James A Robertson and Associates
Effective Strategic Business Solutions

Why your ERP is NOT delivering and how to FIX it

(The Critical Factors in ERP Investment Success)

6. The Missing Link – Strategic Engineered Precision Configuration™

Strategic Engineered Precision Taxonomies™ and Configuration

Dr James Robertson PrEng

James@JamesARobertson.com

A word of caution

This presentation may seem rather strange

In fact, you might think that I have got things upside down ☺

Please think laterally because, just maybe, I am seeing something different AND valuable ☺

Failures are increasing
The threat and therefore the opportunity is huge

Including clinical integration project

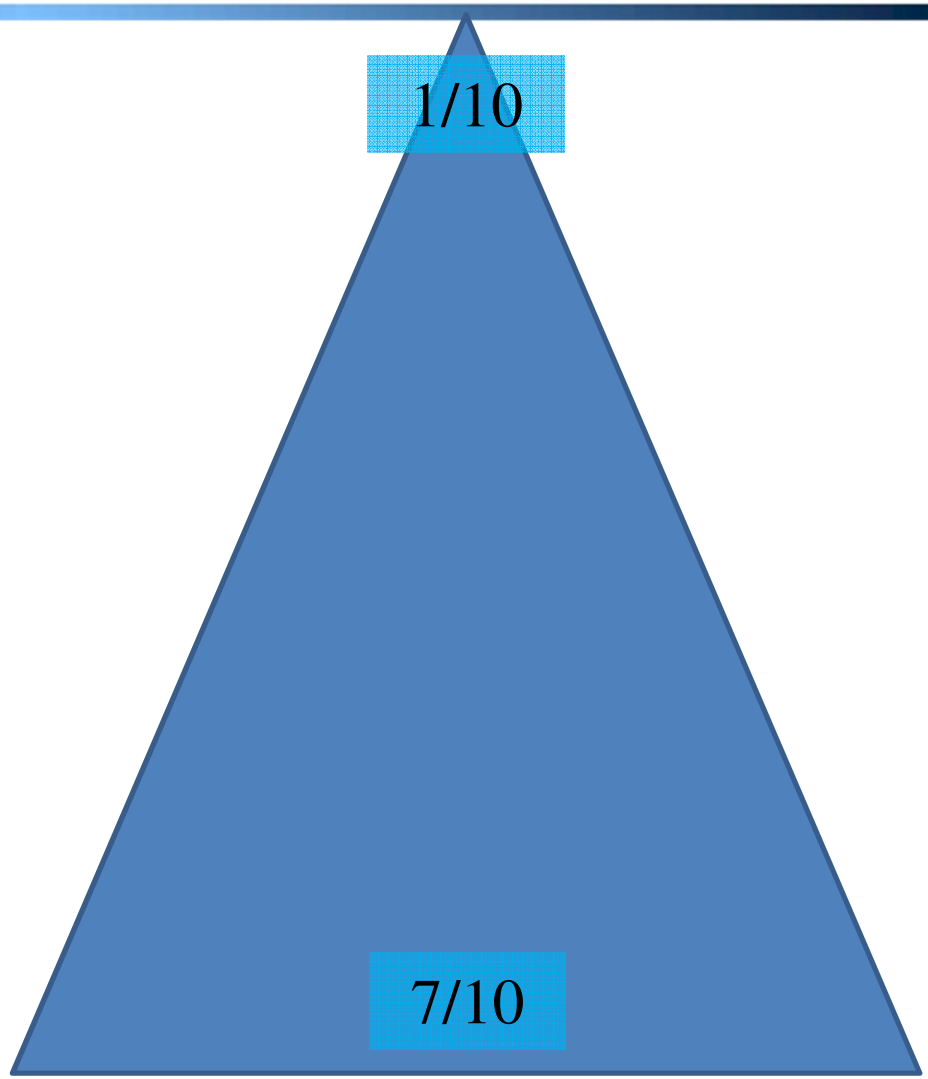
One of the classic business problems of this age

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

A classic practical example

- CEO of very big listed corporation in Johannesburg
- With very big installation
- Of very big brand ERP
- Used in advertising
- "At the executive level I would rate my systems at 1/10"
- "At the operational level I would rate my systems at 7/10"

BUT even that is being done with smoke and mirrors!



ERP -- an industry in crisis

Recap

"19 out of 20 ERP (integrated business information system) implementations do NOT deliver what was promised" **– based on a survey of executives**

To avoid misunderstanding → let me stress that I REALLY believe ERP can and should add great value to business

A classic example of IT value
Double turnover in 12 months
Through BETTER DECISIONS

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
7. Through supporting BETTER decisions

Precision content engineering Key driver of successful implementations

1. Days spent with CFO designing the codes -- first year massive improvement in management information, one less clerk, financials signed off without qualifications six WEEKS after month end versus six MONTHS the previous year.

2. Software designed in two days, built in ten, ten days spent with a director of the company consulting with other directors and managers to design codes -- four clerks instead of 12, an extremely wide range of management information, captured 90% of the data instead of 10%.

3. Six days spent with CFO's of operating divisions and major subsidiaries to identify core economic drivers for a group of over 200 companies and develop the headlines of the group consolidation ledger -- dramatic improvement in management information.

The subject of this section is of critical importance -- it is the content that makes the difference

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!

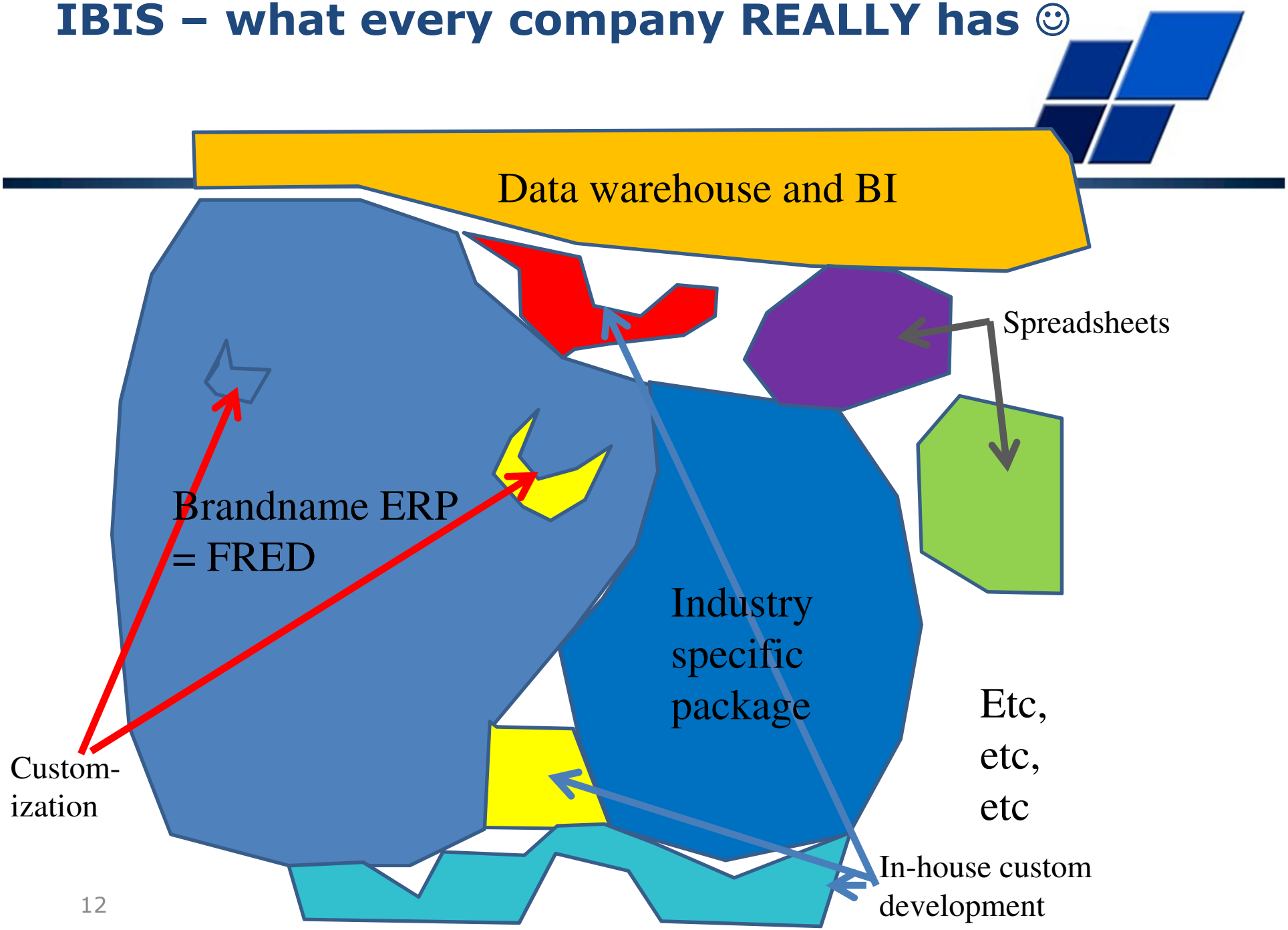
IBIS = Integrated Business Information System

- But there really is NO SUCH THING as an ERP system (Enterprise Resource Planning)
- Many organizations do their resource planning in industry specific software, frequently NOT from the ERP vendor
- And configure badly = "sloppy configuration"
- And therefore are unable to integrate properly
- So HAVE to customize to compensate
- And still need spreadsheets – Excel is the most widely used software development tool in the world because we LIE about it
- Data warehouses are a necessity NOT a luxury, you SHOULD have one

So what do we have?

IBIS = ERP Plus

IBIS – what every company REALLY has ☺



Strategy defined

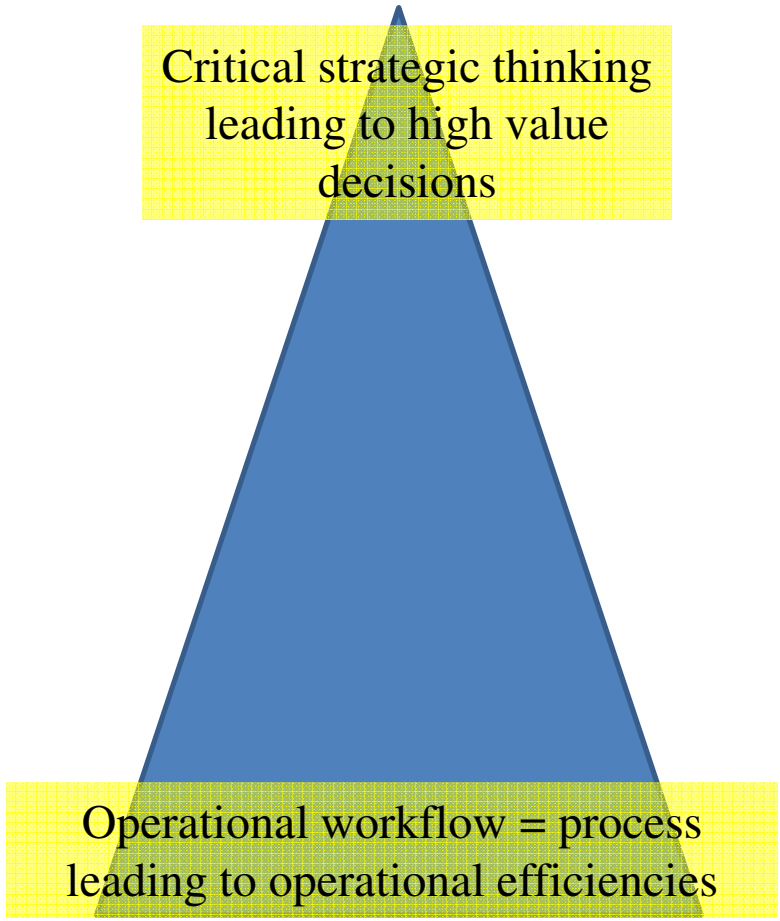
The essence of why an organization exists and how it thrives

The "Strategic Process"

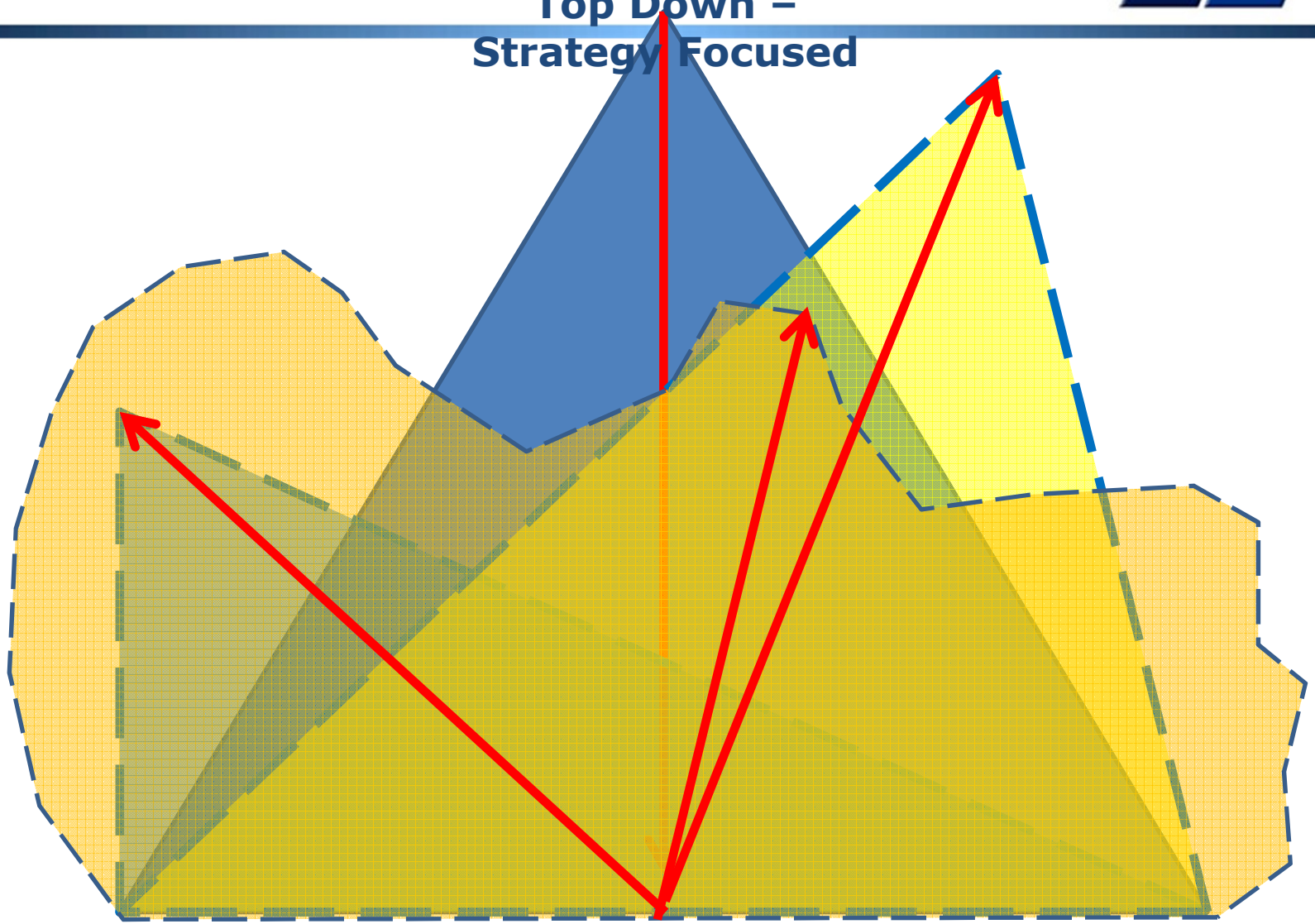
- Receive report of a problem
- Ask for information
- Make some phone calls
- Discuss with some colleagues
- Or whatever …
- or
- Find a nice conference venue
- Go away and talk
- Write a report
- Or whatever …

