



Shared Lessons from a "Seasoned" CIO in implementing an ERP system.

Lesson 4 of 5 - Ensure everyone has the information they need to run their business

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Regardless of what your company's annual revenue and profits may be, an ERP system can help improve both of these critical business drivers. However, ERP implementations are often marred with cost and schedule overruns. In most cases Value Added Resellers who are very familiar with the technology ignore the importance of the business processes and peoples' resistance to change. In these series of articles we will outline five critical elements to ensure your ERP implementation is successful and that it provides the efficiencies promised. Interestingly, none of these elements have much to do with the technology, but are directly tied to the information needed by your company to run its business efficiently and to make solid decisions. A bad ERP implementation can paralyze the company.

In our previous issues we covered:

Lesson 1 of 5 - Fitting the ERP Implementation Process to the Company. [Read more.](#)

Lesson 2 of 5 - Who should do implementation management and why it is critical to success. [Read more.](#)

Lesson 3 of 5 - Train everyone that has to touch the system on concepts as well as functionality. [Read more.](#)

Lesson 4 - Ensure everyone has the information they need to run their respective business unit

The core of an ERP system is an information system, and while it is important for every individual and group to be able to get the information they need to run their respective business unit, "*one version of the truth*" must be available for the "C" level suite to properly identify

issues and effectively manage the company. The system must be able to properly and quickly gather and report information that is tied together and be not a set of disjointed data open to different interpretation by different organizations.

How the environment usually looks – in a typical environment, reporting is the last element being considered and often in the rush to get the system implemented on time, most organizations do not pay enough attention to verifying the content of the management reports or what information is needed to best manage the business. As a result, the following issues arise at the time of going live. (One big mistake is to assume that the system would have "standard" reports for the basic needs of your organization.)

- 1) Individual organization units end up designing their own management reports.

A lot of data is exported from the system by each group and being manipulated via Excel or Access. These reports are then used by the organization units to present their points of view and performance measurements to management.

- 2) Data overload on the one hand, and lack of information on the other hand.
 - a. Every organization unit has a different perspective of the business and uses different data elements in its reports. There is no consistency across organization units in terms of report preparation. Definitions for sales, returns, change orders, etc. are not consistently applied.
 - b. Consolidated reports that could be used to run the business end-to-end are missing.
 - c. Each manager's reports reinforce the tendency to manage his/her organization in a "stove pipe" fashion. Each has its own data, which has no cross-functional orientation. Without a single view across the every organization unit, everyone will be complaining about different matters that are usually the result of the same issue. Many hours are spent in wasted energy.
 - d. The standard reports provided by the system often do not match the needs of the business. As a result, no one uses them. Everyone creates their own reports, putting their best spin to it.

- 3) Organizations spend significant contracted dollars or personnel hours to write reports in Crystal, SQL report writer or another reporting package. However the people who write the reports have limited knowledge of the ERP package data flow. As a result some reports have wrong information in them. Just as bad, some of those who write the reports have difficulty figuring out which data elements to use to properly report certain elements.

What the environment should look like – One should create a specific work stream to handle development of reports with the same rigor that is used in collecting system application requirements. Here is what that looked like during the execution of a successful implementation:

- 1) During our project planning activities we dedicated a work stream to identify, analyze, develop, test and implement reports across the entire organization.
- 2) Each group's critical requirements were considered in combination with the needs for consolidation at a financial level and at the management control level.
- 3) We ensured that all organization units understood the origins of the data being reported so that customizations could be minimized and done more efficiently.
- 4) We clearly identified all standard system reports and rewrote them only if necessary.
- 5) We moved the client from Crystal to SQL Report services, which allowed us the capability to better aggregate data for reports.
- 6) We ensured that management ran the business units based on the agreed reports and not every single spreadsheet generated by individual organizations. This helped us get to "*one version of the truth*"

In the next article of this series we will outline that last critical element to ensure the investment spent on ERP implementations yield the correct ROI.