61 6C 69 67 6E 3D 72 69 6	t="" align=right
00000250	20 0D 0A 20 20 20 20 20 73 72 63 3D 2	.. src="C:
00000260	5C 44 61 74 61 5C 32 5C 32 4D 5C 32 4D 2	\Data\2\2M\2M-C-
00000270	53 45 4D 5C 32 30 30 39 5C 30 31 5F 45 7	SEM\2009\01_Exec
00000280	75 74 69 76 65 20 42 72 69 65 66 69 6E 6	utive Briefing -
00000290	2D 20 57 68 79 20 79 6F 75 72 20 45 52 5	- Why your ERP i
000002A0	73 20 6E 6F 74 20 64 65 6C 69 76 65 72 6	s not delivering
000002B0	5C 30 32 5F 4D 61 69 6C 73 68 6F 74 20 4	\02_Mailshot Let
000002C0	74 65 72 5C 30 31 5F 46 69 72 73 74 20 4	ter\01_First Mai
000002D0	6C 73 68 6F 74 5C 4A 41 52 41 20 6C 6F 6	lshot\JARA logoJ
000002E0	50 45 47 20 54 68 72 69 76 65 20 6C 6F 7	PEG Thrive low r
000002F0	65 73 2E 6A 70 67 22 3E 57 68 79 20 0D 0	es.jpg">Why ..
00000300	20 20 20 20 79 6F 75 72 20 45 52 50 20 6	your ERP is
00000310	6E 6F 74 20 64 65 6C 69 76 65 72 69 6E 6	not delivering a
00000320	6E 64 20 68 6F 77 20 74 6F 20 66 69 78 2	nd how to fix it



# What is a general ledger?

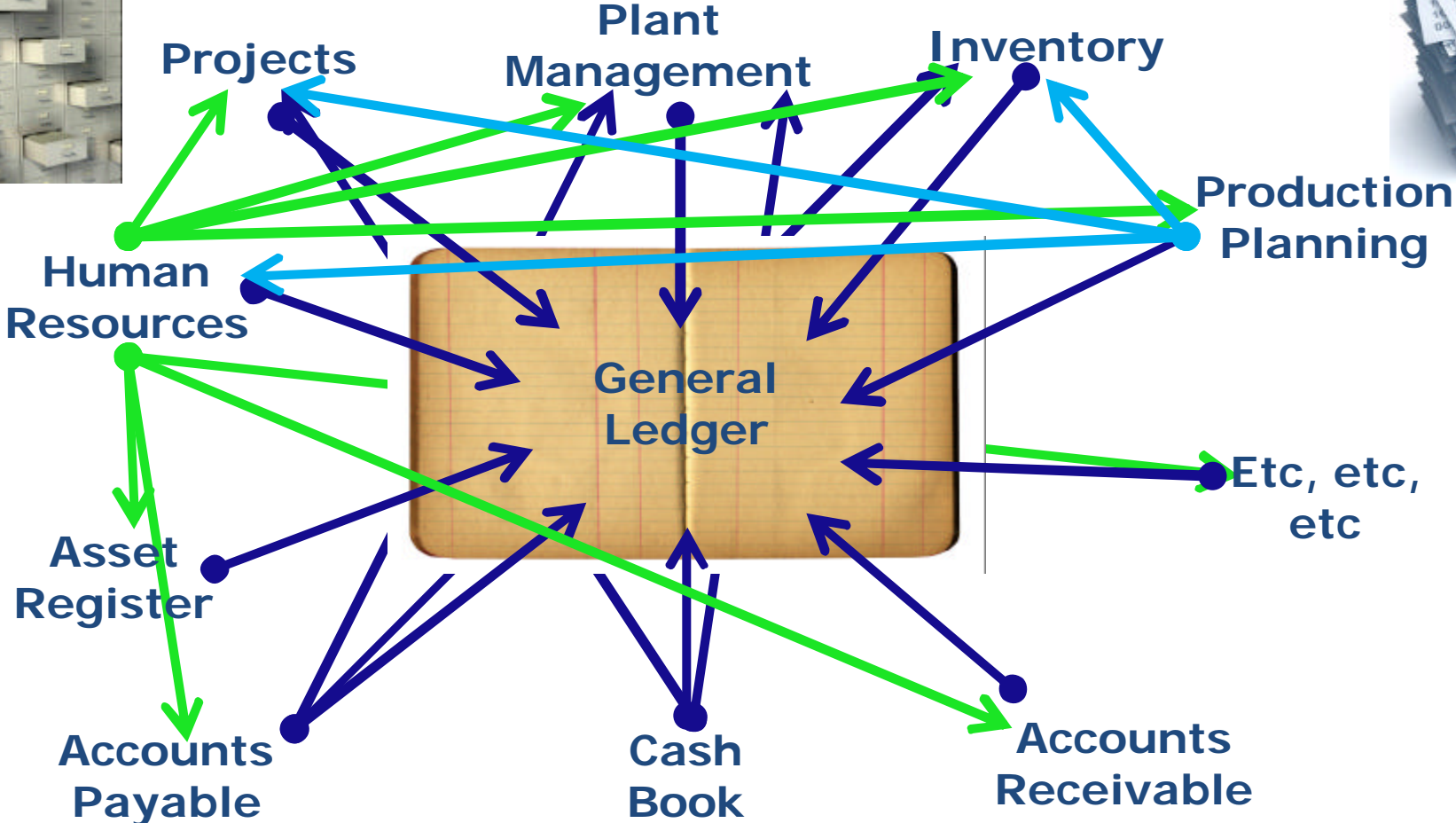


EXPENDITURE	
6 3 1	DIRECT OPERATIONAL EXPENDITURE
6 3 2	ASSET OPERATING COSTS
6 3 2 1	DEPRECIATION ASSET OWNED-OpCost
6 3 2 2	DEPRECIATION ASSETS LEASED-OpCost
6 3 2 3	LEASE FINANCE CHARGES-OpCost
6 3 2 4	RENTAL OF ASSETS-OpCost
6 3 2 5	OPERATING LEASE COSTS ASSETS-OpCost
6 3 2 6	REPAIR AND MAINTENANCE ASSETS-OpCost
6 3 2 6 1	PROPERTY (NON-PLANT, NON-OFFICE)
6 3 2 6 2	LEASEHOLD IMPROVEMENTS
6 3 2 6 3	INDUSTRIAL BUILDINGS AND WAREHOUSES
6 3 2 6 4	OFFICE BUILDINGS
6 3 2 6 5	PRODUCTION LINES
6 3 2 6 6	FIXED MACHINES AND EQUIPMENT-AssOwn
6 3 2 6 7	TOOLS AND PORTABLE MACHINES-AssOwn
6 3 2 6 8	VEHICLES MOBILE PLANT LOCOMOTIVES E
6 3 2 6 8 1	Engine
6 3 2 6 8 2	Transmission
6 3 2 6 8 3	Chassis
6 3 2 6 8 4	Wheels, Tyres And Brakes
6 3 2 6 8 5	Cab / Manufacturers Body
6 3 2 6 8 6	Electrical
6 3 2 6 8 7	Electronic
6 3 2 6 8 8	Hydraulics And Pneumatics
6 3 2 6 8 9	Load Carrying Body