Like silver bullets the "Strategic Process" does NOT exist

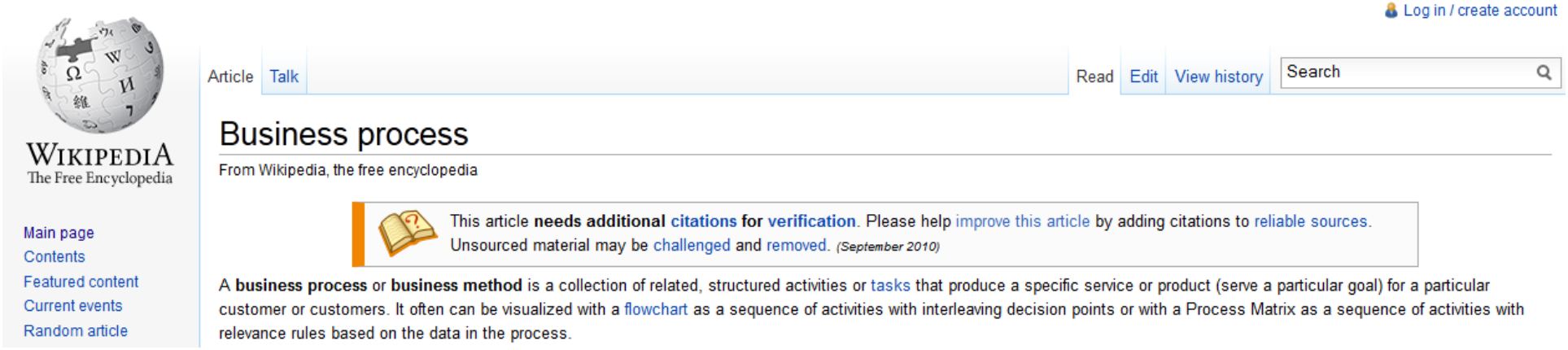
Process is fundamentally OPERATIONAL



Top down versus bottom up design



Defining terms – Business Process



*"A business process or business method is a collection of related, structured activities or tasks that produce a specific service or product (serve a particular goal) for a particular customer or customers. It often can be visualized with a **flowchart as a sequence of activities** with interleaving decision points or with a Process Matrix as a sequence of activities with relevance rules based on the data in the process."*

i.e. WORKFLOW!!!

Pulse measurement

- A concise diagnostic investigation into why an ERP or other IT investment is NOT delivering what was promised
- Prescription of what is required to solve the problems
- Been doing them since 1990 – dozens and dozens

Process obsession is increasingly manifesting as a MAJOR cause of failures and sub-optimal outcomes

In fact business process is close to irrelevant when it comes to designing HIGH VALUE ERP solutions

This is NOT in a Text Book

- Engineering
- Zoology
- Document cataloguing
- Military combat planning
- Methods of structured software design
- Strategic planning techniques
- etc
- Dozens of pulse measurements – what does NOT work and what does
- Cataloguing and analysing findings
- Trial and error
- Never did process BUT produced excellent results

- Then a client told me I was incompetent because I did not do process ☺
- Proven conclusively process close to irrelevant for ERP implementation

Process is at BEST an output

Motivating quotes

- "James you produce exceptional high value outcomes in ridiculously short time frames at ridiculously low cost"
- "James you transformed what would have been a pedestrian, poorly thought out system, into an ERP that is already functional and will ultimately transform our analytics and IT offensive capabilities" -- Robert Priebatsch, Robert Priebatsch, Chief Executive, African Sales Company
- "James you have provided some key pieces of my jigsaw puzzle, now I understand why Business Systems Implementations are failing"
- All sorts of opposition

In fact …

Some very contradictory feedback ☺

Some process obsession examples

- Big brand ERP implementation completely stalled
  - Project stalled
  - Took over leadership and brought to completion in five months
  - Thick file of Business Process diagrams = flow charts
  - Put on the shelf to gather dust
  - CEO of implementer could not tell me how the process diagrams contributed to the final outcome

i.e. process a complete waste of time and money!

Some process obsession examples

- Big brand ERP, client insisted on process but consultant could NOT find out what the process was
  - Creditors process
  - Two creditors clerks, two completely different process descriptions
  - Two weeks later neither agreed with what they said before

i.e. process a complete waste of time and money and caused confusion!

Some process obsession examples

- Big brand ERP, big brand implementer
  - Project stalled and restarted
  - Running for three years and NO DELIVERABLE!!!
  - Thick files of process documentation
  - Swimlanes, user stories, flow charts
  - You name it they had it
  - Except a deliverable

i.e. process a complete waste of time and money and caused massive delays!

The brutal truth

- Real processes are much more diverse and more complex than most people realize
  - probably at least seven creditors processes
- Processes are seldom if ever defined in most businesses
- We hack it with the way the people we hire do it
- Process is only relevant IF all the rest of the business is highly optimized
- Process is a DESIGN OUTPUT NOT an input
- There is NO SUCH THING as the Strategic process

→ Provide quality information on which to base quality decisions – one really good strategic decision could repay the entire investment!

→ One really BAD decision can destroy the business

Define: Strategic business function discovery

- Strategic – the essence of the business and how it THRIVES
- Business function – the WHAT we DO – eg Creditors Function – high level, broad concept – NOT a process
- Discovery – gain understanding

Then
Precision Configuration

Define: Strategic Engineered Precision Configuration

- Configuring the ERP so that it PRECISELY models the real world
- The goal is that any executive, manager, supervisor or operator can look at the configuration and say "YES, this IS my business"
- Founded on master data taxonomies – structured semantic content
- Coupled to custom business specific attributes
- Supplemented by highly structured record level configuration
- Supporting small pieces of clever custom development that add huge value and create huge strategic and operational opportunities

An ERP is a huge precision data processing factory

Feed it precision data

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

1. Because everyone else has one?	? X No
2. Because the one we have does not work very well?	? X 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 tactical (thrive) information?	Yes
6. So that we can get better operational (thrive) information?	Yes
7. So that we have 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 fundamentally meaningful

2. Packaged in a way that the computer system APPEARS to be intelligent

3. Presented through:
    1. reports
    2. graphs
    3. dashboards
    4. advanced statistical techniques
    5. advanced economic analysis
    6. other advanced techniques of information presentation, analysis and interpretation

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

High value business decisions

What is the core requirement for any IBIS?

I can get answers to any question for which I can reasonably expect there to be answers in the databases that I KNOW my organization has

Easily and quickly and without major effort on the part of any staff member or contractor

The RIGHT information at the RIGHT place at the RIGHT time in order to make the RIGHT decision

High value intelligent information

How is value created

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

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

The consequence of intuitive, intelligent, informed leadership business decisions – thrive decisions

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

Answers to the questions I have not yet thought to ask

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

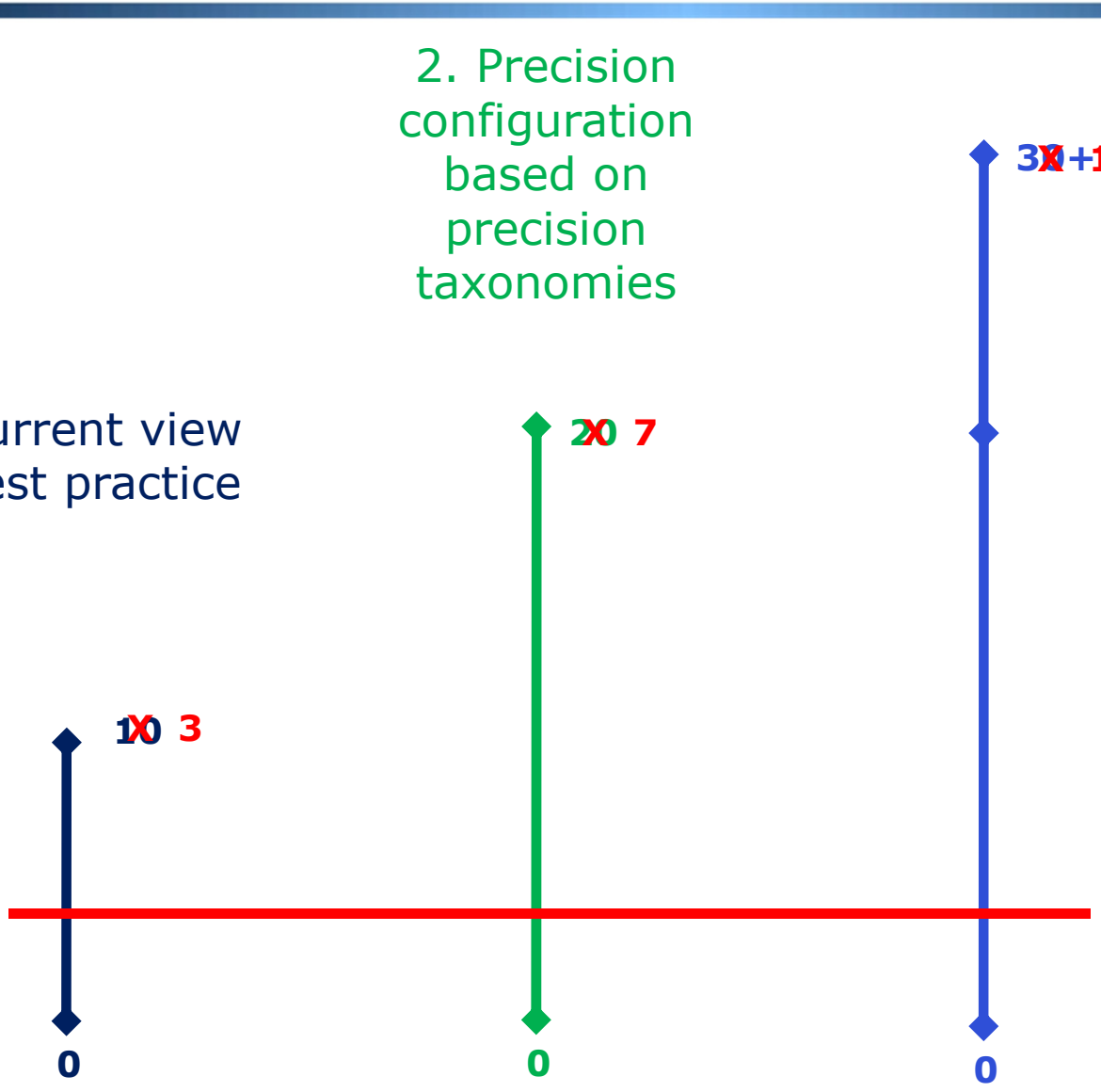
High value intelligent content design

Strategic Engineered Precision Taxonomies™ (SEPT™)

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**

Three alternative ERP value scenarios



This is the ONLY valid scenario but it seldom occurs

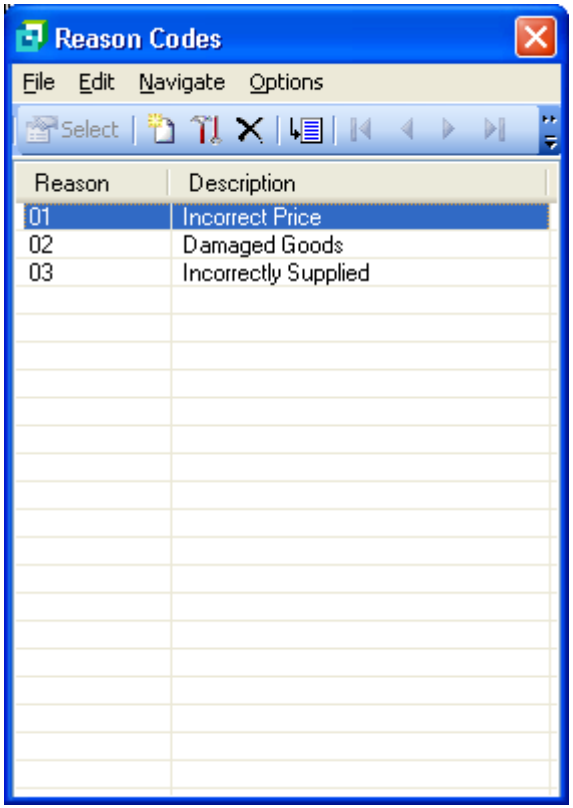
Taxonomy defined

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 ☺

- INCOME
- EXPENSES
  - PURCH INGRP CONS CONTRA Cr
  - C OF SALES(CORE CoSl)
    - FINISHED PRODUCT MVMNT(FPMv)
    - RAW MAT CoS &Stk Mvt (RMCS)
    - PACKAGING COSTS (PckC)
    - DISC & REBATES REC (D&RR)
    - DIRECT LABR CoS (DLCS)
      - SALARIES
      - WAGES
        - Basic Wages
        - Company Contribution
          - Medical Co Contribution
          - Provident Co Contribn
          - UIF Company Contribution
          - Other Company Contribn
        - Overtime &Oth Spc Remn
        - Inctv Comm & Bonuses
        - Allowances
          - Nightwork
          - Overnight
          - Other Allowances
        - Reimbursements
        - Exceptional Payments
        - Provisions
      - CONTRACT / CASUALS
      - OTH PERS RELATED COSTS

Taxonomy example

Example of credit note reason codes – actual case



Strategically aligned credit note reason codes

ReasonCode	Description
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

Taxonomy relevance

1. Essential to effective operational and strategic use of business software

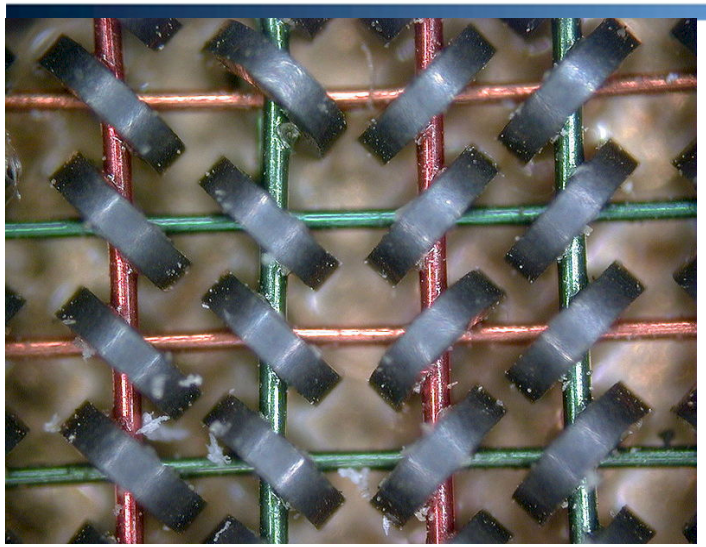
2. Nearly ALL validation lists (drop down lists), chart of accounts, etc

