

What to Do Post-ERP

A Comprehensive How-To Guide



Using This Guide

At Trenegey, we've created a comprehensive toolkit to help organizations determine how to ensure their new Enterprise Resource Planning (ERP) system is properly supporting the company and—more importantly—providing the value expected. Most ERP implementations are expensive and painful to complete. Once the new ERP is live, we find companies often reevaluate the impact on the overall organization and adjust processes, organizational structures, and application architectures to obtain the expected value.

The traditional post-ERP assessment lacks a holistic approach and addresses process, organizational, and reporting issues in silos. We've found a better way: perform the assessment with a focus on how the business operating system (BOS) can be refined based on leveraging functionality provided by the ERP. Once these refinements are identified, the assessment will determine how the new ERP can support key components of the business operating system (BOS) to ensure every activity contributes to strategic value and cash flow. This enables each person or function to work toward the organization's betterment.

We trust this guide will be valuable to your company's adoption of a business operating system, and we hope you find it informative and useful.

As a Reminder: What Is a Business Operating System?

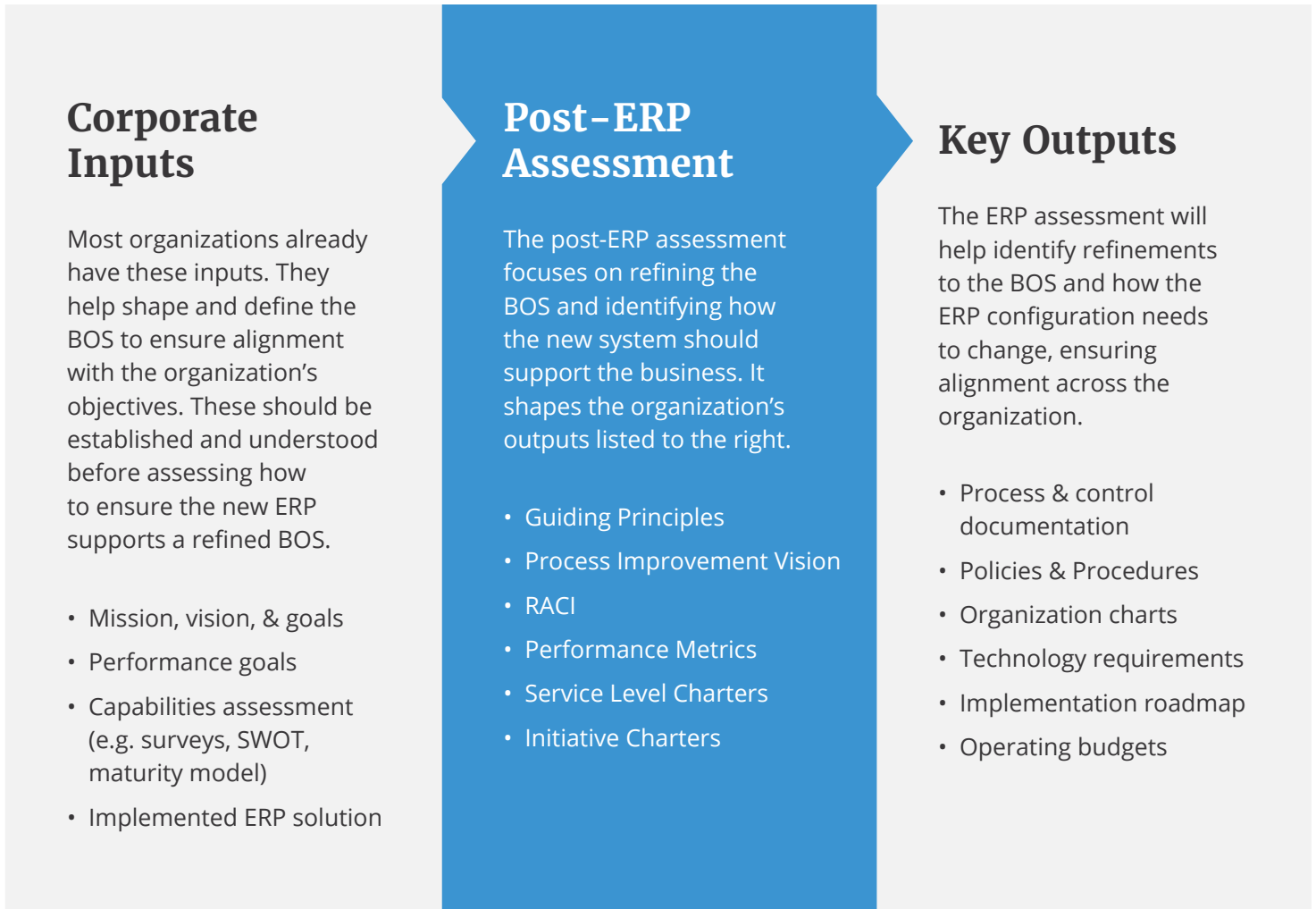
"Business operating system" is a relatively new term, but the concept has been around a long time. The jargon has morphed over the years, and you may have previously heard it called "company management system" or "operating model."