# Integrated system

(look-up and posting)



Financial amounts  
R / \$ / etc

People related  
names, rates, etc

Production related  
shifts, batches, etc

# Example of custom data entry screen With custom taxonomies



**Inventory and A&P Maintenance System**

### Edit Stock Code

Barcode:  [Load Stock Item](#)

SKU Description:

Brand Hierarchy (Product Class):

#### Item Masters

Product Status:

Target Gender:

Product Category:

Sales Category:

Qualifier Stockcode:

[Prev](#) [Next](#)

**Inventory Take-On**

- New Stock Item
- Barcode
- Temporary Barcode
- Edit Stock Item
- Replace Temp. Code
- New Reference No
- Generate EAN
- Reports
- Logout

**A&P Applications**

- Bonding Job Receipt
- Bonding Job Posting
- A&P Budget
- Job Closure
- Budget Roll-up

**EDI Applications**

- 1 s Prod. Info.

**Admin Menu**

- Brand Hierarchy

# Example of custom code maintenance development for client specific taxonomy

Inventory and A&P Maintenance System

## Brand Hierarchy (Product Class)

**Inventory Take-On**

- New Stock Item
- Barcode
- Temporary Barcode
- Edit Stock Item
- Replace Temp. Code
- New Reference No
- Generate EAN
- Reports
- Logout

**A&P Applications**

- Bonding Job Receipt
- Bonding Job Posting
- A&P Budget
- Job Closure
- Budget Roll-up

**EDI Applications**

- 1 s Prod. Info.

**Admin Menu**

- Brand Hierarchy
- Expense Code Maint.
- Inv. Master Defaults

**Support**

**Hierarchy**

- ⊕ M... - MAURER & WIRTZ
- ⊕ N... - ANNICK GOUTAL
- ⊕ P... - PROCTER & GAMBLE
- ⊕ Q... - LALIQUE
- ⊕ R... - SELECTIVE BEAUTY
- ⊕ U... - PUIG
- ⊕ X... - ALEXANDER MCQUEEN
- ⊖ Y... - YSL
  - ⊕ YB.. - YSL BEAUTE
  - ⊖ YF.. - YSL FRAGRANCE
    - ⊕ YFF. - FEMININE - YSL FRAGRANCE
    - ⊖ YFM. - MASCULINE - YSL FRAGRANCE
      - ⊕ YFM7 - YSL - M7
      - ⊕ YFMB - YSL - Body Kouros
      - ⊕ YFMH - YSL - L'Homme
      - ⊕ YFMJ - YSL - Jazz
      - ⊕ **YFMK - YSL - Kouros**
      - ⊕ YFMI - YSL - Live Jazz
      - ⊕ YFMO - YSL - Opium pour Homme
      - ⊕ YFMR - YSL - Rive Gauche pour Homm
      - ⊕ YFMX - YSL Masculine - Ltd Eds
      - ⊕ YFMY - YSL Masculine - Sumr Ed
- ⊕ Z... - ERMENEGILDO ZEGNA

Product Class:

Description:

# Matching codes in unrelated module provide logical integration



Hierarchies for Job: CY002009

File Edit Options Job Query

Hierarchy

- 44 CY002009
  - Y - YSL
    - B - YSL BEAUTE
    - F - YSL FRAGRANCE
      - F - FEMININE - YSL FRAGRANCE
      - M - MASCULINE - YSL FRAGRANCE
        - 7 - YSL - M7
        - B - YSL - Body Kouros
        - H - YSL - L'Homme
        - J - YSL - Jazz
        - K - YSL - Kouros
        - zE. - MEDIA
        - zE1 - Advertising Space
        - zE2 - Mailers
        - zE3 - Billboards / Outdoor
        - zE4 - Production
        - zE5 - Television
        - zE6 - Promotional
        - zE8 - Other Media
        - zE9 - Rec Consult Fee -Distribn
        - zH. - LAUNCH COSTS
        - zH1 - Travel & Accomodation
        - zH3 - Venue Hire
        - zH5 - Catering
        - zH6 - Joint Launch Cost
        - zH7 - Materials
        - zH9 - Other Launch Costs
        - zI. - TRAINING
        - zI1 - Travel & Accomodation
        - zI3 - Venue Hire

Getting the software to do what it supposedly cannot do



# Example of faulty integration

*"The &\$% ^#@% system lost my data"*



Heads/Sections				
Double-click to select				
Hierarchy	Description	WIP Control ledger	Tracking Cost Only	WIP Cost tracking ledger
Y /F /M /K /zE.	MEDIA		No	
Y /F /M /K /zE1	Advertising Space		Yes	10-337E1-11
Y /F /M /K /zE2	Mailers		Yes	10-337E2-11
Y /F /M /K /zE3	Billboards / Outdoor		No	
Y /F /M /K /zE4	Production		Yes	10-337E4-11
Y /F /M /K /zE5	Television		No	
Y /F /M /K /zE6	Promotional		Yes	10-337E6-11
Y /F /M /K /zE8	Other Media		Yes	10-337E8-11
Y /F /M /K /zE9	Rec Consult Fee -Distribn		Yes	10-337E9-11
Y /F /M /K /zH.	LAUNCH COSTS		No	
Y /F /M /K /zH1	Travel & Accomodation		Yes	10-337H1-11
Y /F /M /K /zH3	Venue Hire		Yes	10-337H3-11
Y /F /M /K /zH5	Catering		Yes	10-337H5-11
Y /F /M /K /zH6	Joint Launch Cost		No	
Y /F /M /K /zH7	Materials		Yes	10-337H7-11
Y /F /M /K /zH9	Other Launch Costs		Yes	10-337H9-11
Y /F /M /K /zl.	TRAINING		No	
Y /F /M /K /zl1	Travel & Accomodation		Yes	10-337l1-11
Y /F /M /K /zl3	Venue Hire		Yes	10-337l3-11
Y /F /M /K /zl5	Catering		Yes	10-337l5-11
Y /F /M /K /zl7	Materials		Yes	10-337l7-11
Y /F /M /K /zl8	Training Team		No	
Y /F /M /K /zl9	Other General Train Costs		Yes	10-337l9-11
Y /F /M /K /zL.	LOCAL POINT OF SALE MATERIAL		No	
Y /F /M /K /zL1	Local Transparences /Logos		Yes	10-337L1-11
Y /F /M /K /zL3	Local Materials		Yes	10-337L3-11
Y /F /M /K /zL5	Personalized Fixures / Counter		No	
Y /F /M /K /zL6	Product Sleeve (Instore)		No	
Y /F /M /K /zL7	Shelf Tools		No	
Y /F /M /K /zL9	Shelf Price Stickers		No	