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

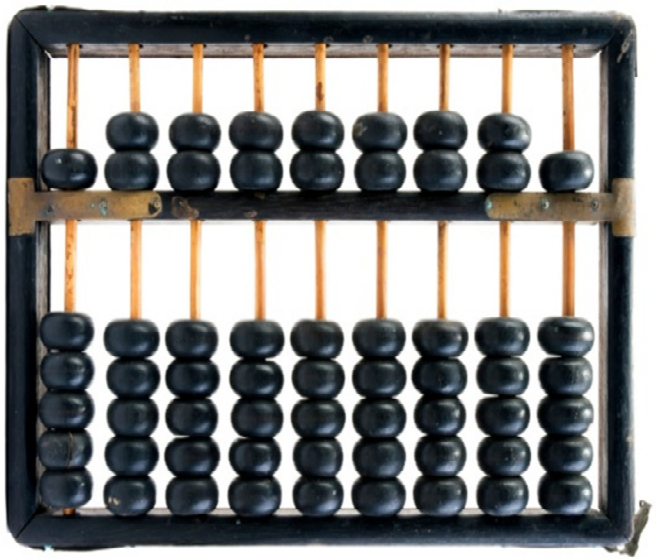
Called a “bit”

8 bits make a byte

2 bytes make an ASCII character

A= “41” hex

0 1



Coding taxonomies

1. Computers only understand binary
2. The code is a unique binary pattern that corresponds to the structured English 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

10	1...-....	INCOME
555	3...-....	EXPENSES
556	30.-....	PURCH INGRP CONS CONTRA Cr
570	31.-....	C OF SALES(CORE CoSl)
575	312-....	FINISHED PRODUCT MVMNT(FPMv)
763	313-....	RAW MAT CoS &Stk Mvt (RMCS)
921	314-....	PACKAGING COSTS (PckC)
950	315-....	DISC & REBATES REC (D&RR)
954	316-....	DIRECT LABR CoS (DLCS)
955	316-1...	SALARIES
974	316-4...	WAGES
975	316-41..	Basic Wages
976	316-42..	Company Contribution
977	316-421.	Medical Co Contribution
978	316-425.	Provident Co Contribn
979	316-428.	UIF Company Contribution
980	316-429.	Other Company Contribn
981	316-43..	Overtime &Oth Spc Remn
982	316-44..	Inctv Comm & Bonuses
983	316-45..	Allowances
984	316-451.	Nightwork
985	316-455.	Overnight
986	316-459.	Other Allowances
987	316-46..	Reimbursements
988	316-47..	Exceptional Payments
989	316-48..	Provisions
990	316-5...	CONTRACT / CASUALS
999	316-6...	OTH PERS RELATED COSTS

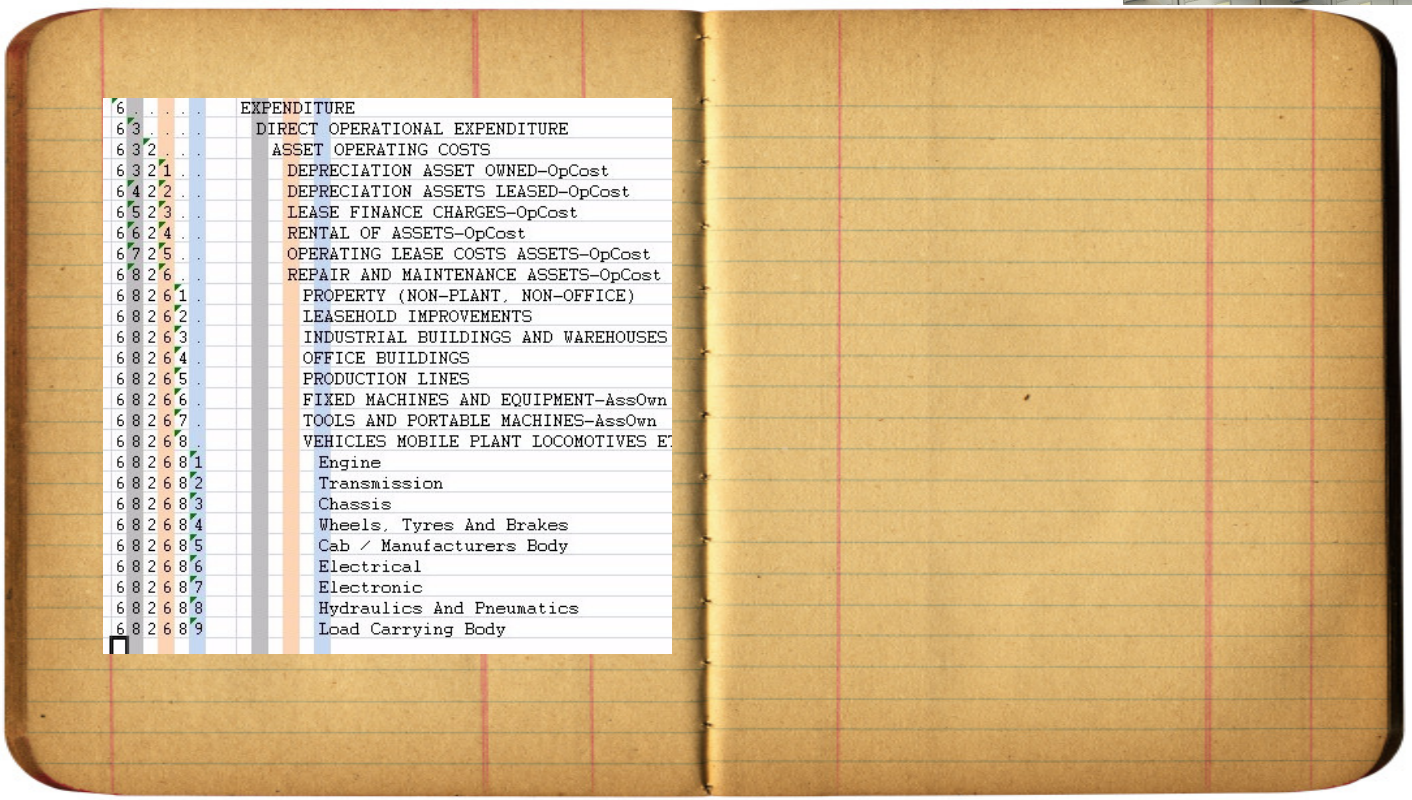
Software and data
text -> hexadecimal -> binary
All for US ☺

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 3	0 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 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?



6	EXPENDITURE
63	DIRECT OPERATIONAL EXPENDITURE
632	ASSET OPERATING COSTS
6321	DEPRECIATION ASSET OWNED-OpCost
6422	DEPRECIATION ASSETS LEASED-OpCost
6523	LEASE FINANCE CHARGES-OpCost
6624	RENTAL OF ASSETS-OpCost
6725	OPERATING LEASE COSTS ASSETS-OpCost
6826	REPAIR AND MAINTENANCE ASSETS-OpCost
68261	PROPERTY (NON-PLANT, NON-OFFICE)
68262	LEASEHOLD IMPROVEMENTS
68263	INDUSTRIAL BUILDINGS AND WAREHOUSES
68264	OFFICE BUILDINGS
68265	PRODUCTION LINES
68266	FIXED MACHINES AND EQUIPMENT-AssOwn
68267	TOOLS AND PORTABLE MACHINES-AssOwn
68268	VEHICLES MOBILE PLANT LOCOMOTIVES E
682681	Engine
682682	Transmission
682683	Chassis
682684	Wheels, Tyres And Brakes
682685	Cab / Manufacturers Body
682686	Electrical
682687	Electronic
682688	Hydraulics And Pneumatics
682689	Load Carrying Body

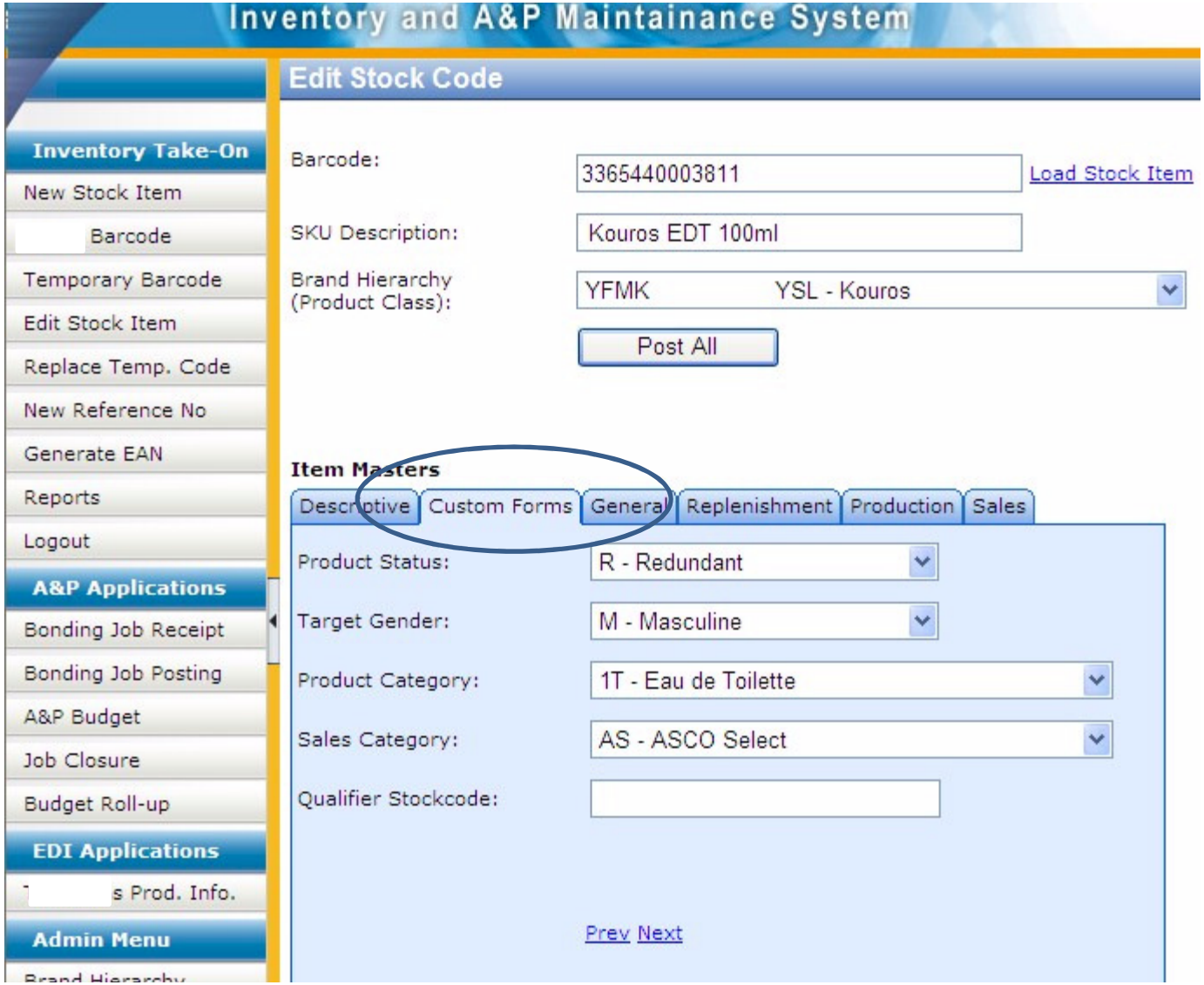
What is a general ledger for?

R/$

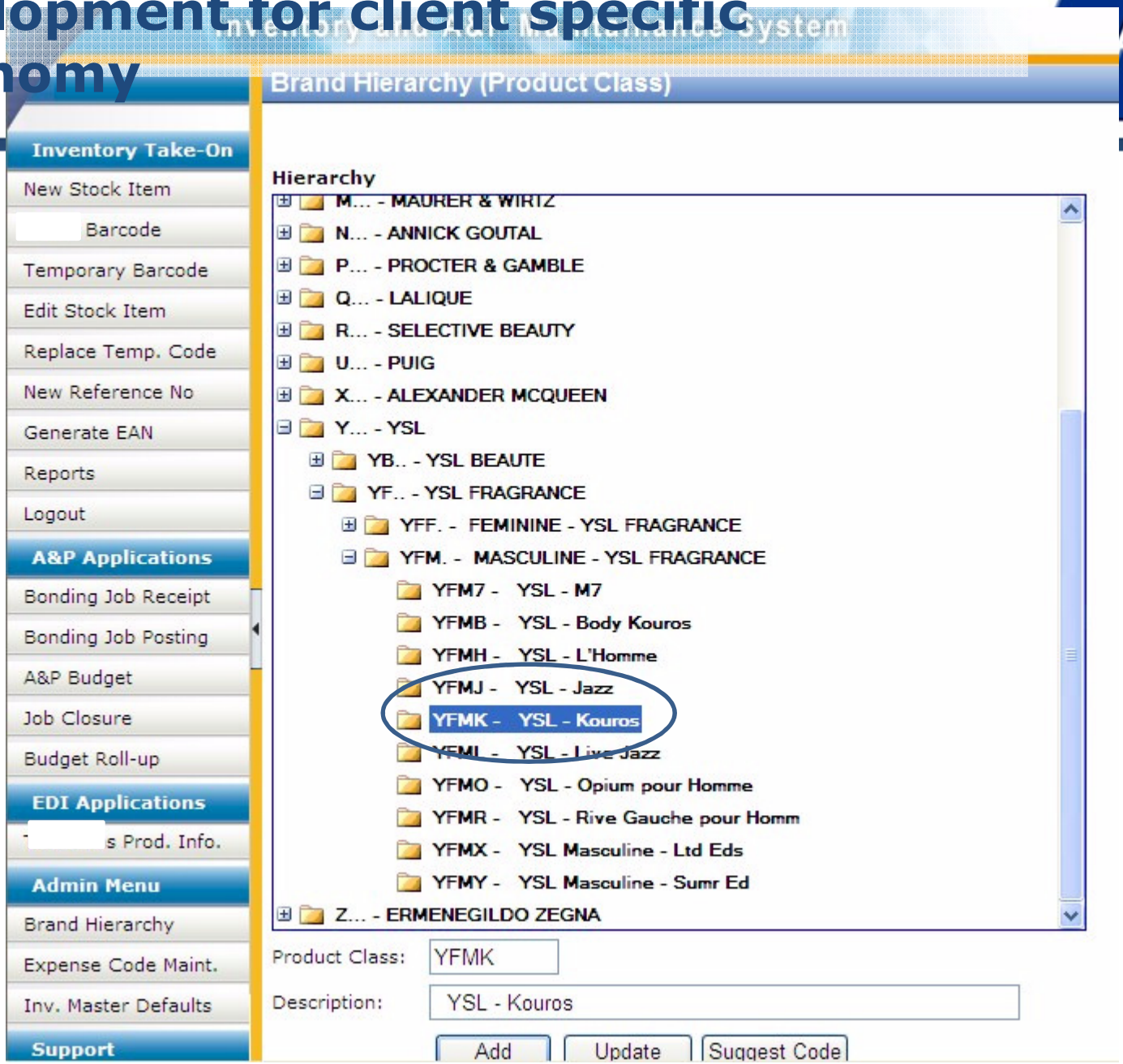
Integrated system
(look-up and posting)

