THE CHALLENGES OF WORKING WITH THE WRONG CONSULTANT

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The Challenges of Working with the Wrong Consultant

INTRODUCTION
In an effort to sustain growth, profitability, and competitive advantages, companies today are under an immense amount of pressure to optimize their business processes, information systems, and margins.

In turn, many executives are weighing the costs and benefits of retaining an older ERP system (or systems) and inefficient processes against the costs and benefits of selecting and implementing new ones. Legacy systems, although on older technology, provide companies a level of comfort - comfort that is likely at the sacrifice of increased efficiency, visibility, and growth.

As a response, many companies are undertaking business transformation projects as a key priority now. These are projects that align an enterprise's people, processes, and technology investments more closely together, globally, to achieve more efficient and effective processes, and to gain information insight advantages. For many companies, these projects aim to reduce costs, accelerate growth, improve quality, and increase efficiency - and can span a period of months or years.

Unfortunately, we find that while many companies have made investments in IT business transformation projects looking to improve, standardize, automate, and consolidate systems and processes - few have actually achieved the business results they targeted. We believe this is because many organizations, and their software resellers, still view today’s business transformation projects as “traditional ERP implementations”.

TRADITIONAL APPROACH TO BUSINESS TRANSFORMATION: FOCUS ON ERP SOFTWARE
A common mistake made by software resellers today is to put too much up-front focus and emphasis on technology – the devices and software used to run a business. These companies are so driven by the opportunity to sell licenses that they ignore the heart of any business transformation project: the people and processes that rely on those systems.

In a traditional ERP implementation, companies select their ERP package and vendors first based on presentations by marketing people, technical demos, and an overview of the benefits typically received by customers using those systems. Following this decision,
companies immediately rush into implementing the ERP software based on how the system operates, and using best practices the vendor has learned from previous implementations.

The issue with this approach is that it completely ignores the way a company currently operates – and how it would ideally operate in the future in order to improve business performance and maintain a competitive advantage – and instead dictates procedures and processes based on how the technology (already purchased) is built to work. Often times, this is when companies find that the system they have chosen just isn’t designed to fit the processes that are unique and specific differentiators for their business.

Unfortunately, by this point, investments into software licenses and implementation have already been made and, in order to avoid the lost cost, many companies find themselves trying to make the system meet a subset of their original requirements. Sure, they can force the system into their business much like jamming a right foot into a left shoe; however, the system will never be comfortable, function properly, or enable the business to perform at desired levels. This discomfort then leads to workarounds, outside systems, manual processes, disconnected people, and delays in decision making.

At Merit Solutions, we believe this traditional “software reseller” approach is why recent ERP Reports find that half of the organizations surveyed never achieved even 50% of the expected benefits from their investments into their ERP system. Additional research shows that most of the failed ERP implementations were caused by a misalignment between an organization’s people and processes and their selected ERP system, and that this misalignment typically worsens over time as a company experiences changes such as acquisitions, organizational structure changes, international expansion, or supply chain optimization.

**THE ROADMAP**

Before going on a trip, every planner needs to have three pieces of vital information: a starting point, a destination, and a map. Only after those pieces of information are obtained can one begin planning time and budget allocations, methods of transportation, potential hazards or obstacles to avoid, tools needed for success, and the amount of resources required to survive.

The same can be said about organizations embarking on a business transformation journey. In order to ensure a successful transformation, companies must first understand where they are starting (current, “as-is” business processes), where they are going (future, “to-be” business
processes), and how they are going to get there (blueprinting / mapping). Just like planning a vacation, when this information is overlooked, it is very unlikely to achieve any sort of positive results.

Business transformation mapping is one of the most important parts of any process optimization or ERP implementation project. It requires step-by-step, in-depth understanding and documentation of the processes required to run a business. Not only that, it requires identifying how each process is currently accomplished today (“as-is”) and how each of those processes will be accomplished in the future (“to be”). Once these pieces of information are documented, a roadmap can be built that will direct the company how to implement changes from the “as-is” state to the “to-be” state. Finally, the company can successfully plan for the journey, identifying and allocating budget, timing, resources required, and selecting the tools (systems) needed to be successful. This planning is conducted with awareness of the fit and any gaps between the future state processes and the ERP software, thereby eliminating much of the risk associated with the traditional approach to deploying ERP software.

Without proper business transformation mapping, customers lack an understanding of how they should be operating in order to achieve maximum success. Unfortunately, these customers end up choosing ERP systems that demo well from people that intend to sell the software as their primary motive. But when it comes to implementing the new system, these companies find themselves forced.