So....  
What is an ERP?  
REALLY?





# Delete (scrap) or refurbish?

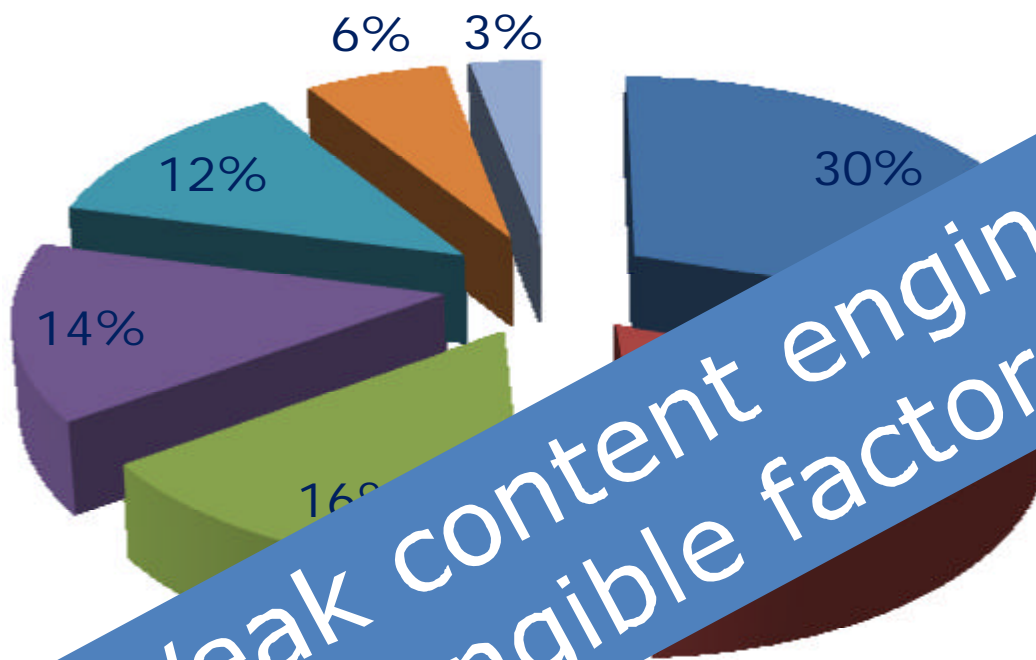


# Is IT moving so fast you cannot keep up?





# Factors causing ERP failure



Weak content engineering is the most tangible factor causing failure

**The value of technology is determined by the person using the technology**



# Technology is only 5% of what causes failure



---

Software defects CAN be prevented  
Take a stand



# IT people who lie



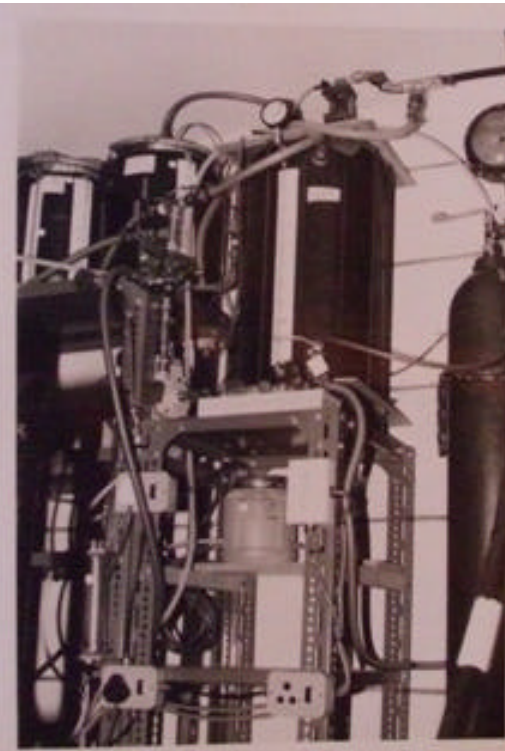


# Laboratory



A location where the real world is simulated on a statistically valid representative basis

ALL possible scenarios thoroughly tested



# The Business Intelligence and ERP challenge



➤ Most businesses are NOT making better decisions than they did five years ago despite substantial BI investments -- Gartner 2006

➤ "19 out of 20 ERP implementations do not deliver what was promised" – Financial Mail 2003