Precision fundamental strategic taxonomies – the missing link

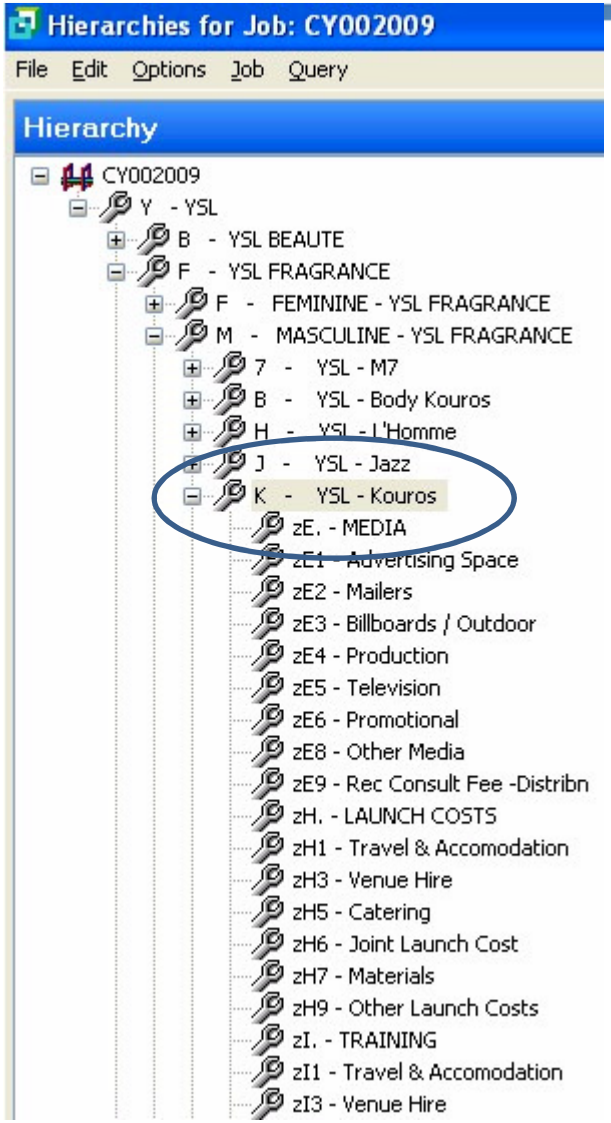
Custom data entry screen with custom taxonomies



Custom code maintenance development for client specific taxonomy



Matching codes in unrelated module provide logical integration



Getting the software to do what it supposedly cannot do

Example of faulty integration
"*The &$%^#@% system lost my data*"

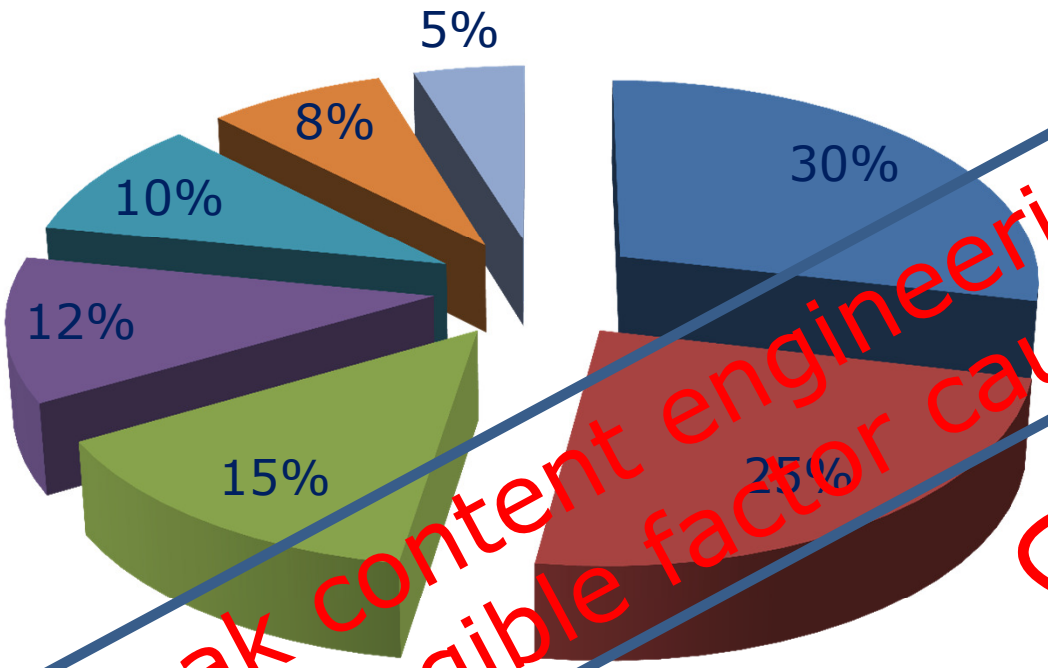
Heads/Sections

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 /zI.	TRAINING		No	
Y /F /M /K /zI1	Travel & Accomodation		Yes	10-337I1-11
Y /F /M /K /zI3	Venue Hire		Yes	10-337I3-11
Y /F /M /K /zI5	Catering		Yes	10-337I5-11
Y /F /M /K /zI7	Materials		Yes	10-337I7-11
Y /F /M /K /zI8	Training Team		No	
Y /F /M /K /zI9	Other General Train Costs		Yes	10-337I9-11
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	

Factors causing IT failure

Includes process obsession



- 1. IT Mythology -- 30%
- 2. Lack of executive custody -- 25%
- 3. Poor strategic alignment -- 15%
- 4. Lack of an engineering approach -- 12%
- 5. Poor data engineering -- 10%
- 6. People issues -- 8%
- 7. Technology issues -- 5%

Weak content engineering is the most tangible factor causing failure

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

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

Exceptionally BAD practice

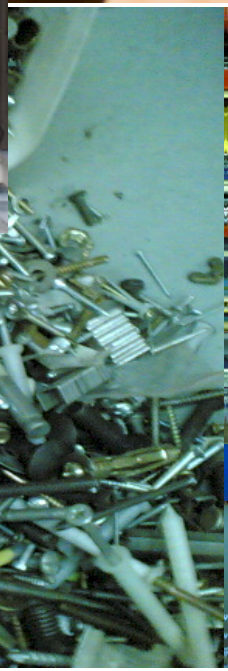
Huge negative impact on integration, reporting, etc

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 S
500600 Finished Goods Inventory Offset
500605
500610 Production Order Settlement - Variance
500615 Steel Other
500620 Steel Sections
500625 Steel Sheets & Plates

Capital item

Capital item or cost

Precision ordered data
Versus …



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

- Investment
- E...
- D..
- ... 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

