

James A Robertson and Associates Effective Strategic Business Solutions



Why your ERP is NOT delivering and how to fix IT

5. How to fix your ERP

The Real Issues in World Class ERP and the Critical Factors for ERP Investment Success

Dr James Robertson PrEng

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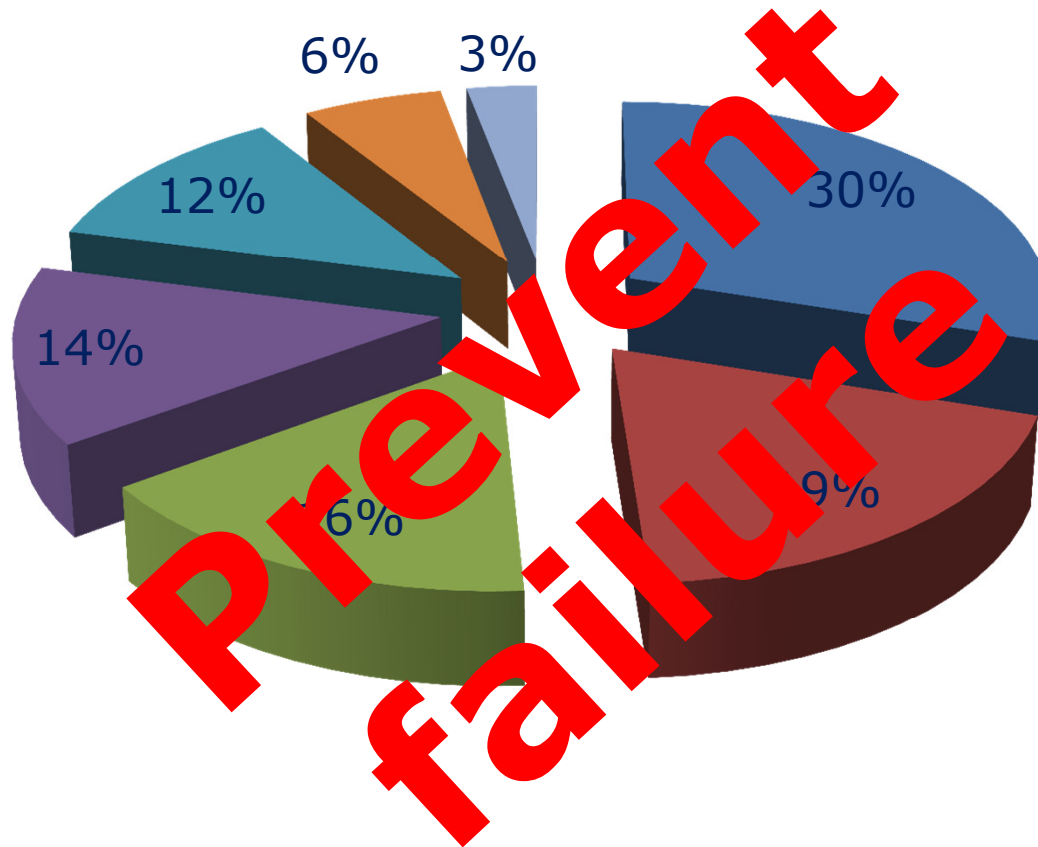


Discussion



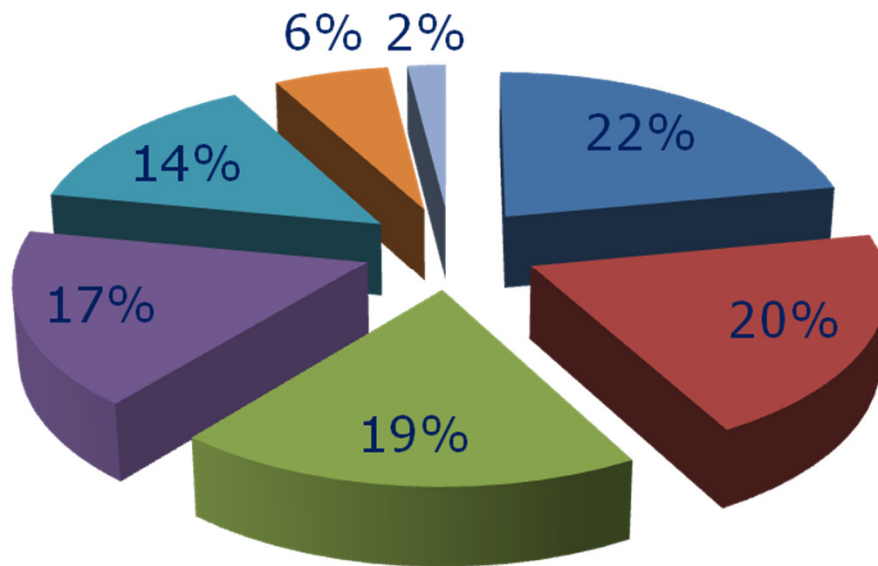
How will you fix your ERP?