➤ 50% of ERP projects fail – Gartner

➤ Precision strategic content engineering

→ THE MISSING LINK

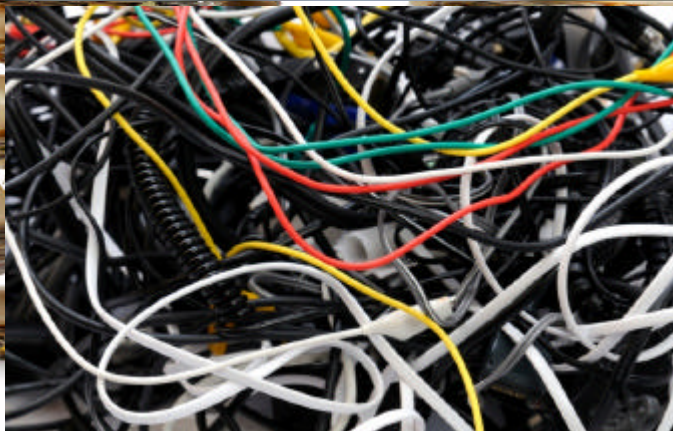
➤ A HUGE OPPORTUNITY



# Example of exceptionally BAD practice



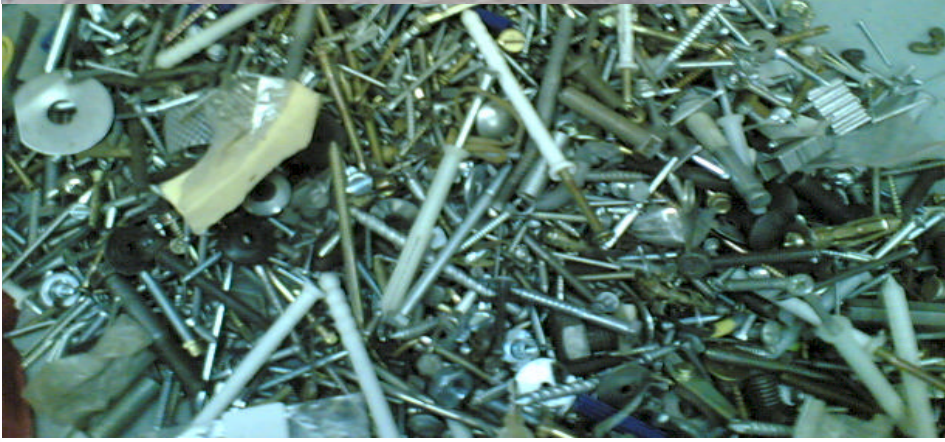
Huge impact on integration, reporting, etc



- 500528 Waste Material Consumed
- 500530 Loss from valuation of external materials
- 500540 Loss from valuation of own materials
- 500550 Losses - inventory variance -consignment sale
- 500560 Safety Clothing
- 500565 Safety Equipment
- 500570 Sand & Stone
- 500575 Scraper Rope
- 500580 Scrapers
- 500585 Services
- 500590 Signs
- 500595 Skips & Cages
- 500600 Finished Goods Inventory Offset
- 500605 Smelting & Refining
- 500610 Production Order Settlement - Variance
- 500615 Steel Other
- 500620 Steel Sections
- 500625 Steel Sheets & Plates



# Precision ordered data Versus ...





# From chaos to order



## Example of simple hierarchically structured data table

C.	ORDER CANCELLED
CC	Order Cancelled Credit Control
CS	Order Cancelled by Consumer
CT	Order Cancelled by Customer
D.	DAMAGED OR DEFECTIVE
DF	Defective Product
DM	Damaged Product
DP	Damaged Packaging
DT	Consumer Complaint
P.	PRICE ERRORS OR DISCONTINUED
PD	Discontinued
PI	Incorrect Price
S.	SUPPLY ISSUES
SD	Order Duplication
SF	Customer Non-Franchise Holder
SI	Incorrectly Supplied
SK	Overstock
SL	Late Delivery
SO	Oversupplied
SV	Not in Customer Inventory Master
T.	USED AS TESTER
TT	Used as Tester
Z.	OTHER
ZN	Not Known
ZO	Other

# What is the best way to unscramble spaghetti?



**Do NOT scramble it in the first place!**





# Structure of strategically aligned Chart of Accounts → plant maintenance → inventory → etc



## Most strategic components

- Investment
- 
- Exploration
- 
- Development
- 
- Mine operation
- 
- Processing
- 
- Marketing and sales
- 
- Operational support
- 
- Administration
- 
- Dividends, taxes, etc

- MOBILE PLANT
- 
- LHD's
- 
- Dump trucks
- 
- Drill rigs
- 
- Other off road
- 
- LDV's
- 
- etc

## Assets

- Assets owned
- Assets leased
- ...
- Dep'n assets owned
- Dep'n assets leased
- ...

## Liabilities

## Income

## Expenses

- R&M assets
- Finance and insurance assets
- ...

## Plant Maintenance

## Materials Management

Provide for foreseeable growth  
Five to ten years

## Least strategic components

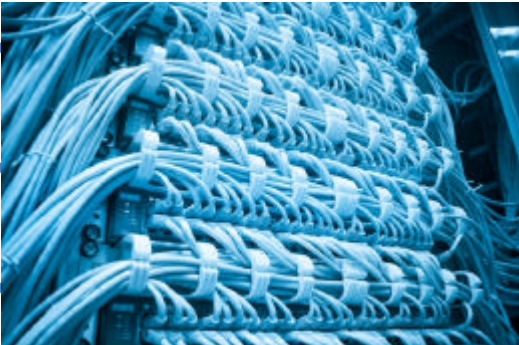
# Mapping between modules

## Well structured



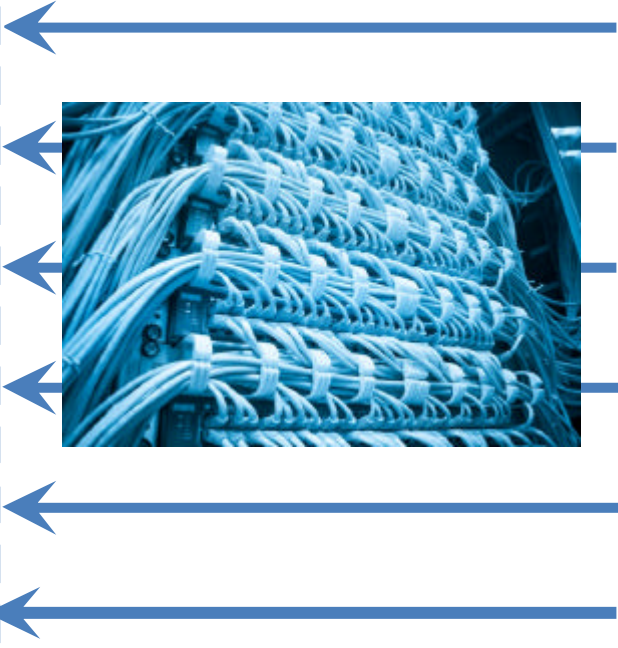
### GL R&M spares expenses

- MOBILE PLANT
- 
- Loaders
- 
- Dump trucks
- 
- Drill rigs
- 
- Other off road
- 
- LDV's
- 
- etc