**Benefits of Business Transformation Mapping**

Although Business Transformation Mapping requires an investment into completing this up front work, it is nothing compared to the potential risks and costs associated with failed or drawn out business transformation projects that are the result of working with the wrong consultants or selecting the wrong ERP system. By taking the time needed to properly map and plan business transformation projects, organizations can greatly reduce the risk of moving to a new ERP system and significantly increase the probability for success.

In addition, companies that embrace business transformation mapping can expect to achieve the following benefits:
Optimize Processes

The most fundamental driving force for a company's business success is their people. However, the way people perform the tasks and processes necessary to complete their workloads can make the difference between success and failure in today’s markets. Business transformation mapping provides companies with a clear understanding of how business processes are currently functioning and where processes can be streamlined, optimized, automated, or removed completely in order to increase efficiency and productivity, improve speed and agility, and maximize profitability.

Eliminate Waste

Waste is anything in an organization the does not add value to the customer. No matter how great a company may feel about certain features or processes, if their customer does not find value in it, it needs to be removed. Eliminating waste is one of the most compelling benefits of undergoing business transformation mapping. By mapping out every process required to operate, companies can identify the different types of waste that can be removed in order to improve efficiency and reduce costs. The types of waste include overproduction waste, waiting waste, motion waste, transportation waste, inventory waste, excess capacity, and defect waste.

Improved Customer Satisfaction

By removing waste from the products and services provided to clients, and by further optimizing business processes, organizations can take advantage of new ways for work to be delivered and new ways to exist in the relationships they have with their customers – causing an increase in the value that customers derive from their products and services. As customers perceived value increases, so does customer satisfaction and loyalty, improving the probability that they will remain a client in the future. And research shows that retaining existing clients is up to 10 times more cost effective than obtaining new clients.

Improve Profitability

Business transformation mapping is about improving processes and using systems to deliver products and services better, faster, and at lower costs. And since it can be applied to every facet of an organization - from procurement, to sales, production, human resources, financials, order delivery, or support – it is one of the most efficient ways a company can drive
additional profits to the bottom line. By automating workflows, eliminating errors, removing redundant tasks, and standardizing processes, companies can free up employees’ time, enabling them to write more business and focus on improving service levels. All of this goes directly to the bottom line because companies don’t have to hire new people or add overhead to support new growth goals.

**Establish a Foundation for Continuously Improving Business Performance**

Business success isn’t just about competing effectively today; it’s also about staying competitive in the future. The goal of any global organization is to enable the company to achieve long-term growth and profitability goals, not just short-term “wins”. In order to do that, companies need to streamline and manage operations to help improve efficiency and profitability. They also need a business management solution that empowers people throughout the organization with insight to plan more effectively, align with strategic initiatives and growth goals, and make better decisions that continually improve performance.

**Business Transformation Mapping: Components and Deliverables**

Business Transformation Mapping is a pre-software selection and implementation phase that ensures a successful outcome of your technology investment into ERP systems and business transformations. The purpose of the Business Transformation Mapping phase is to set out the future business processes that will make the organization most successful, and to evaluate those future state processes against the desired ERP software being considered. This approach assesses the fit and identifies gaps between the future state processes and the standard operating ways of the software. Using this fit-gap analysis approach, an organization can accurately determine project costs, schedules, required resources and expected outcomes while dramatically reducing the risk of the investment.

There are eight main activities that are performed during the Business Transformation Mapping process.

**Detailed Business Process Analysis**

A Detailed Analysis of Business Processes is used to identify and define business processes that will be implemented, and the enablement and support for those processes by the ERP software. Ideally, this activity consists of a
workshop for each business area, involving key users from the customer's business.

The process of performing a detailed analysis of business processes will generally result in a detailed flow diagram for each business process. The results of the Business Requirements Workshop are analyzed and the business processes and information captured during the workshops is used to create the Functional Requirements Document (FRD). The FRD forms the main deliverable for this activity, and is a necessary input into the Fit Gap Analysis worksheet.

**Future State Design Document**

During this process, we review the client’s as-is business processes defined in the Detailed Business Process Analysis activity in order to develop the “to be” (future) business processes for the company. This process will identify where changes will need to be made to existing business processes in order to optimize performance, reduce waste, and align with the ERP software functionality. At the end of this activity, companies have an understanding of the job roles required to perform individual activities and processes.

**Fit Gap Analysis**

The purpose of the Fit Gap Analysis and Solution Blueprint is to identify any gaps between a company’s requirements and the ERP software application functionality. During the Fit Gap Analysis, we will first review and identify a complete list of requirements, documenting the fits (including standard and configured features) and gaps between the requirements and the potential ERP solution.