Mapping between modules
Well structured

GL R&M spares expenses

MOBILE PLANT

Loaders

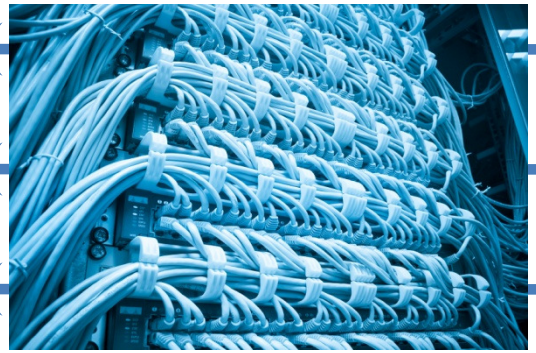
Dump trucks

Drill rigs

Other off road

LDV's

etc



MM plant spares

MOBILE PLANT

Loaders

Dump trucks

Drill rigs

Other off road

LDV's

etc

Precision strategic content engineering IS the missing link

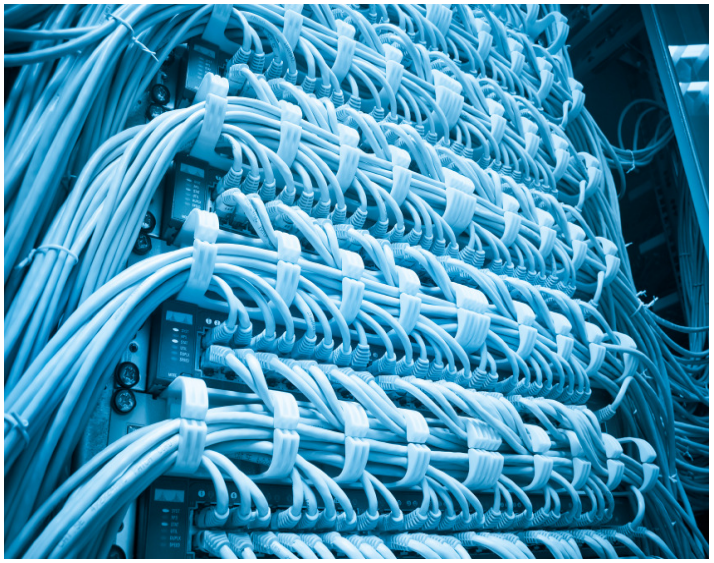
Lack of coding structure and standards

versus

fundamental first principles precision strategic content engineering

Current

Instead of ->



Objective

Business Intelligence the ideal

Better DECISIONS

Business intelligence solutions

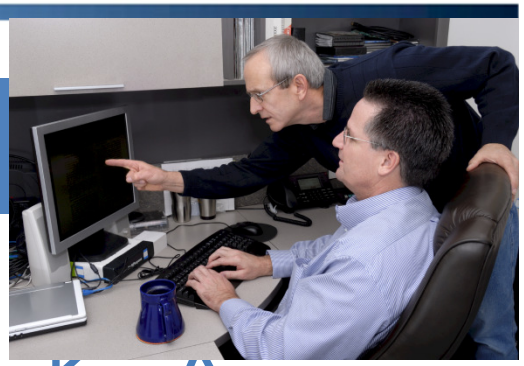
ERP

Strategic Engineered Precision Taxonomies™
The foundation of decision support

The business

Business Intelligence current reality

Throwing Money away

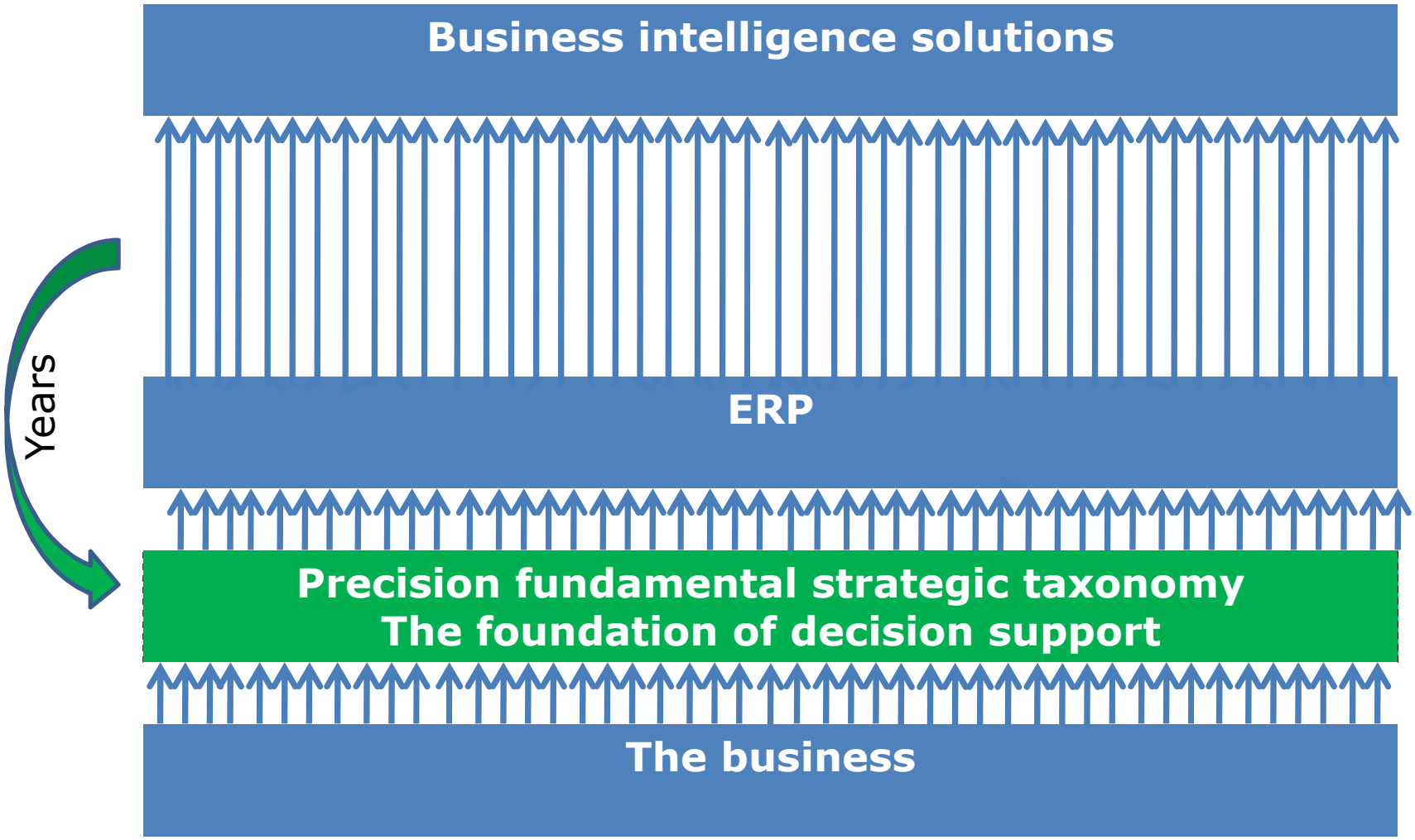


Business intelligence solutions

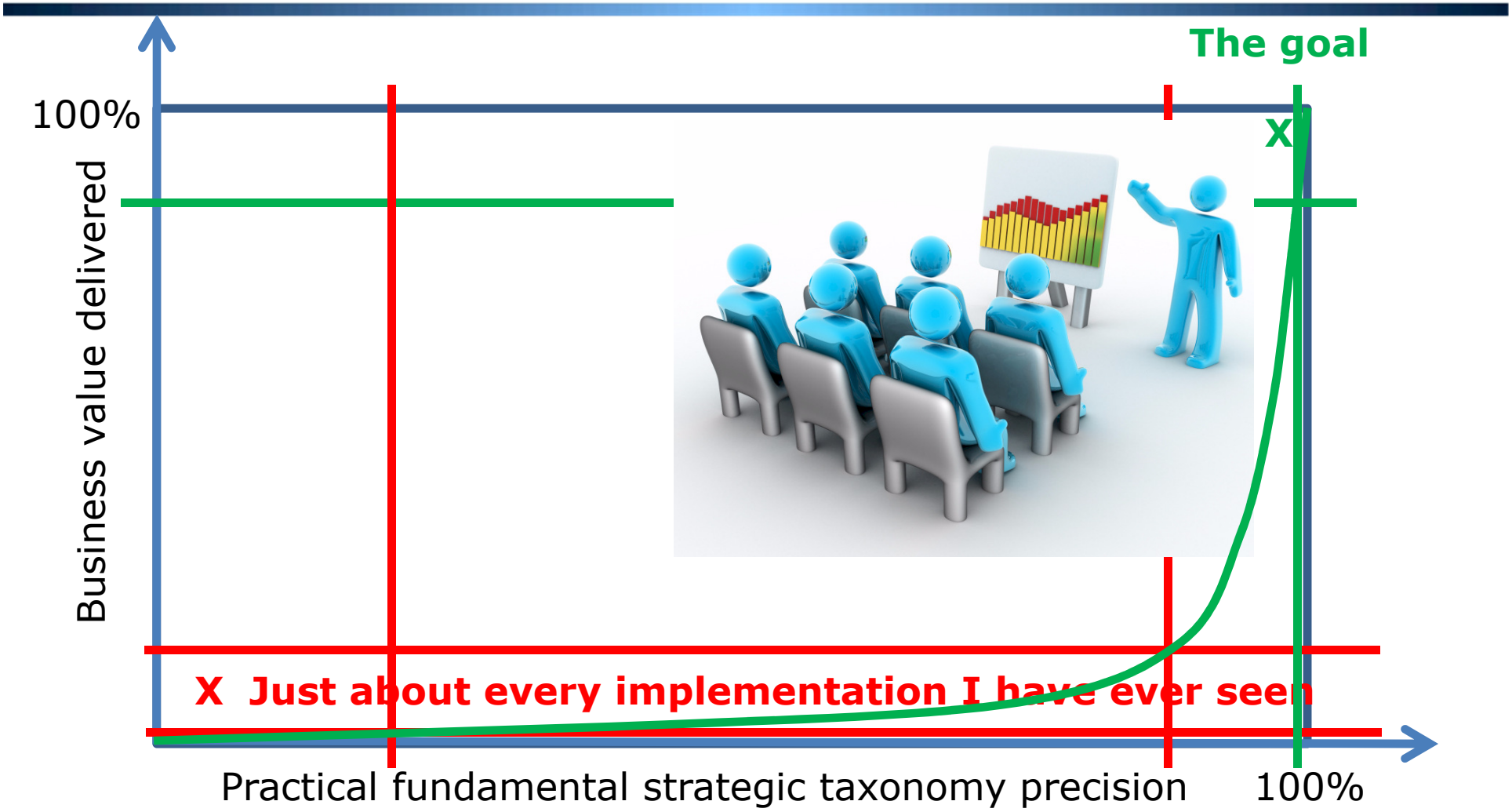
ERP

The business

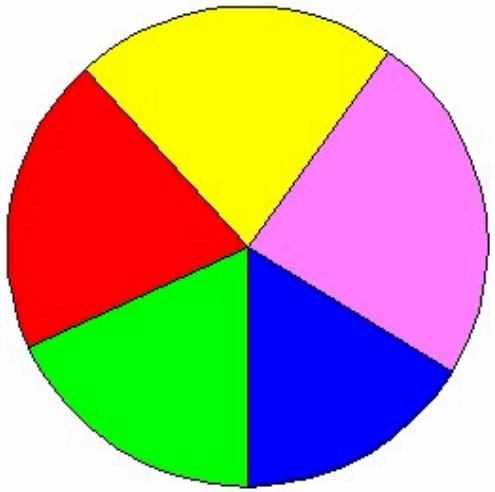
Business Intelligence
the opportunity
high value highly successful outcomes



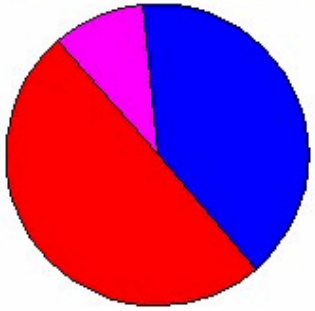
Value versus precision
A critical consideration



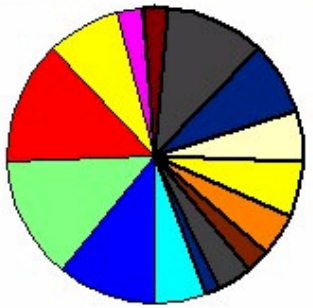
Critical principle – constraint and opportunity -- cognitive span



<5 = too few



> 10 = too many



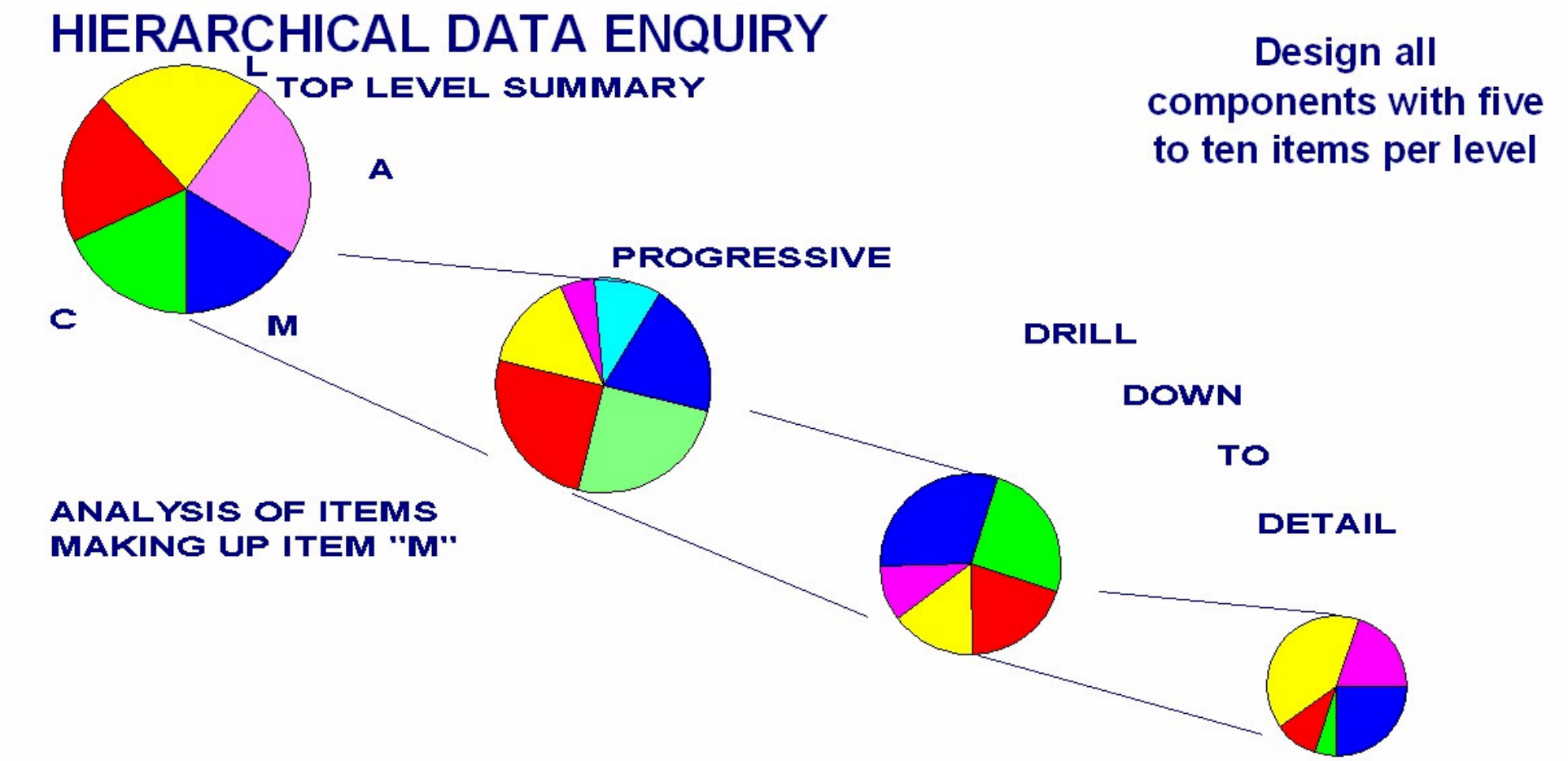
5 TO 10 SLICES OPTIMUM

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

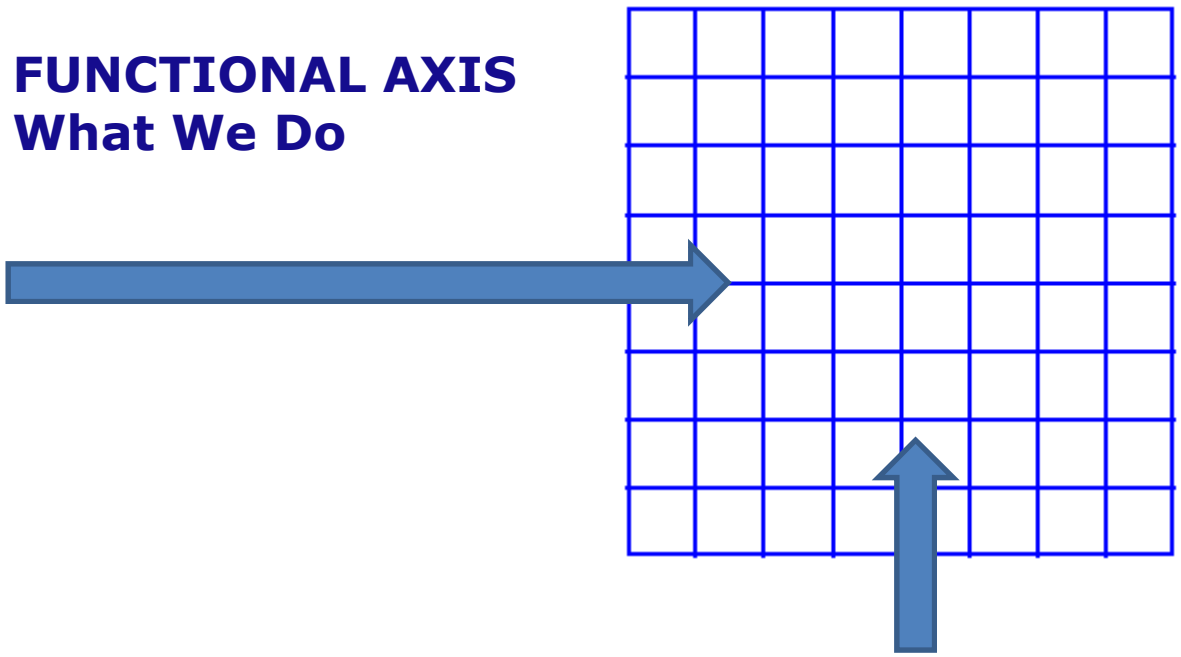
Drill down
A function of the content



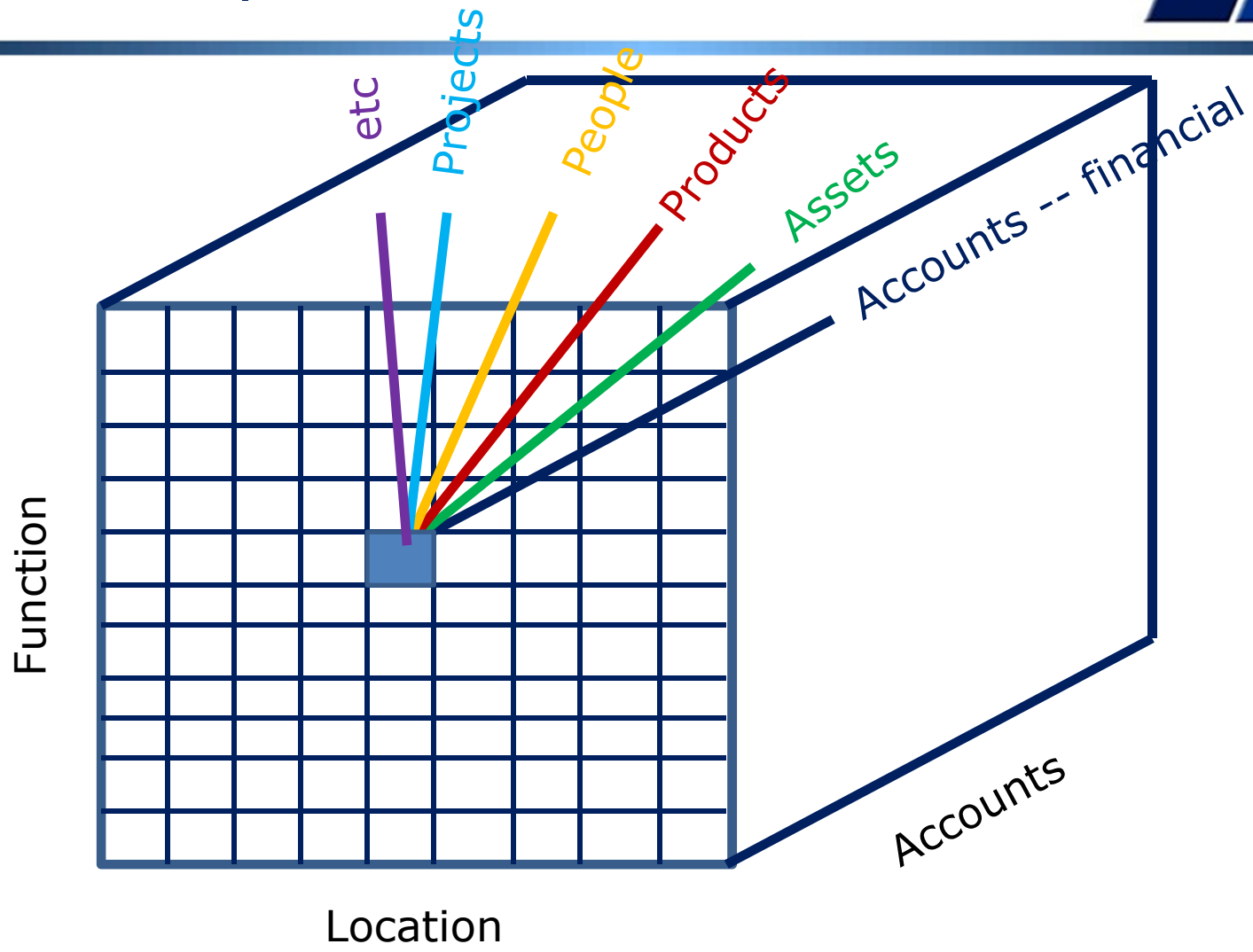
Cubic business model
A logical taxonomic construct

- Every organization has a location logical dimension - where we do what we do
- and a functional logical dimension – what we do
- These can be plotted on a matrix of function versus location
- This is fundamental to the design of a chart of accounts and all other logical components that define the business
- There are multiple further dimensions including income, expenditure, personnel, machines, products, etc
- Each of these should be described by a fundamental precision strategic taxonomy
- This model in the general ledger provides a critical elment of integration