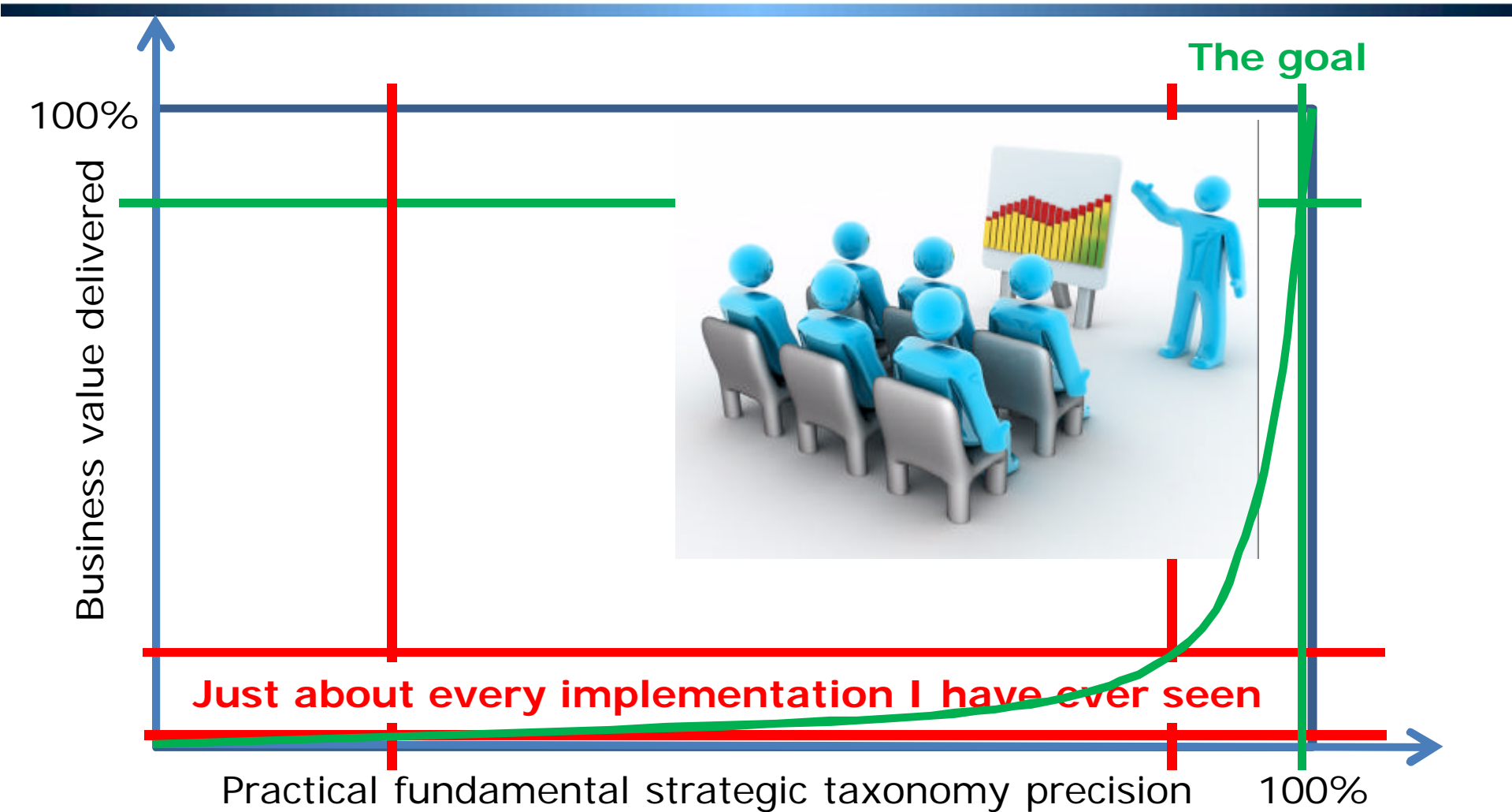
### MM plant spares

- MOBILE PLANT
- 
- Loaders
- 
- Dump trucks
- 
- Drill rigs
- 
- Other off road
- 
- LDV's
- 
- etc



# Value versus precision

## A critical consideration





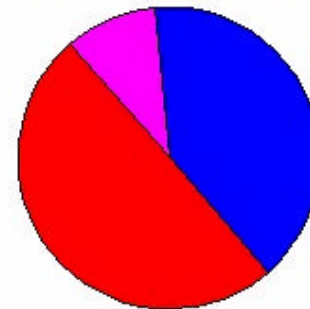
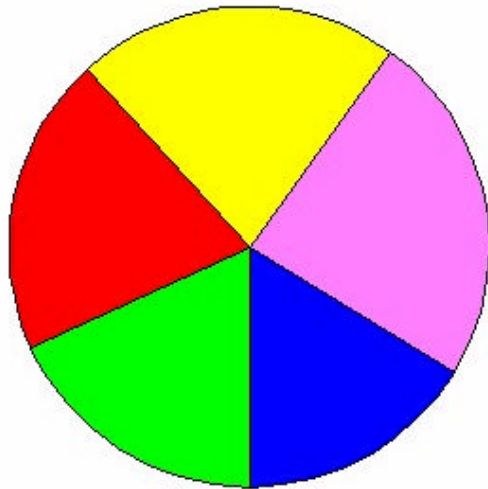
# Critical principle – constraint and opportunity -- cognitive span