Factors causing ERP failure



- 1. Mythology, hype & tradition -- 30%
- 2. Executive custody, governance, policies -- 19%
- 3. Strategic architecture, alignment, etc -- 16%
- 4. Data engineering and configuration -- 14%
- 5. Soft issues and change impacts -- 12%
- 6. Engineering approach -- 6%
- 7. Technology issues -- 3%

Factors for ERP reimplementation success



- 1. Executive custody, strategic solution architect, accountability -- 22%
- **2. Effective change facilitation -- 20%**
- 3. Strategic architecture, alignment, etc -- 19%
- 4. Data engineering and configuration -- 17%
- 5. Engineering approach, design against failure, precision, etc -- 14%
- 6. Business integration, training, processes, CBT -- 6%
- 7. Technology - 2%

Engineers design bridges NOT to fall down



Critical issues approach



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1. Focus on the critical issues
 2. Risk based estimating

Analysis of findings at ...

Conclusions



1. Nothing wrong with ... -- work on a 20 year design life
2. Severe risk of fatal business damage
3. Huge opportunity for strategic high value implementation
- 4. Recommend route – precision strategic engineered configuration based configuration and implementation using:**
 - 1. Strategically focused,**
 - 2. Top down**
 - 3. Fundamental first principles,**
 - 4. Precision,**
 - 5. Hierarchy,**
 - 6. Structured codes,**
 - 7. etc**

Data engineering



Data engineering principles

Case study



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

Characteristics of a successful team

Multi-disciplinary, etc



1. Design against failure -- constantly top of mind – 22%
2. Know and apply the critical factors for success, manage against the factors causing failure, manage principles for success, stages, critical human foundation, etc -- 20%
3. Strategy is the foundation on which the solution is built – strategic leadership, right things well, coupled to CEO leadership – custodian of the integrated vision -- 18%
4. Change facilitation and other soft issue services, competence modeling, psychometrics, etc -- 14%

Characteristics of a successful team

Multi-disciplinary, etc



5. Data engineering, cubic business model as basis for integration, associated software and code maintenance services -- 12%

6. People -- critical issues methods, disciplines, engineering rigour, multi-disciplinary, hard and soft components, high focus, high energy, motivated, loyal, quick attack approach -- 10%

7. Standards, documented methods, tools, standard operating procedures, reference documents, standard practices, policies, etc -- 4%

Guiding principles



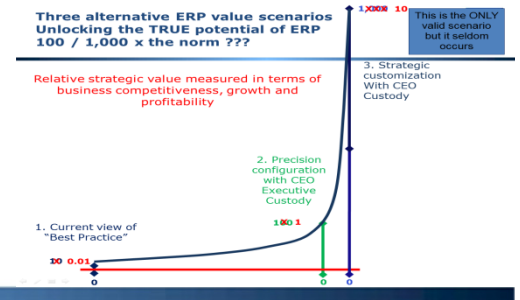
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1. Engineer solutions not to fail
 2. Assist clients to do the right things well – thrive
 3. Very long solution lives -- right to maintain and repair
 4. Strategic, top down, fundamental first principles solution design – critical issues
 5. Content is critical – the content NOT the technology
 6. High effectiveness and efficiency –

Coding



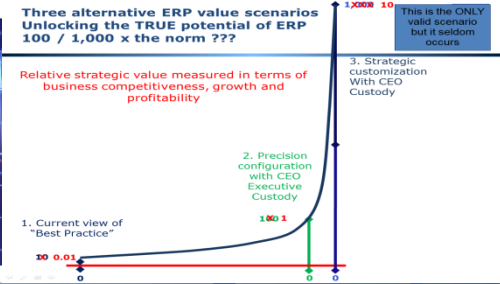
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1. Fundamental first principles analysis of all possible data
 2. Major categories correspond to essence of how we run the business
 3. Multi-level structured hierarchy
 4. Structured code scheme
 5. Accurately translate human understanding into machine readable codes