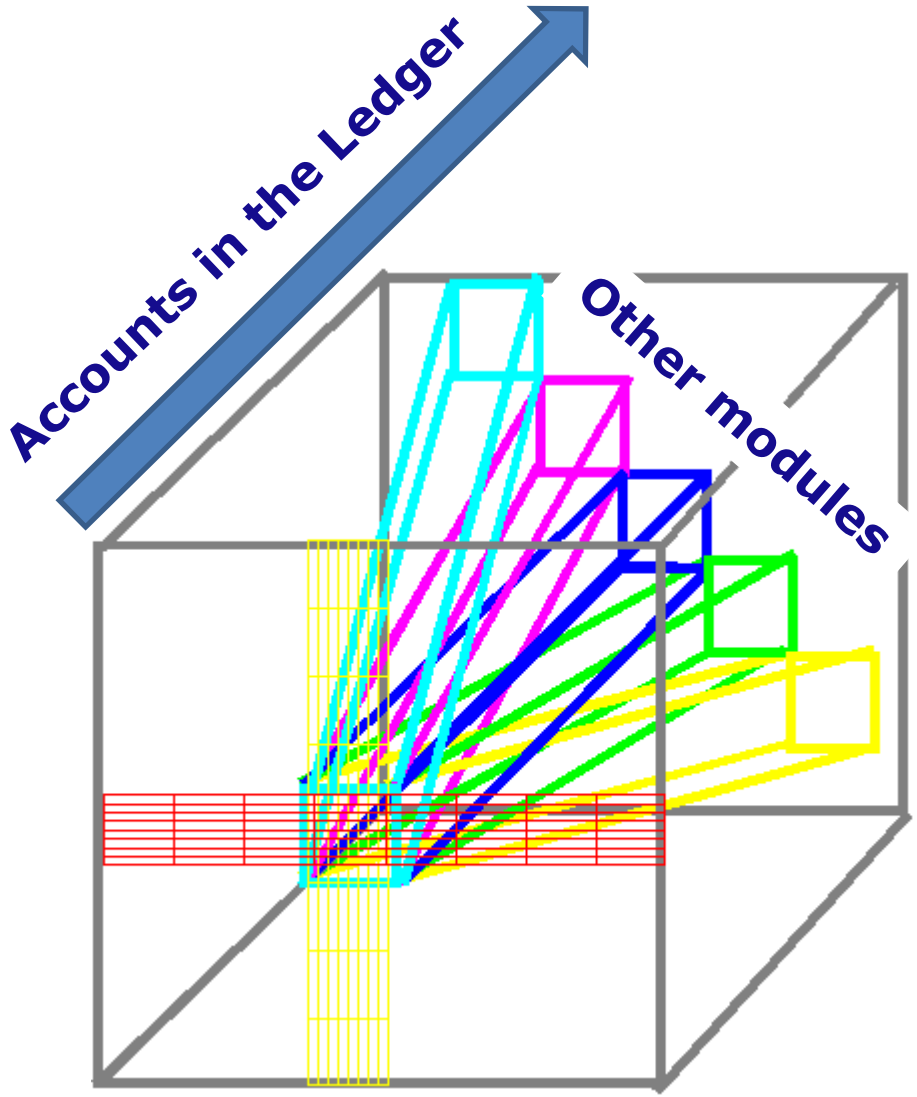
Cubic business model concept
GL or costing module



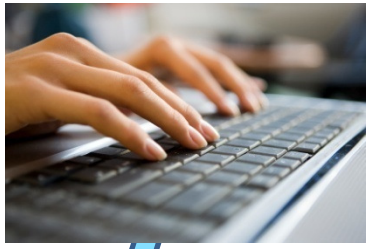
Financial cube
Essence of integration
Well over 1,000 hours R&D

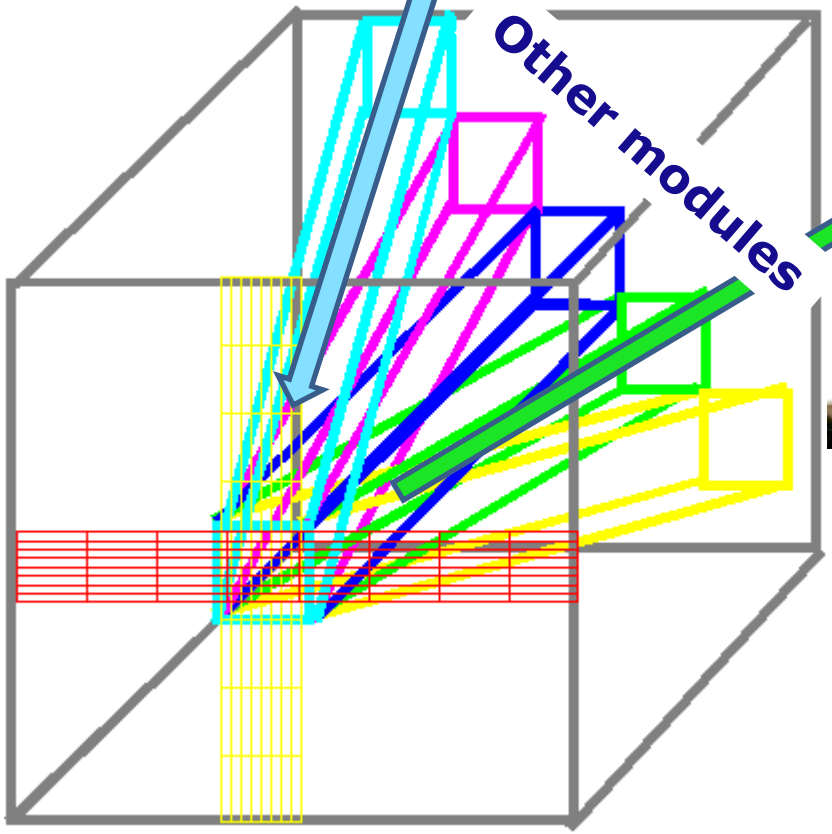


Cubic business model
Locus of integration -- taxonomies

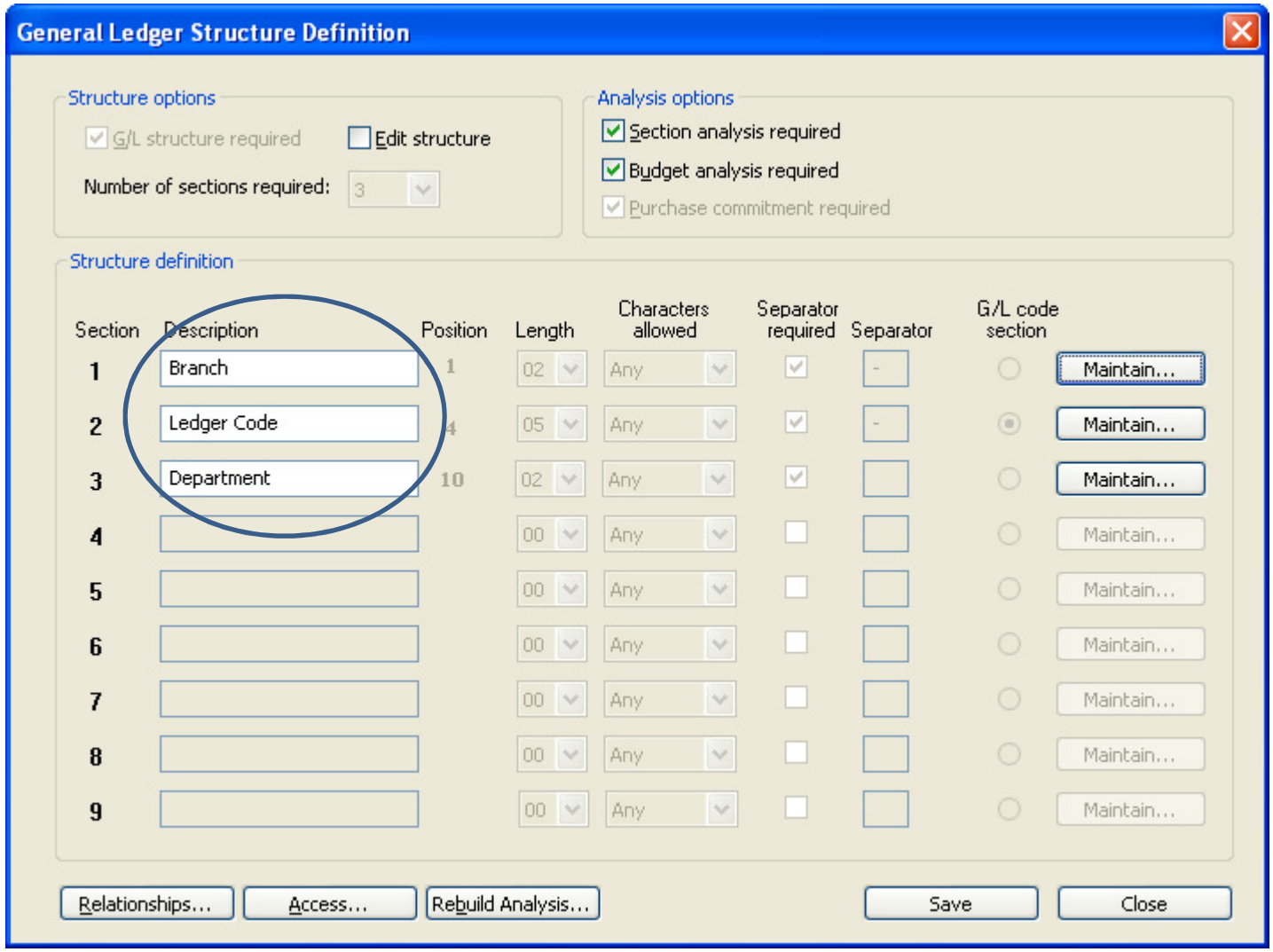


How integration works around the GL

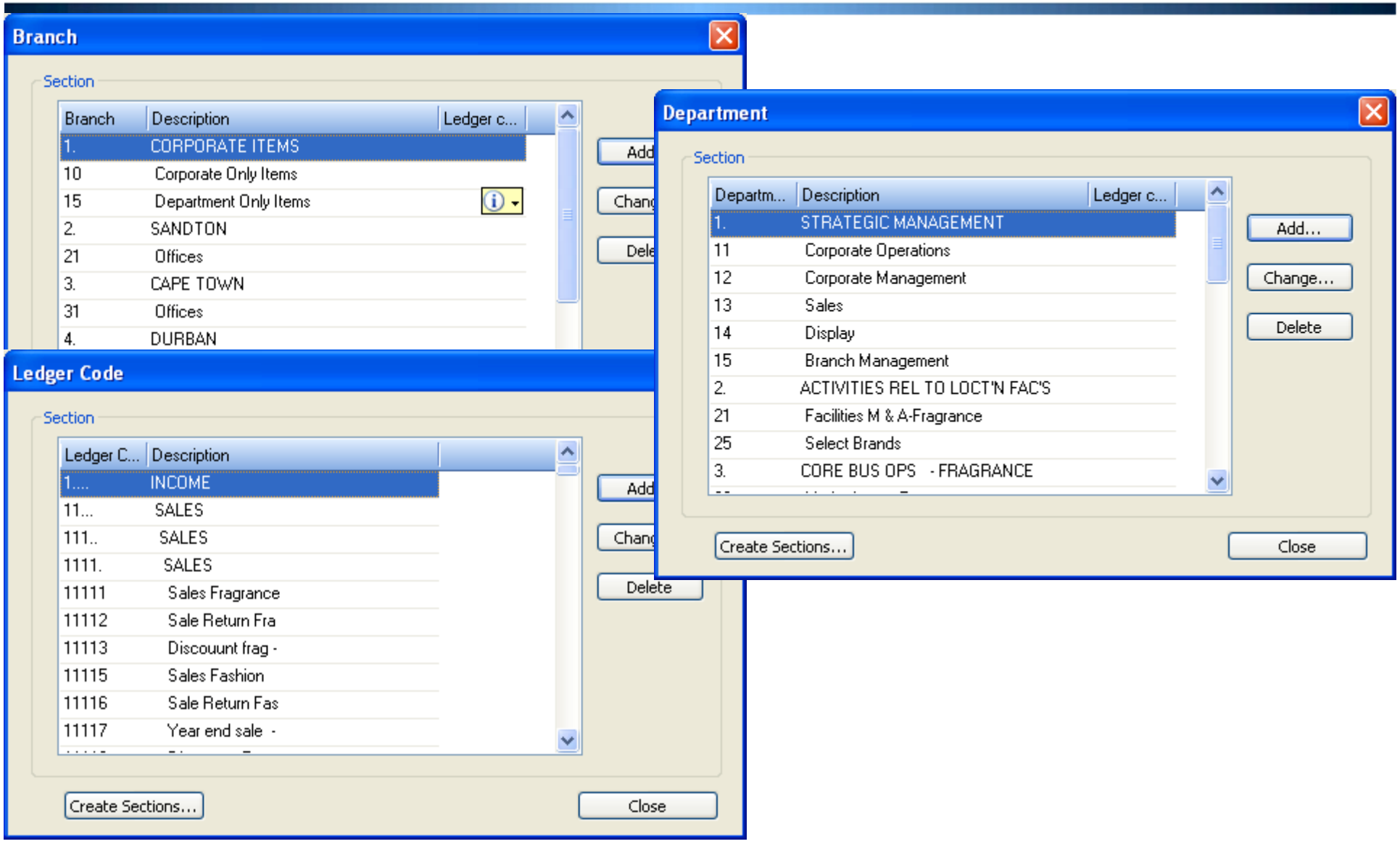




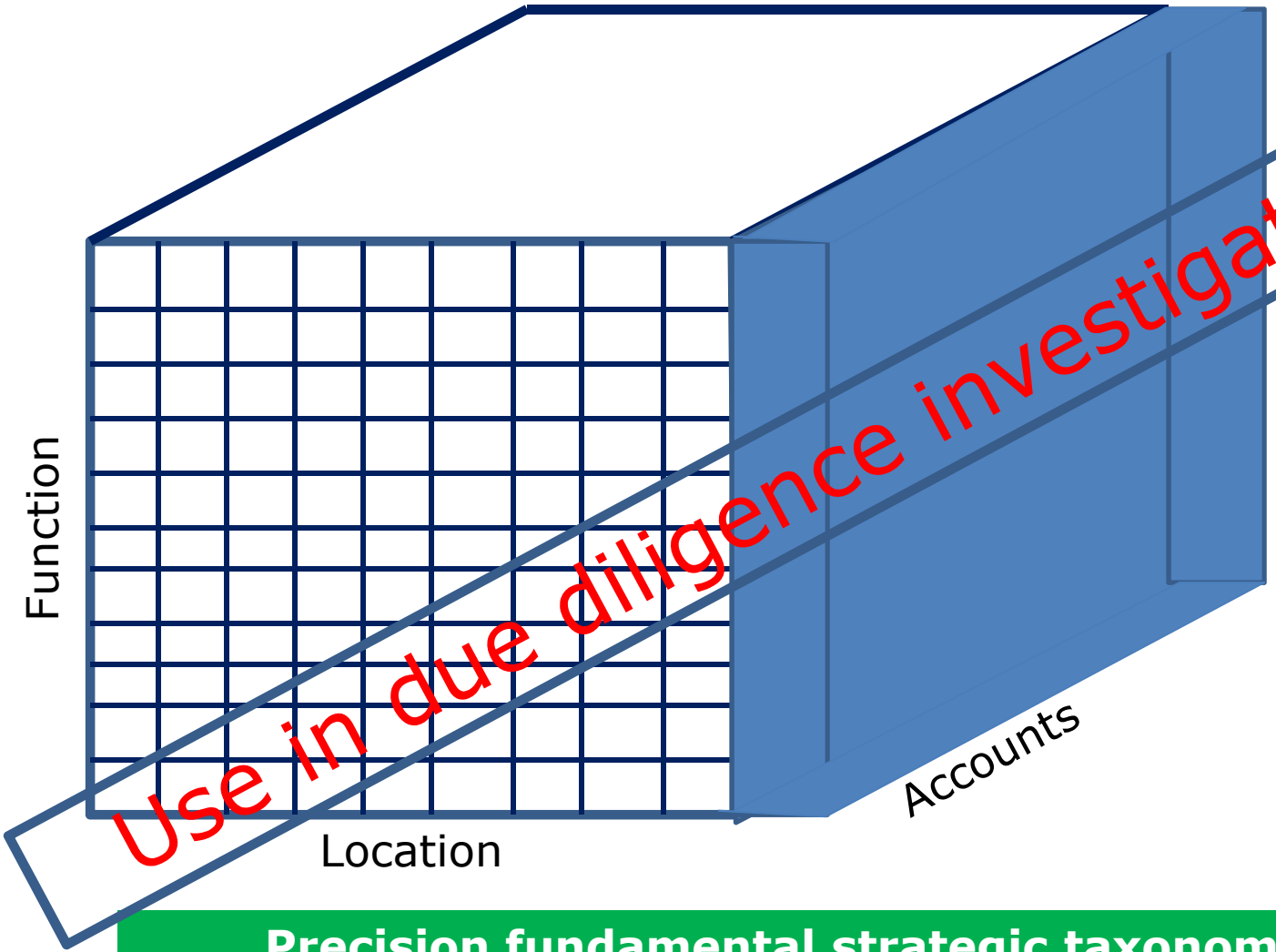
Example of "cubic business model" In General Ledger