## Strategically determined (thrive) segmentation

<5 = too few

> 10 = too many



5 TO 10 SLICES OPTIMUM

## ABSTRACT THINKING / MANAGEMENT

The average person can manage 7 plus or minus 2 distinct areas or concepts

Design the information structure accordingly at every level

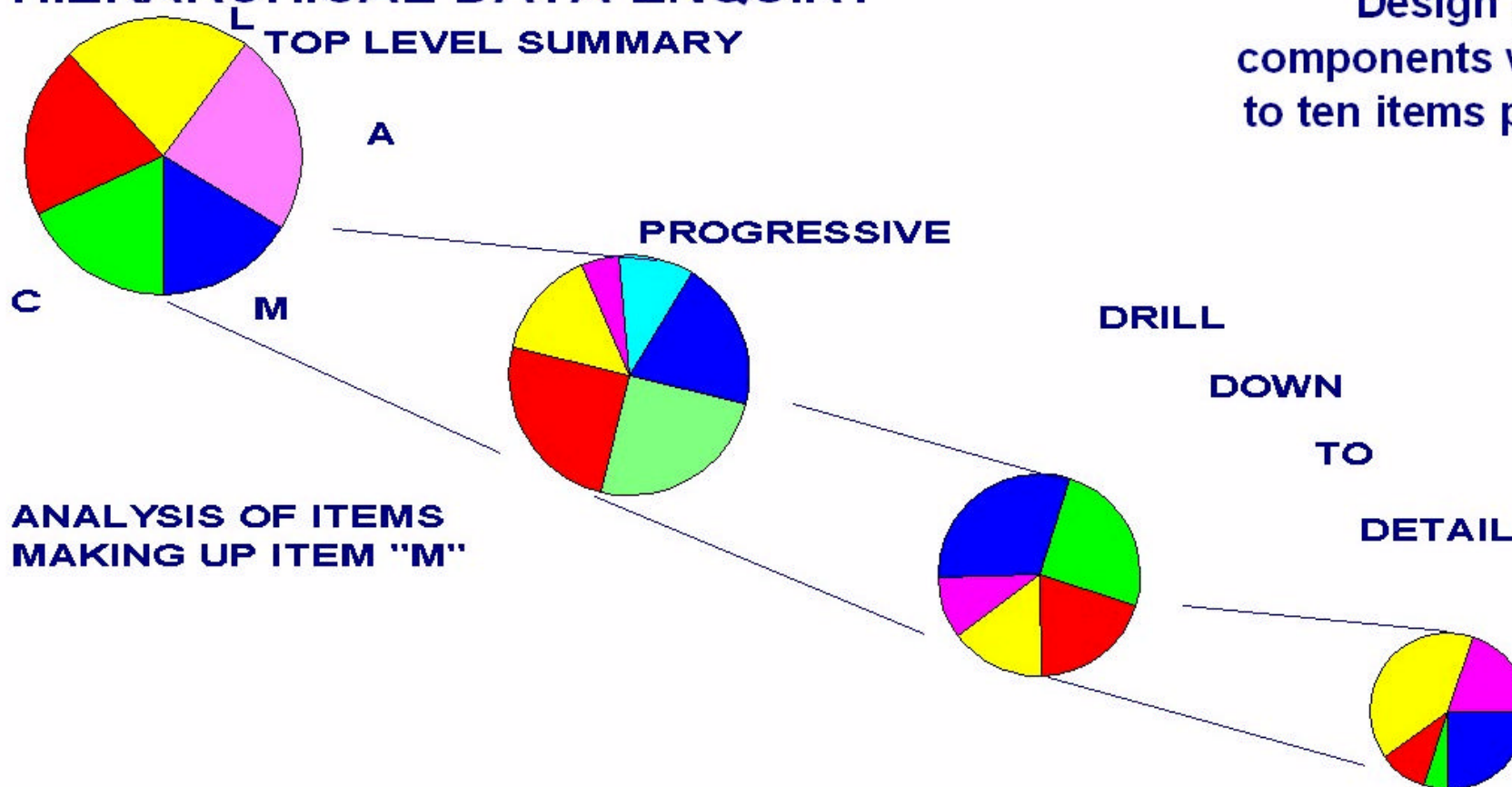
# Drill down A function of the content



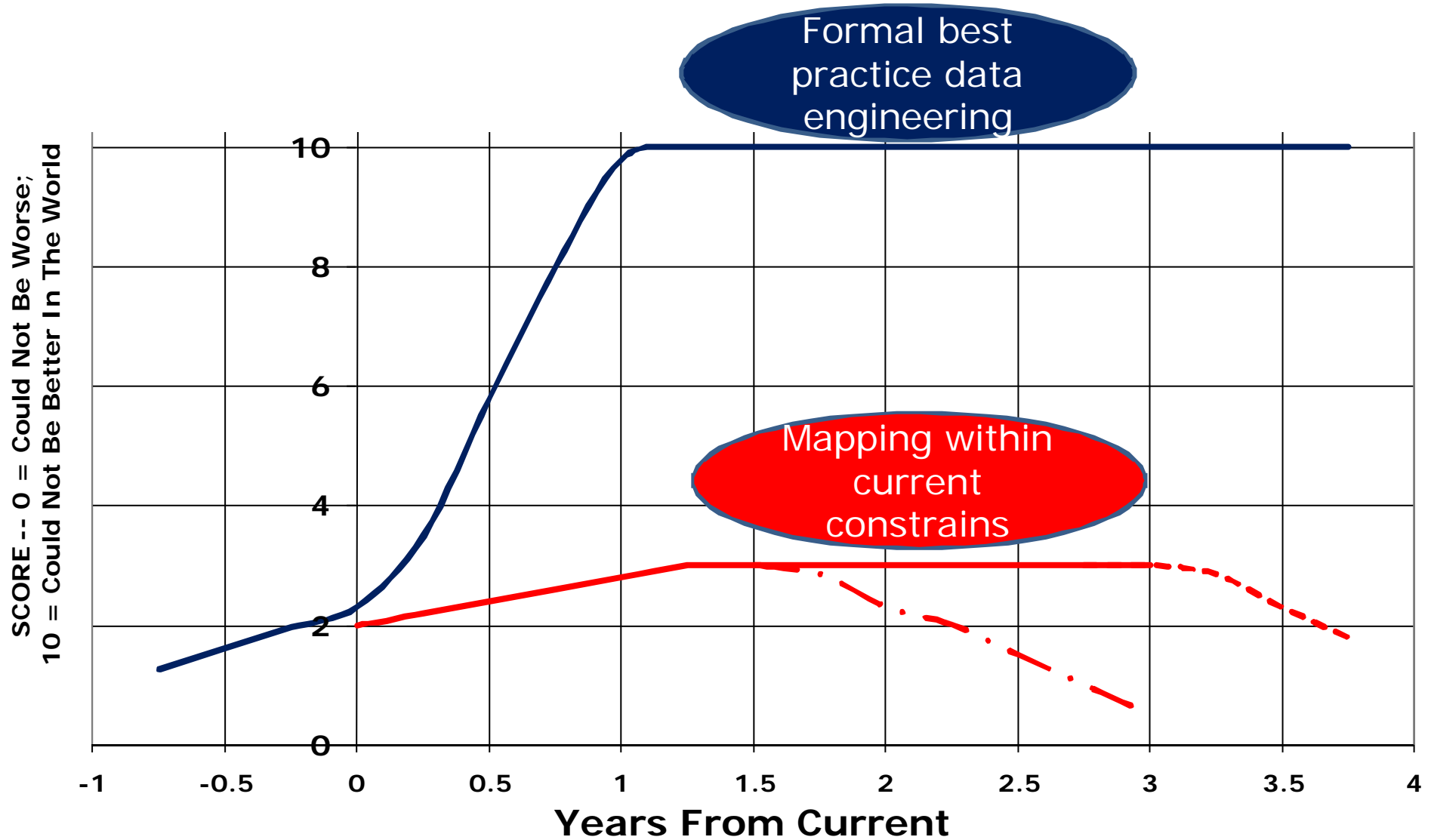
**Strategically determined (thrive) segmentation**