Some SMALL things YOU can do To make your ERP work better for you TOMORROW



1. Repopulate key standard attribute tables
2. Create new custom attribute tables

Repopulate key standard attribute tables



Example of poor credit note reason codes – actual case

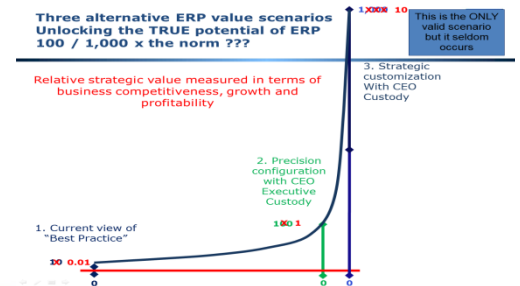
Reason	Description
01	Incorrect Price
02	Damaged Goods
03	Incorrectly Supplied

Strategically aligned credit note reason codes

ReasonCode	Description
C.	ORDER CANCELLED
CC	Order Cancelled Credit Control
CS	Order Cancelled by Customer
CT	Order Cancelled by Customer
D.	DAMAGED OR DEFECTIVE
DF	Defective Product
DM	Damaged Product
DP	Damaged Packaging
DT	Consumer Complaint
F.	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

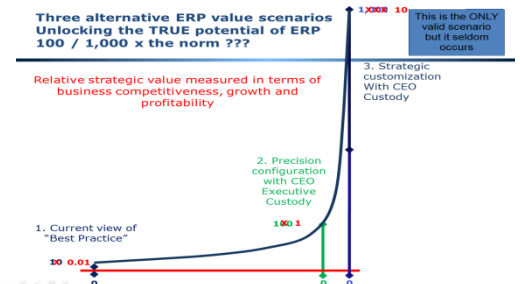
Drastically improve the content of some key tables such as Credit Note Reasons, Product / Item Class, etc

Develop lists



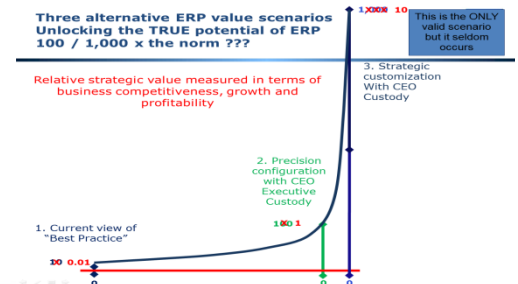
1. One to ten people in a room with a projector
2. Brainstorm all possible content for the list – capture on screen
3. Each summarize to between five and ten headings
4. Type all the lists in
5. Combine them into between five and ten groups
6. Give each group a heading
7. Lift out sub-categories
8. Code – remember indents, trailing periods, capitalization
9. Check impacts
10. Implement

Develop lists 2



1. Quality of list is dependent on quality of input
2. Want lists to be complete, comprehensive and well designed
3. Design compromises will be with you for ever
4. Document
5. Train
6. Utilize

Develop lists 3



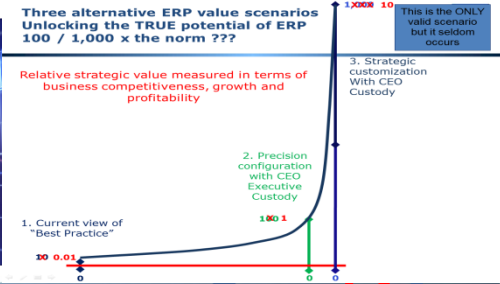
1. Develop Hierarchy

- Hierarchy of descriptions – indent each level by one character position
- HEADINGS IN CAPITAL LETTERS
- Posting level items in Proper Case
- Abbreviate as necessary

2. Code

- Mirror indents with trailing periods
- Gap code
- Mnemonic Alpha preferred, else Alpha Numeric, else Numeric
- 1 to 4 character segments separated by "-"