Example of "cubic business model"



Use in acquisitions



Use in due diligence investigations also

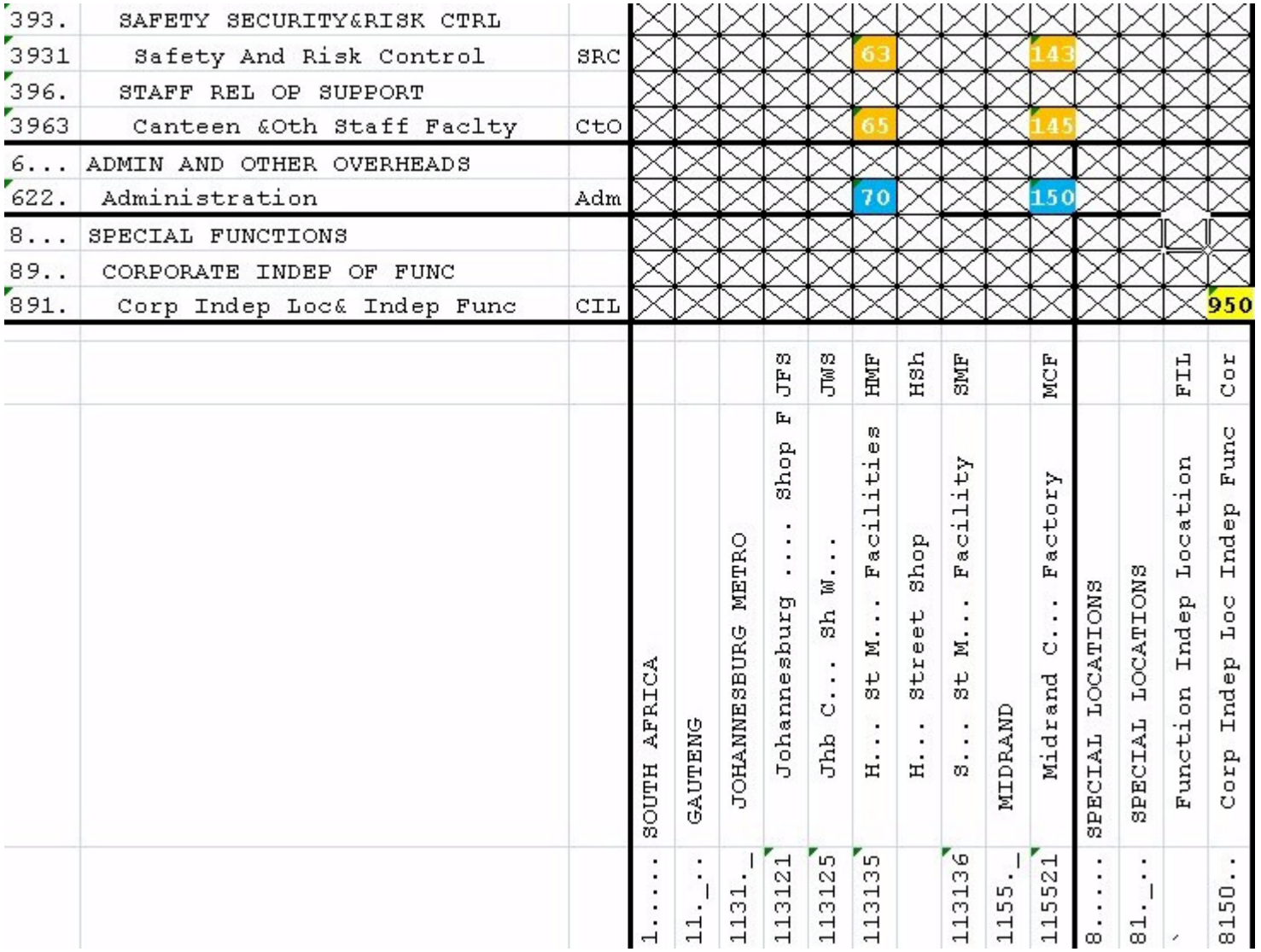
- Map existing data of newly acquired company onto existing precision strategic taxonomies
- Run all available reports against new acquisition within days
- Integrate and optimize the new business quickly and efficiently

Precision fundamental strategic taxonomies

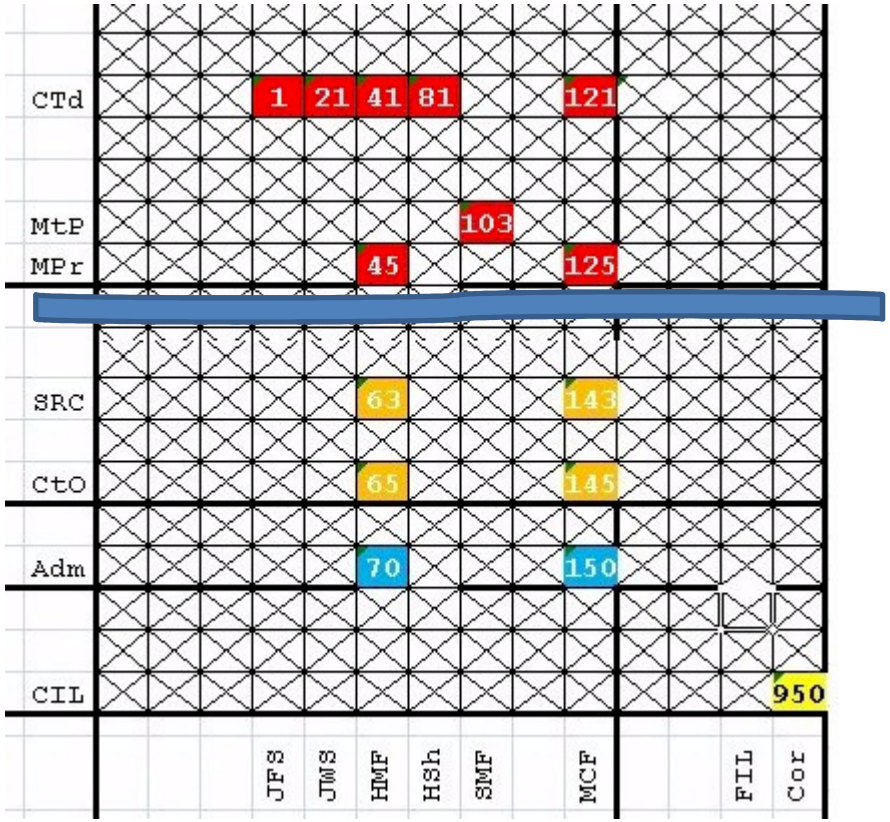
Financial cube
Face of actual cube – top of page

1...	STRATEGIC & OP MGMT		
15..	DIV STRATEGIC MANAGEMENT		
151.	Div Share of Grp Admin	Dad	901
152.	Div Share of Grp Mktg	DMk	902
153.	Div Share of Grp Sales	DSl	903
2...	CORE BUSINESS OPERATIONS		
20..	REVENUE FROM CORE PRODUCTS		
201.	Revenue from Core Products	CTd	1, 21, 41, 81, 121
26..	HIGH VALUE ADDED PROCESSING		
267.	MEAT PROCESSING		
2671	Meat Preparation	MtP	103
2673	Meat Processing	MPr	45, 125
3...	CORE SUPPORT		
31..	BRAND MAGMT MKTING SALES		
311.	MARKETING		
3111	Marketing and Public Rel	Mkt	50, 130
313.	SELLING		
3131	Selling	Slg	51, 131
3136	Operation Retail Shops	ORS	13, 33, 53, 93
315.	SALES SUPPORT ACTIVITIES		
3155	Sales Order Processing	SOP	55, 135
32..	DISTRIBUTION NON-CORE		
321.	Distribution Center Opn	DiC	58, 138
37..	MAINTENANCE & ENG SERVICES		
379.	Other Maintenance	OtM	59, 139
39..	OTH OPERATIONAL SUPP FUNCT		
391.	QUALITY CONTROL		

Financial cube
Face of actual cube – bottom of page

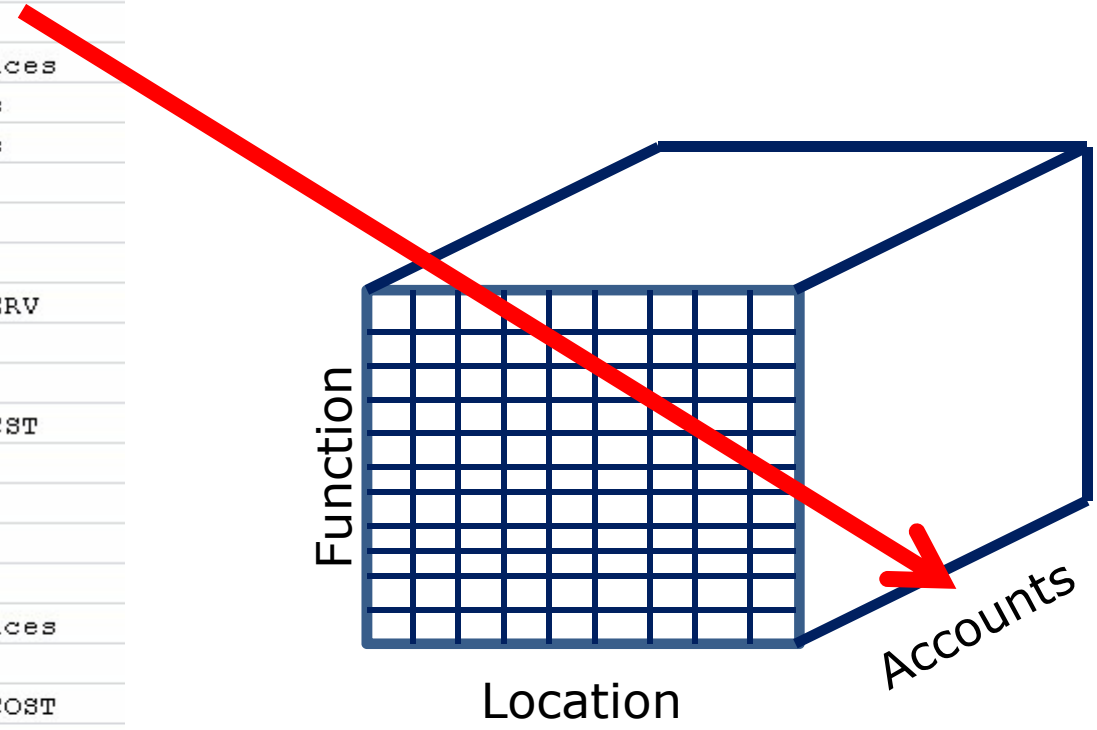


Financial cube
Face of actual cube – portion for illustrative purposes



Financial cube
Chart of accounts, the third dimension

4171...	PROF SERV BOUGHT IN
41711..	AUDITORS REMUNERATION
417111.	Audit Fees
417112.	Tax Services
417113.	Professional Services
417115.	Statutory Services
417119.	Other Auditor Fees
41715..	LEGAL FEES
417151.	Debt Collection
417155.	Other Legal Fees
41719..	OTH BGHT IN PROF SERV
417191.	Consulting Fees
417199.	Oth Prof Serv
4172...	COMPUTER & TELECOM CST
41721..	COMPUTER EXPENSES
417211.	Hardware
417213.	Software
417214.	Software Licenses
417216.	IT Technical Services
417217.	Group IT Charges
41725..	TELECOMMUNICATION COST
417251.	Telephone and Fax
417253.	Cellphone Costs
417256.	Internet Access
417259.	Oth Telecommunication
4173...	ADM & OH TRAV & ENT
41731..	LOCAL TRAVEL
417311.	Car Hire