## HIERARCHICAL DATA ENQUIRY

Design all  
components with five  
to ten items per level



# Longevity of the scenarios





# Characteristics of precision strategic content engineering

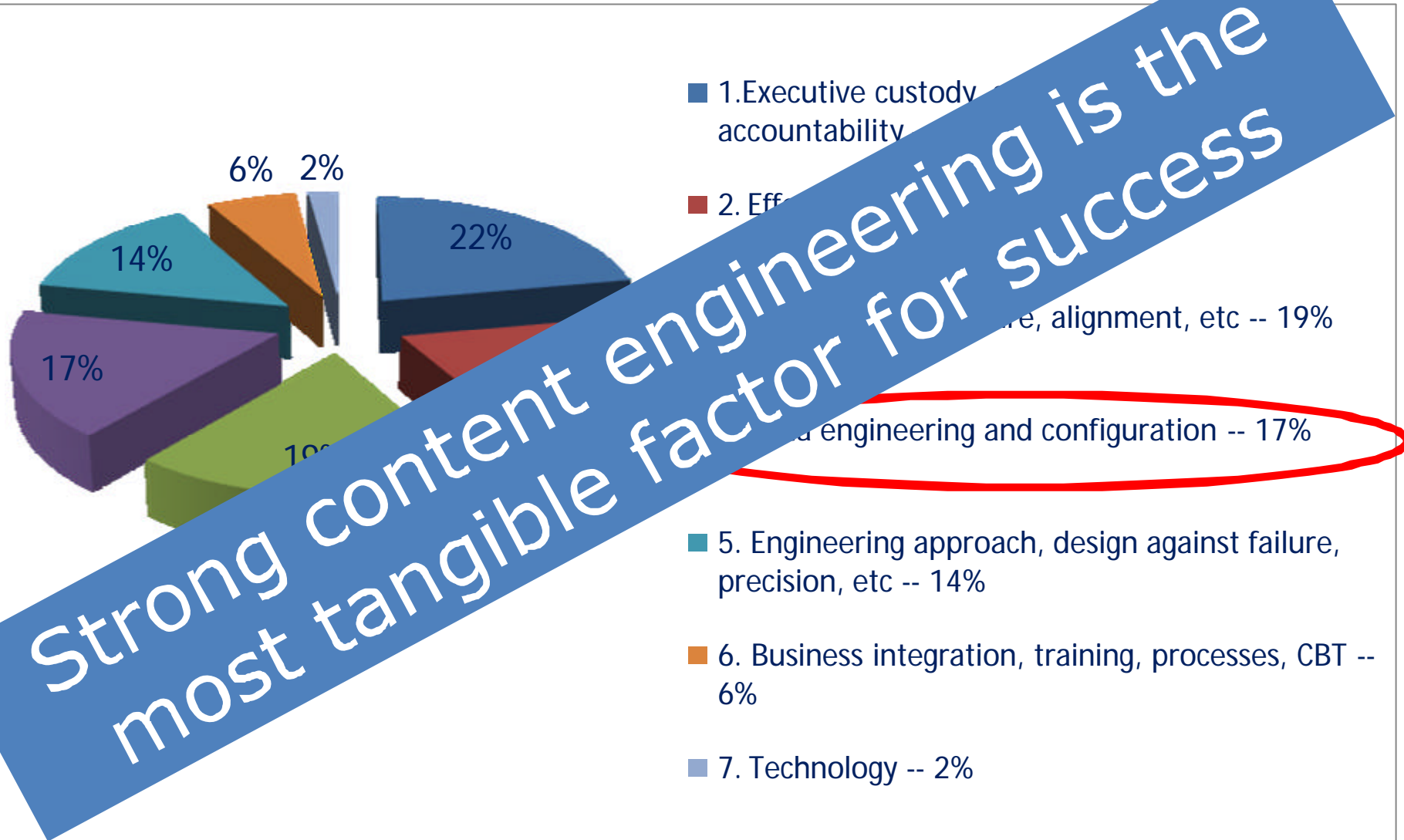
## Methods and standards



- Driven by executive (strategic) decision support requirements
- Fundamental first principles → Strategic
- Highly structured → Hierarchical
- Very specific coding and layout conventions for ease of use
- Disciplined code design and maintenance
- Massive improvement in management information and decision support
- Deliver the often promised but seldom delivered benefits of business ERP, CRM, ECM, BI, IT → business system investments
- An opportunity to gear your current investment