Contrary to how it sounds, a BOS is not a computer program. It's the processes, systems, and roles and responsibilities that allow organizations to operate consistently and efficiently. Put simply, a BOS is an operating model where an organization's mission, vision, and strategy influence how they do business.

A post-ERP assessment needs to determine how well the new system supports the key components of a refined BOS. Issues, gaps, alternatives, and recommendations are identified in improvement initiatives that can be prioritized and executed. The completion of the initiatives should result in a properly configured ERP that supports a refined and streamlined BOS.

Context of a Post-ERP Assessment

Before jumping in, it's important to understand how a post-ERP assessment refines and supports the key components of a BOS. The visual below provides context.



In this guide, we'll be focusing on building out the six components listed above.

The Toolkit

The following pages in this guide cover the six components of a comprehensive and effective business operating system.



Guiding Principles

Value

Guiding principles are short statements that describe core values. They outline goals for interacting with and serving the rest of the business. For guiding principles to have a real impact, they should be based on input from all other areas of the organization. These guiding principles serve to provide structure and direction. Without them, it's a little like riding a horse without a bridle. You'll get somewhere, but it might not be where you intend.

Do's

- Keep the statements brief and clear
- Communicate to everyone on the team and other teams across the company
- Strive for inspirational statements
- Use the process as a way to encourage the team to challenge the status quo

Key Steps

1. Review organization's mission and vision
2. Inventory what worked well and what didn't during the ERP implementation
3. Make a prioritized list of what is important to the team
4. Gather leadership team to brainstorm guiding principles
5. Review guiding principles with executives and other teams for feedback
6. Communicate principles to the entire team

Don'ts

- Don't confuse guiding principles with goals
- Don't get bogged down with too many principles
- Don't spend too much time wordsmithing

Get the Numbers Right - A robust fiduciary environment is the base of finance

- Getting the numbers right is always our priority
- The fiduciary environment is global in nature - one umbrella that encompasses all aspects of the business
- Continually strive to achieve consistency, predictability, reliability, correctness, accuracy, compliance
- Contribution of work groups reduces risk, fraud and misconduct
- SOX - we continually strive for efficiency, increasing robust product

The Best Team Wins - finance effectiveness will be a result of finding the right team in the right structure.

- Employ experts in their field
- Focus on quality within the process
- Eliminate rework by doing it right the first time
- We do accurate work fast
- We simplify the complex

Business Partners - Finance has a seat at the table as a trusted advisor to the business.

- We will empower our internal customers accurate, meaningful and timely solutions
- Key metrics required to manage the business identified and defined globally with one and the same
- Standard reports will be created and the business is being measured and one across the company
- Ensure finance and its customers are all responsible for what finance will deliver

Finance Guiding Principles

Finance is a global function with a focus on maintaining a robust fiduciary environment and efficient systems and processes. Finance provides valued guidance to the business and is viewed as a critical business partner with a voice and a seat at the table. We leverage our unique view of the business to bring a valued perspective to the issues and opportunities within the organization.

Get the Numbers Right - A robust fiduciary environment is the base of finance

The Best Team Wins - Our effectiveness will be a result of finding the right team in the right structure

Business Partner - Finance has a seat at the table as the trusted advisor to the business

Finance Leads the Way - We leverage our unique view of the business to take the lead on issues and opportunities



Process Improvement Vision

Value

A process improvement vision is a picture of how well a company wants to perform across key processes and what capabilities are needed to accomplish goals. Creating a process improvement vision helps companies decide what peak performance looks like for each department and how the new ERP can support this vision.