The deliverable of this task is the Fit Gap Analysis spreadsheet which lists all the business requirements and whether the ERP software is confirmed as a fit or defined as a gap. The result of this analysis provides input into determining the appropriate solutions to address any gaps, including workarounds, industry specific software, or other third-party software or hardware components required for success.

**Description of Interfaces**

The next process is to examine the custom interfaces for the existing solution. This includes assessing any custom code written to interface the solution to third-party solutions, such as an external database for reporting purposes.
The purpose of this activity is to determine which existing integrations and interfaces need to be upgraded while designing the Integration and Interface elements of the new ERP solution.

**Data Migration Plan**

The purpose of Data Migration Plan is to map data fields from existing sources and to design the data migration process by identifying the migration tasks to perform. The process begins by listing existing data sources and the specific information to be migrated. This is followed up with an evaluation of the quality of the source data and determining any Data Cleansing requirements. Finally, a data migration plan is made for performing the actual data conversion, including a schedule of events, a list of client and Merit Solutions tasks, how to identify duplicate records, and the amount of data to be migrated (does all historical data need to be migrated to the new system?).

**Infrastructure Assessment**

The purpose of the Infrastructure Assessment is to assess a company’s existing infrastructure and hardware specifications and then define what type of infrastructure and hardware specifications (including hardware) will be required to support the new ERP solution. The infrastructure assessment will provide a comprehensive report that details performance projections, assumptions and recommendations. It will also ensure that performance and scalability capabilities of the proposed ERP solution will address the future business requirements of a company.

**Project Plan**

Once all of the above business process and functional requirements documentation and analysis is completed, the next set of activities relates to project planning – defining the resources, time, and budget that will be required to execute the ERP implementation. During this process, we will also perform an assessment of the skills requirements and proposed roles, responsibilities, and implementation and project governance methodology. Finally, the Project Plan will identify potential risks and mitigation activities to reduce those risks during the implementation.

**Conclusion**

Every company implementing an ERP solution has the intent of improving and automating business processes. Unfortunately, most companies never achieve those results and quickly find themselves experiencing the same issues, delays, and costs – just with a different technology platform.

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At Merit Solutions, we believe this is because many organizations do not invest the time and expertise to define their current processes, their desired future state, and a map on how to get there most efficiently and successfully. Instead, these companies fall into the “traditional ERP implementation” trap, selecting an ERP package from a software reseller based on typical use scenarios, generic software demos, pre-configured templates, and industry best practices. Unfortunately, these are only “smoke and mirrors” designed to get a company to buy software based on the machinations of the vendor’s sales team versus selecting a system that best supports the company’s future state processes.

The most successful businesses today didn’t view their Business Transformation journey as an ERP implementation; instead, they viewed it as an opportunity to optimize performance through improved business processes and the underlying technology that enable those processes. These organizations engaged the time and expertise required to properly define their current and ideal business processes prior to selecting the software that best supports those processes. By shifting the focus from technology to processes, these companies established a foundation for continually improving business performance.

As a growing, dynamic enterprise, your business transformation project requires more than just business software. Make sure you also select a partner that is an expert at enabling not just the software technology, but can drive true business transformation and unlock more value from people and processes. The right resource can provide the right services and support to ensure that your technology investments help you – and don’t leave you in the 50% of customers who never realize the benefits of their investments.
ABOUT MERIT SOLUTIONS

Merit Solutions is a global business process consultant and systems integrator with offices in North America and Europe. We are a focused-strategy company with the goal of being the very best at helping clients automate, grow, and transform their business through process mapping and optimization, change management, and innovative IT consulting and development services.

Merit Solutions works with clients to understand and triangulate their exact business needs in terms of people, workstreams, and enabling systems. From future state business process mapping to systems analysis, fit-gap process definition and scoping, sourcing, design and deployment, integration with other systems, and on-going support - we provide end-to-end global services that help clients successfully transform their business and build a foundation that continuously flows value to their customers.

Our clients are typically medium to large, global enterprises who are challenged by inefficient workstreams that cost money, waste time, and reduce quality; information flows and systems that no longer support the goals of the company; and lack of visibility into business data which impedes effective decision making.

ADDITIONAL RESOURCES

Related resources to this white paper include:

- ERP Evaluations: How to Select The Best System to Grow Your Business
- Ineffective Change Management and ERP Implementations
- Reducing Risk to Enable Successful ERP Implementations

Information on Merit Solutions or other publications can be found on www.meritsolutions.com