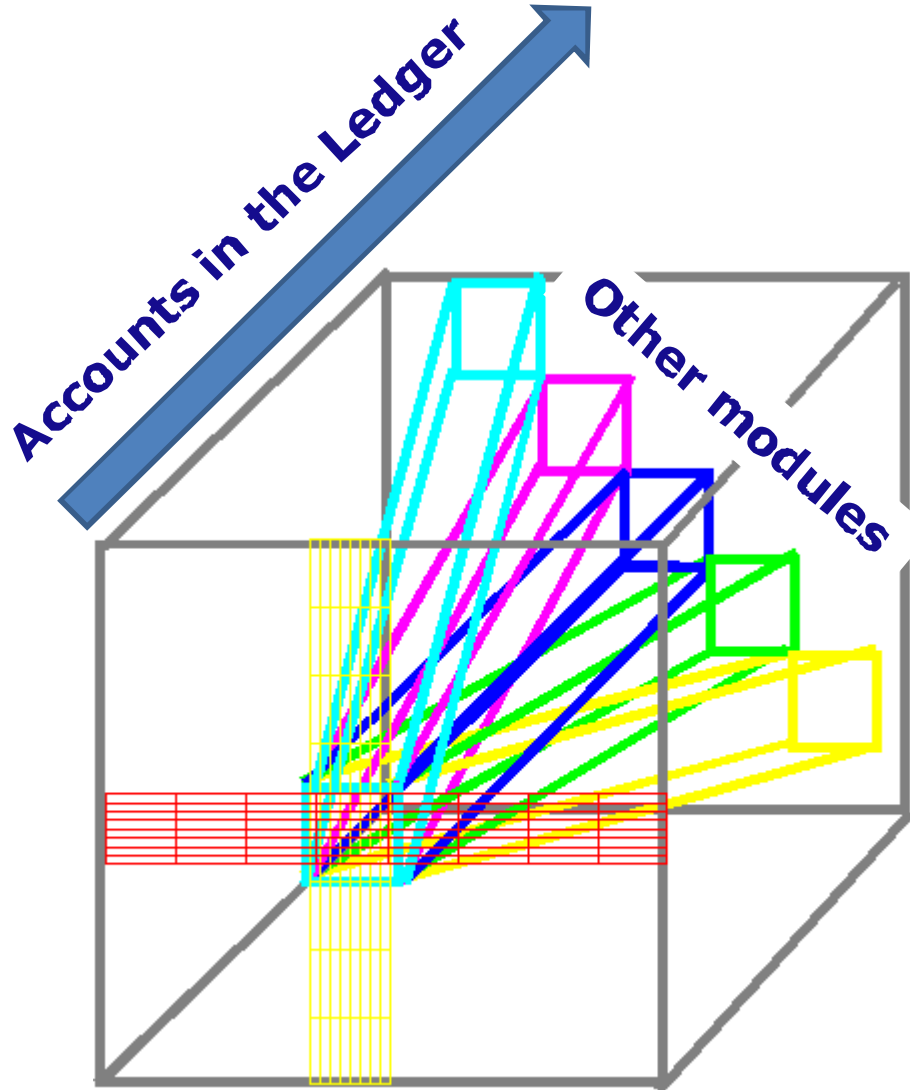


# Factors for ERP reimplementation success



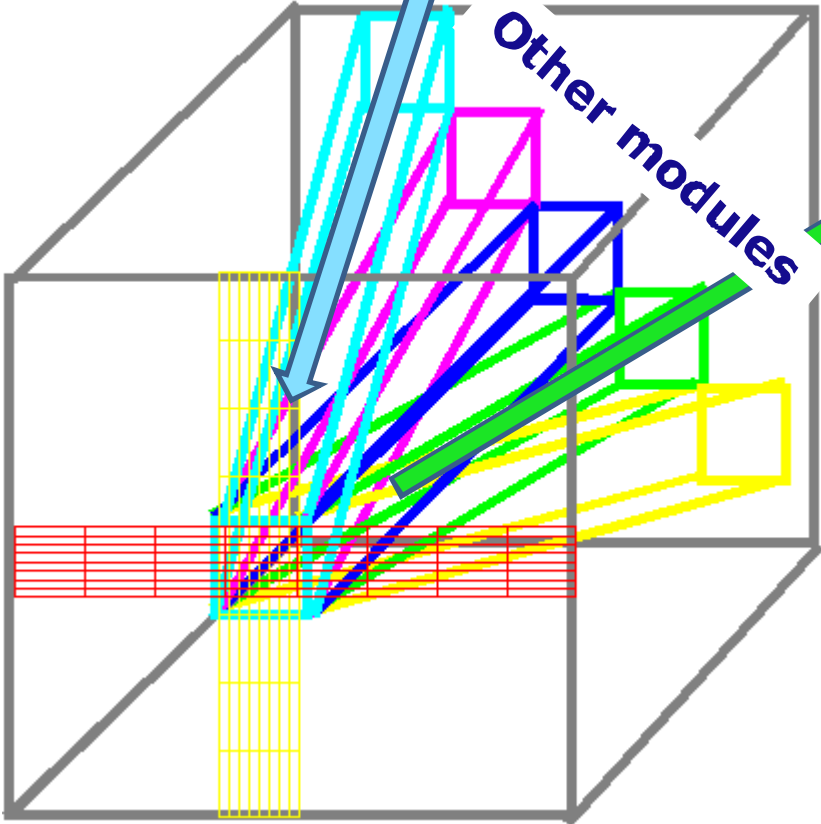
# Cubic business model

## Locus of integration -- taxonomies





# How integration works around the GL



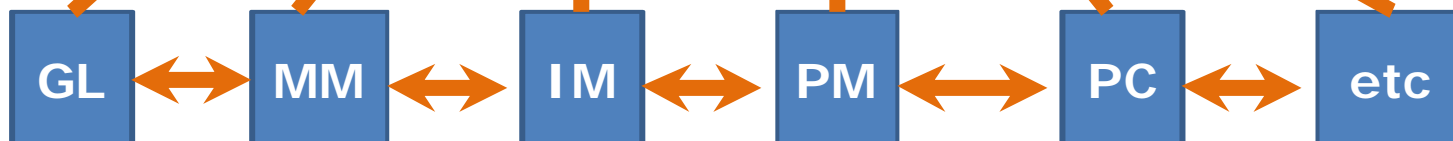
# Benefits of a comprehensive integrated intelligent model



If only I knew exactly what the relative cost of these two machines was I could compete more profitably



Comprehensive integrated economic and operational model with precision strategic taxonomies



Precision fundamental strategic taxonomies

# Summing up



1. Excellent high value decisions rely on logical strategically aligned information → the information to thrive
2. To get executive intelligence OUT you must **put executive intelligence IN – “intelligent content”**
3. Precision strategic content engineering IS **THE missing link in ERP and IBIS**
4. Requires a significant investment – an ART and a science
5. Comprehensive strategic analysis is a pre-requisite for a high quality ERP implementation
6. Corporate strategic capability must be developed as part of an ERP project if it does not exist
7. A huge opportunity



**If you do not act within 48 hours you probably never will – act TODAY! 😊**



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What is your single most important insight from this presentation?

What is the single most practical action that you can take tomorrow to apply I.T. more effectively?



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**Design IT and ERP solutions like bridges  
Not to fall down – intelligent STRATEGIC  
content**





# Acknowledgements



**Clients, associates, staff**

**Lorraine who lights up my life**

**Father and mother, Angus and Thelma**

**Children Alexandra and Struan**

**Other significant people in my life**



*"To Him who by wisdom made the heavens, for His mercy endures forever;"*



# Questions?



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*Finding the missing pieces of your ERP and strategy puzzles*