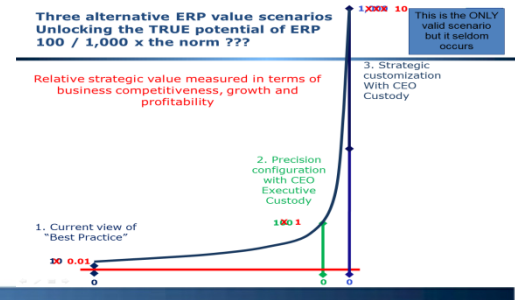
Create new custom attribute tables



	DRIVER, FAIRWAY WOOD AND HYBRID SOUND
A	Clicky
C	Clunky
D	Dull
L	Loud
S	Soft
P	Solid
T	Thinny

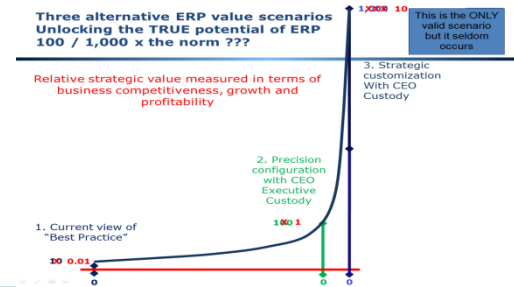
Add user defined attribute fields anywhere where they make sense – Products, Debtors (Customers), etc

Develop attributes



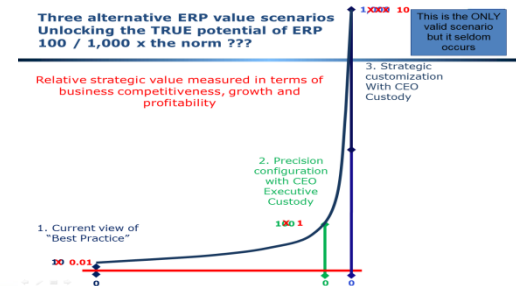
1. One to ten people in a room with a projector
2. Brainstorm all possible attributes for management information
3. If in doubt add
4. Structure and Code as before
5. Capture sheets
6. Train staff to classify and add
7. Reports
8. Identify clever functionality that can work with attributes, add where cost effective
9. Harvest information

Unlocking the full potential



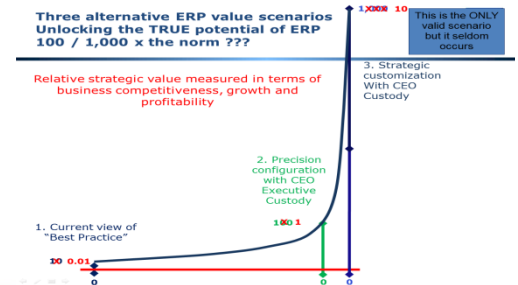
1. Progressively improve classifications and add attributes
2. Progressively develop reports, analysis and custom functionality
3. Advance to more complex and inter-related lists:
 - a) Product / Item / Material Class / Group is the largest list that you might apply this approach to
 - b) Major Master Lists like Chart of Accounts and Product Catalogue / Master might be done in increments ONCE you have experience with this approach
 - c) Other Master Lists like Debtors and Creditors Masters could be restructured in time
4. Eventually you might find you have effectively re-implemented

10 things to look out for



1. Ambiguous names, incorrect postings – ANSWER – change the name so that it is unambiguous – e.g. Factory -- Operating Cost and Factory – Asset
2. Jumbled accounts and other lists – ANSWER –new sub-structure
3. Large number of dissimilar transactions in one account having to unscramble in Excel – ANSWER – create a block of well thought out accounts to replace the single account
4. Overlapping or duplicate entries – e.g. same Tyres in different places – ANSWER – close duplicates, only one set of entries – may close both and open a new set of well-structured entries
5. Answers to “common sense” questions take ages to obtain – lots of analysis in Excel or custom software that keeps changing – check if all the common sense attributes are on the master record and add as necessary – as many as possible – once you start adding do the lot

10 things to look out for



6. Evaluate all manual, spreadsheet and custom applications and determine where these are a response to inexact or sloppy configuration and progressively adjust or eliminate.
7. Develop a comprehensive awareness of the need for accurate data, train personnel in terms of neatness, accuracy, spelling, capitalization, accuracy of allocation, etc
8. Develop soft-issue metrics – customer satisfaction, employee satisfaction, etc
9. Harmonize critical elements of information classification – Accounts, Assets, People, Products – across all modules and all systems – develop an integrated environment, especially between the ERP and the Operational Systems
10. Balance the decision support load between modules – move the detail out of the General Ledger – 5 to 10 Asset Categories, People Categories, Inventory Categories, etc