Financial cube
Matrix analysis of the business

4171...	PROF SERV BOUGHT IN
41711..	AUDITORS REMUNERATION
417111.	Audit Fees
417112.	Tax Services
417113.	Professional Services
417115.	Statutory Services
417119.	Other Auditor Fees
41715..	LEGAL FEES
417151.	Debt Collection
41719..	OTH BGHT IN PROF SERV
417199.	Oth Prof Serv
4172...	COMPUTER & TELECOM CST
41721..	COMPUTER EXPENSES
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4173...	ADM & OH TRAV & ENT
41731..	LOCAL TRAVEL
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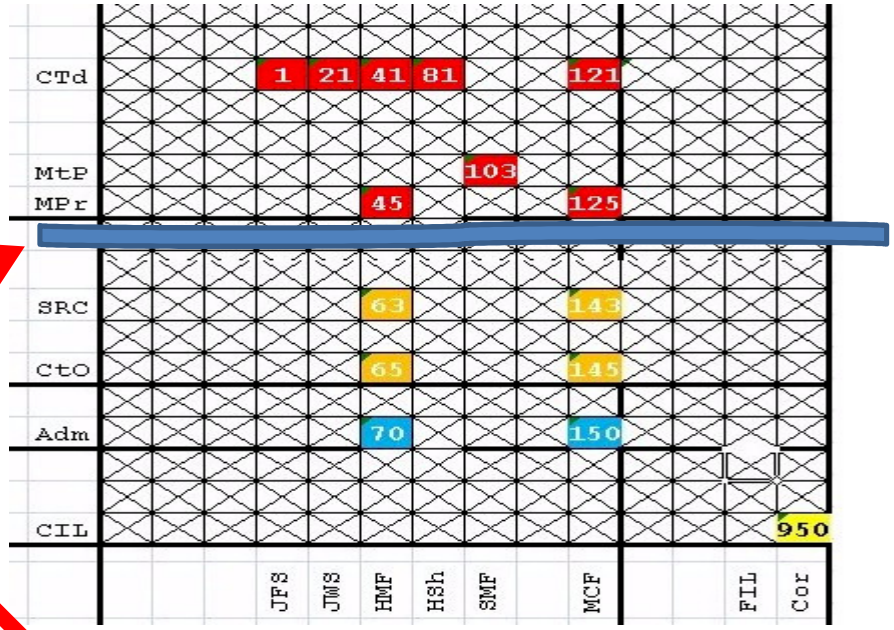
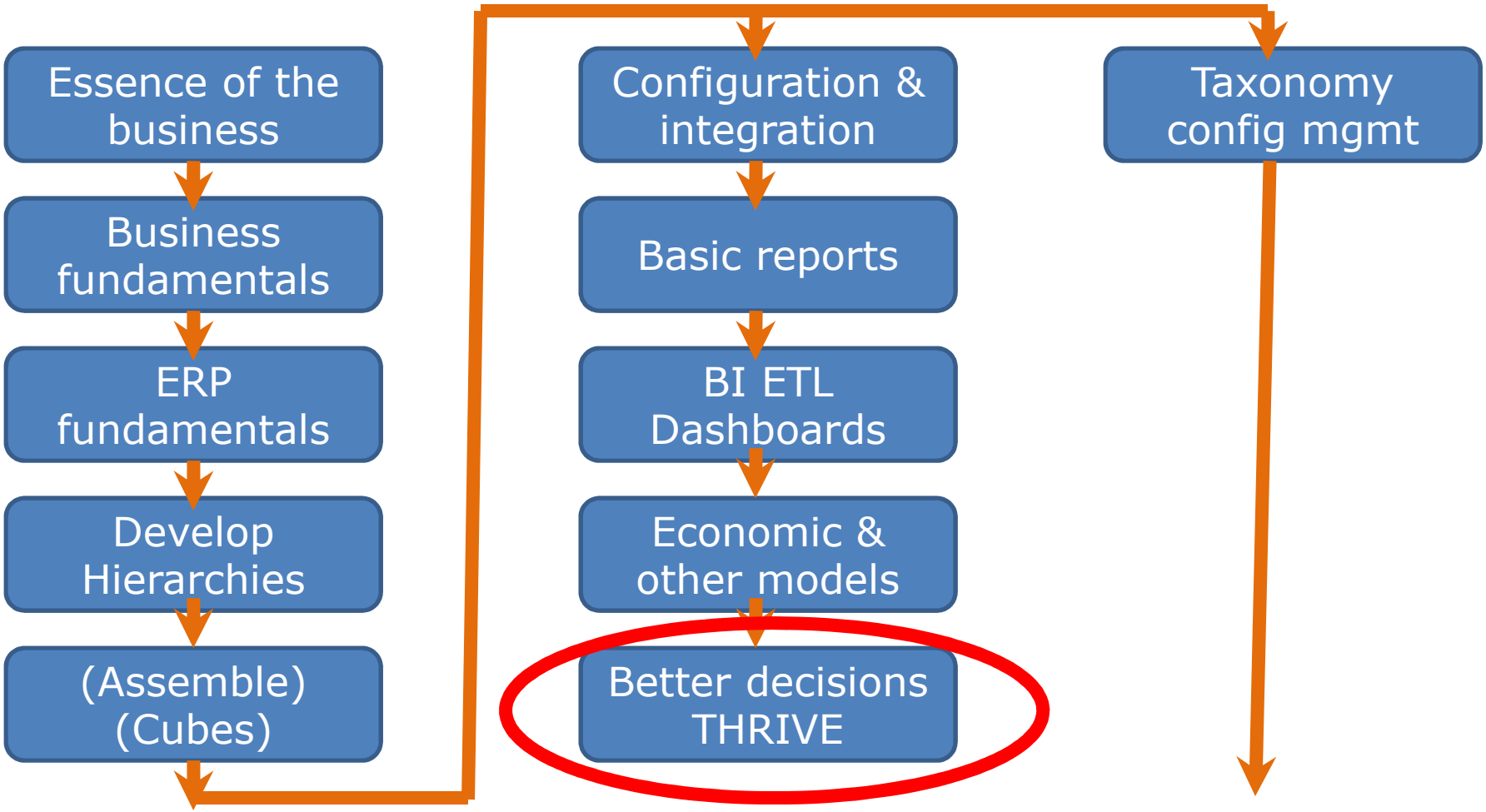


Drop down list on Chart of Accounts linked to matrix view of the cubic model allows any financial measure at any level of detail to be displayed on the matrix

The precision configuration process



Benefits of a comprehensi integrated intelligen 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

GL ↔ MM ↔ IM ↔ PM ↔ PC

Precision fundamental strategic taxonomies

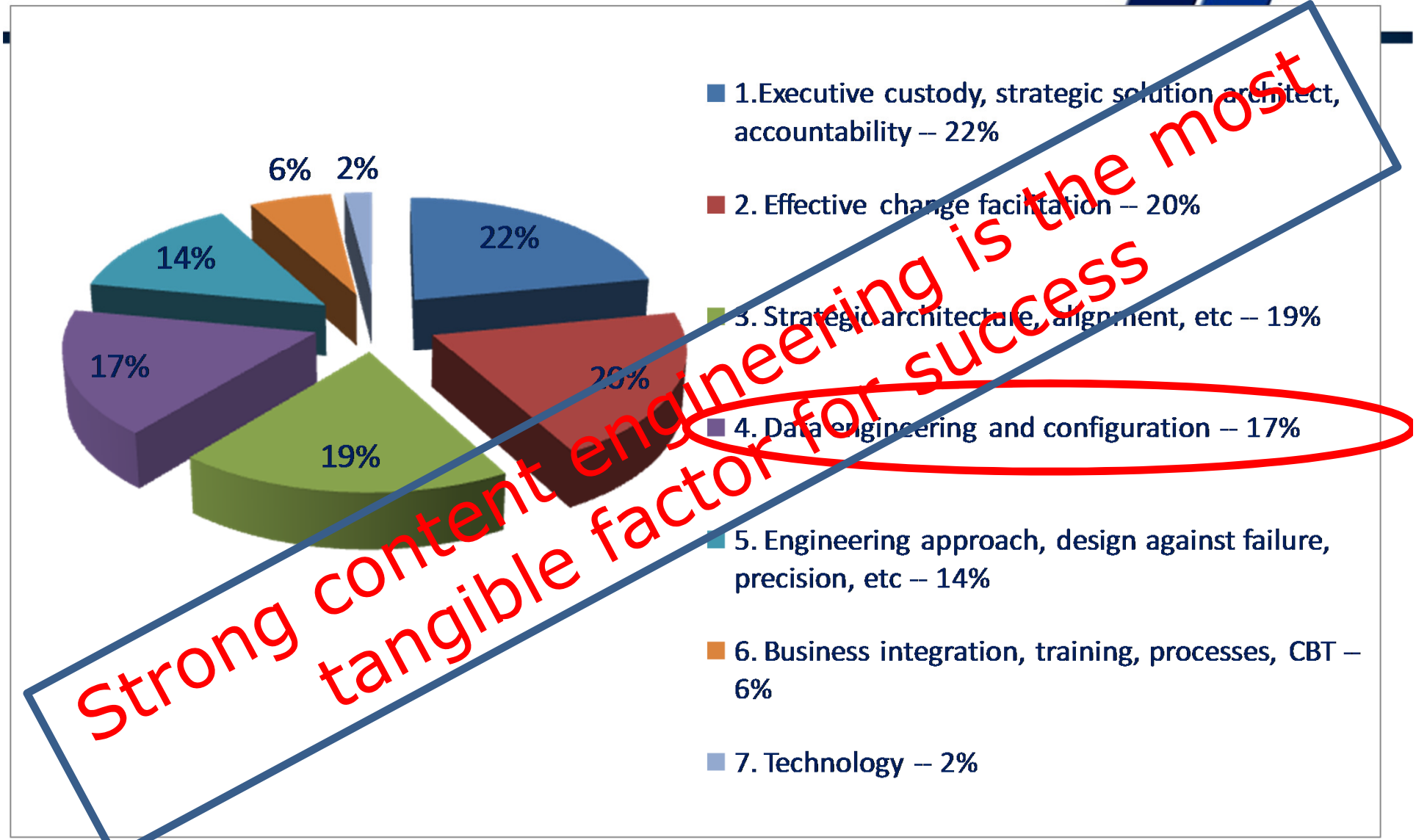
Characteristics of precision strategic content engineering Methods and standards

- 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

Components of Precision Configuration

1. Software settings
2. Cubic Business Model™ in the General Ledger
3. Asset classification
4. Product / Material / Item classification / catalogue
5. Classification of Personnel
6. Other specific classifications
7. Unique attributes on Products and other classification master data
8. General record level attribute settings
9. Other configuration settings

Factors for ERP reimplementation success

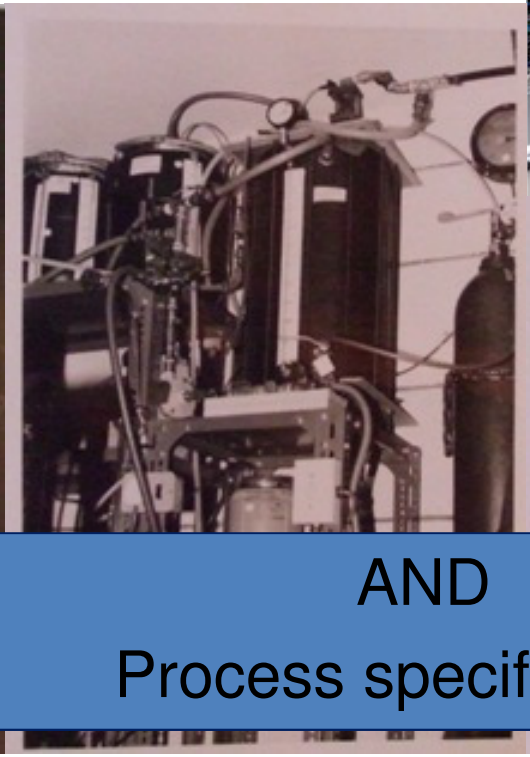


Laboratory

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

ALL possible scenarios thoroughly tested

Reports, BI, training, CBT…



AND

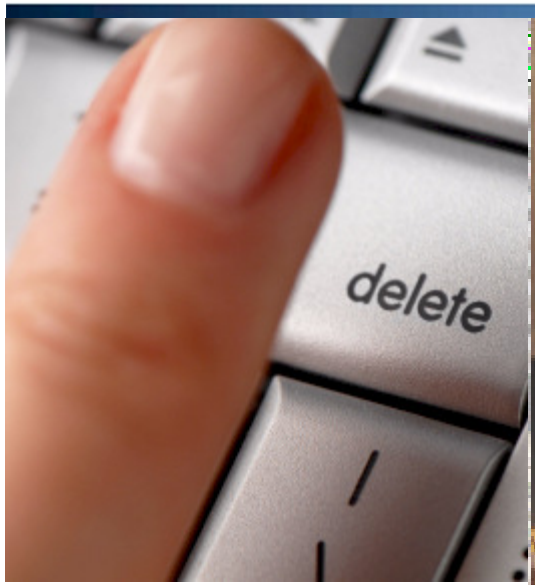
Process specification!

What is an ERP?
REALLY?

A huge precision data processing factory that SHOULD be fed precision data in order to produce precision results (the factory CAN be OLD) ☺

What is an ERP?
Refurbish

vs Deleting a building



The fundamental requirements for an ERP

- The answers to questions I have not yet thought to ask
- Enable me to run the business MY way
- Accurately model every aspect of my business
- Totally integrated solution
- Entirely reliable and dependable
- Fundamentally support the essence of the business and how it thrives (strategy)
- Fully support my day to day operational functions

Including but NOT limited to processes

Summing up -- PROCESS

- Business process obsession is killing ERP
- It is placing businesses at serious risk
- It is only a matter of time before MORE major clients SUE major implementers
- There are OTHER aspects of ERP configuration that are MUCH more important than process
- Strategic Engineered Precision Configuration based on Precision Taxonomies is **THE** ERP WAVE OF THE FUTURE

7 Steps to FIX your ERP

1. CEO take custody
    1. CEO is custodian of the integrated view of the business
    2. therefore custodian of the integrated business information systems (IBIS) comprising
        1. the Enterprise Resource Planning System (ERP)
        2. Data Warehouse (DW)
        3. Business Intelligence (BI)
        4. other systems
    3. high level strategic advisory support
    4. senior staffing
    5. oversight with limited CEO time

7 Steps to FIX your ERP

2. Strategic alignment

1. define and document the essence of the business and how it thrives
2. publish and make all personnel aware
3. evaluate all aspects of operation of ERP getting in the way of the essence of the business
4. long term plan to fully align IBIS with strategic direction

7 Steps to FIX your ERP

3. Standards, controls and disciplines

1. effective ERP operation requires robust and rigorous standards rigorously enforced
2. engage external specialists to develop the standards
3. take appropriate measures to implement and apply

7 Steps to FIX your ERP

4. Configuration audit

1. comprehensive audit of the configuration of the ERP and the corresponding data in DW
2. evaluate all code tables, validation lists, master files and other settings
3. make sure the purpose of every table or list is clearly understood and documented
4. note deficiencies
5. formulate long term plan to remediate
6. note how deficiencies ripple through into DW and BI and formulate plan to rectify

7 Steps to FIX your ERP

5. Comprehensive suite of taxonomies

1. define comprehensive suite of Strategic Engineered Precision Taxonomies (SEPT) for new DW

2. refer Taxonomy Manual

3. every single validation table or master list should be populated with precision taxonomies in the Data Warehouse – includes

    1. Chart of Accounts
    2. Cubic Business Model
    3. Product Class / Product Master / Material Master / Item Master / etc
    4. Customer Classification
    5. Supplier Classification
    6. etc, etc

7 Steps to FIX your ERP

6. Data warehouse and business intelligence

1. clean instance of Data Warehouse
2. keep the old instance running and build the new Data Warehouse alongside the old one
3. if you do not have a fully-fledged data warehouse, now is the time to obtain one
4. high risk and massive project to re-implement ERP **– so do NOT do it!!**
5. much lower risk to implement the new taxonomies first in a new Data Warehouse
6. does require drudge mapping
7. solves most critical decision support problems (80% of the problem for 20% of the cost)
8. IF correctly designed and implemented this will deliver exceptionally high value results

7 Steps to FIX your ERP

7. Progressive refurbishment of ERP

1. now know what needs to be done to ERP
2. will take incremental remedial steps in ERP to get DW working adequately
3. can do limited surgery on the ERP
4. progressive, pragmatic, incremental remediation of ERP over years
5. higher value, lower risk and lower cost route to greatly enhanced IBIS (ERP, DW, BI) operation in support of high value strategic decision making

Summing up – Precision Configuration

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
5. An ART and a science
6. Do NOT scrap your current system until you have thoroughly evaluated this
7. An opportunity for dramatic gearing of your current investment

Questions?

Dr James Robertson PrEng

James A Robertson & Associates

Telephone: ++27-(0)86-111-5409
Cell: 083-251-6644 (preferred)
Fax: ++27-(0)86-540-0178

P O Box 4206, Randburg, 2125, South Africa

www.James-A-Robertson-and-Associates.com
email: James@JamesARobertson.com

LinkedIn: http://za.LinkedIn.com/in/DrJamesARobertsonERPDoctor

Please remember to complete the evaluation forms

Finding the missing pieces of your I.T. and strategy puzzles