Coding



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6. Analyze all the parameters and attributes
 7. Add additional fields (columns) as necessary
 8. Custom software to facilitate and enforce standards
 9. Part time Information Manager (B degree)

Processes – current status



-
1. Standards NOT currently embedded
 2. Every division does things differently
 3. Divisions do things the opposite way and both ascribe to auditors
 4. Every operator does things differently
 5. New staff receive minimum training, thrown in deep end

Process optimization



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1. Collaboratively harmonize and develop group standards
 2. Close consultation with divisions – escalate to MD's where necessary
 3. Embed through computer based training
 4. Maintain consistent high standards
 5. New staff
 6. Acquisitions
 7. Sustainable back office business efficiency

Computer based training



1. Interactive, scored, progress monitored
2. Contract qualified educator and developer
3. Embed in culture of the Group
4. Train existing staff to high standards
5. Train new staff and acquisitions

Laboratory



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

ALL possible scenarios thoroughly tested



Strategic alignment



1. Essence of why the business exists and how it thrives
2. Model the business in the configuration from a strategic perspective
3. Data engineering



Tactics -- things right



Strategy -- doing the right things

Tough clients



An attorney on the project team

The way forward Business NOT ...



1. Focus on strategic capability and drive the implementation from this – structured critical issues analysis and design -- StratProc
2. Document strategic definition and align all activities strategically top down – precision fundamental first principles data engineering and configuration
3. Effective change facilitation
4. Comprehensive rigorous project run by professional team who are contractually accountable for their deliverables
5. Traditional approach will require 12 to 18 months, ... cannot afford that, intense high energy project 6 to 9 months
6. Design against failure critical issues approach

Context -- summing up



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1. ERP Failure is rife – reasons for failure have been presented
 2. ERP Failure can be prevented or rectified provided that:
 1. Follow an engineering approach – design against failure, precision, accountability, etc
 2. Strategic focus and alignment
 3. Data engineering based configuration and system integration
 4. Executive custody
 5. Change facilitation

Approach



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1. Engineer against failure
 2. Strategically aligned, top down, data engineering, etc
 3. Make use of structure to drive report and dashboard generation
 4. Accountability -- lawyer on the project team – contracting, etc -- availability of personnel guaranteed
 5. Laboratory
 6. Computer based training

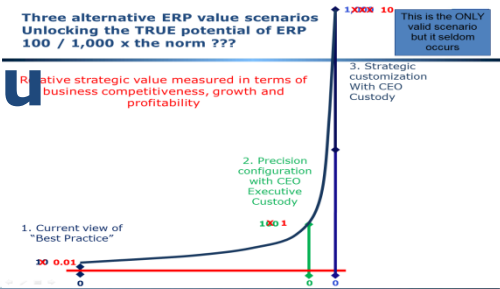
Call to action

Three actions?



1. Defects are entirely preventable
2. ERP is NOT magic do NOT abdicate your intellect
3. Design AGAINST failure
4. You DO understand ERP
5. Slow ERP down to your speed!
6. Align ERP with the essence of your business (strategy)
7. CEO custody and leadership are critical– take charge

If you do not act within 48 hours you probably never will (Bill Gates)
Act TODAY! 😊



What is your single most important insight from this briefing?

What is the single most practical action that you can take tomorrow to apply E.R.P. more effectively?



Design ERP solutions like bridges ... Not to fall down – intelligent content



Acknowledgements



Clients, associates, staff

Father and mother, Angus and Thelma

Children Alexandra and Struan

Other significant people in my life



Psalm 136:5 "To Him who by wisdom made the heavens, for His mercy endures forever;"

Questions?



Remember to design against failure!

**Dr James Robertson PrEng
James A Robertson & Associates**

**Telephone: ++27-(0)86-111-5409
/ ++27-11- 782-5996/7**

Cell: 083-251-6644 (preferred)

Fax: ++27-(0)86-540-0178

**P O Box 4206, Randburg, 2125,
South Africa**

**www.JamesARobertson.com
email: James@JamesARobertson.com**



**Please remember to complete the
evaluation forms**

**Please remember the discussion
forum and workshop this afternoon**