Do's

- Communicate across departments to ensure there are no inconsistencies
- Focus on what the organization should be doing
- Start with process and organization leading practices
- Be honest about current barriers

Key Steps

1. Define key work processes required to run the business
2. Identify sub-processes and activities within each key work process
3. Identify how the new ERP is and isn't enabling the key work processes
4. Gather team to identify barriers to success
5. Identify how process changes, organization roles, and systems can be used to achieve goals
6. Share practices and goals with other teams and executives for feedback

Don'ts

- Don't be too detailed or bogged down with minute steps
- Don't identify leading practices solely focused on technology

Inquiry to Order Process Improvement Vision Product Management

Common Industry Issues	Supporting Activities
1. Lack of original visibility of demand, new forecasts, and market needs makes it difficult to manage the product line portfolio	Forecasting
2. Not capturing customer product requests or customer feedback	Customer Feedback
3. Proliferation of SKUs makes it very difficult to effectively manage the product portfolio and savings	Product Portfolio Management
4. Monitor the rapidly new customer information can not communicate to other departments and across regions	Customer Information
5. No robust or transparent prioritization methodology with new product development or marketing mix and product development	Product Development
6. Not incorporating customer feedback in product development project prioritization	Customer Feedback
7. Visibility into dependent demand	Product Development
8. Roles and organizational structures are not defined to enable product line management, ownership, and to achieve our goals	Product Development
9. New line analysis not reflecting customer input from the market and sales	Product Development

Process Improvement Vision Agenda

A process improvement vision needs to be developed to reflect business needs

- Market to Sell
- Order to Cash
- Plan to Inventory
- Procure to Pay
- Record to Report
- Hire to Retire
- Environment, Health, & Safety

Market to Sell

Care Work Processes: Market, Product Management, Price, Sales Management, Customer Engagement

Functions: Marketing, Product Management, Pricing & Contracts, Sales, Sales Support

Supporting Activities:

- Marketing: Perform market research, identify market trends, Track market share, Finance marketing initiatives, Maintain brand strategy, Manage promotional activities, Develop channel strategy, Hire new customer web presence
- Product Management: Review customer specs, Conduct feasibility analysis, Design products, Introduce & promote product, Manage product data, Rationalize product portfolio, Conduct quality reviews, Gather customer research, Profitability analysis, Retire products
- Pricing & Contracts: Maintain pricing governance process, Perform pricing analysis, Minimize global price leak, Manage rebates and allowances, Deal performance reviews, Develop pricing models
- Sales: Identify sales leads, Engage prospects, Engage with channel partners, Conduct sales analysis, Manage sales portfolio, Pipeline analysis, Negotiate pricing & contracts
- Sales Support: Create & submit quotes, Maintain customer master data, Manage customer expectations, Resolve customer requests, Wake of the customer analysis, Manage customer lead times



RACI

Value

A RACI is a tool enabling organizations to identify roles within processes established in the Process Improvement Vision. The RACI identifies who is **R**esponsible, **A**ccountable, **C**onsulted, and **I**nformed for each business activity. A well-constructed RACI identifies duplication of efforts and allows organizations to streamline roles and decision making. It's often used to ensure the organization isn't wasting money on excess staff.

Do's

- Make sure everyone understands what the four components of a RACI mean
- Break up activities where there are potentially multiple "accountable" roles
- Use a large group setting to build consensus when developing a RACI
- Align RACIs across all business functions to identify overlap

Key Steps

1. Gather list of activities from the Process Improvement Vision
2. Identify key roles within the organization
3. Gather team leaders to map who is responsible, accountable, consulted, and informed for each activity
4. Identify areas of overlapping accountability and adjust the RACI accordingly
5. Capture process improvements needed to implement RACI
6. Rationalize RACI with job descriptions, policies, and ERP security model

Don'ts

- Don't include approval steps as an activity (e.g. approve payroll)
- Don't have multiple people accountable for one activity
- Don't overthink consult and inform

Business Process Optimization RACI		Varis	Steve	Lisa, Mike, Teri, James, John	CPDT Members	Robie	Executive Leadership
Project Phase	Activity	Project Lead	BPO Lead	Advisory Team	CPDT	CEO	ALT
Survey	Complete Initiation Request (Phase 0)	R	A				
Analysis	Complete Phase II of Business Case	R	C	A	C, I		
Analysis	Review drafted Business Case		R, A	C			
Confirm	Approve project	C, I	R	A			
Confirm	Determine project funding, priority, and kick-off	C	C	R		A	
Confirm	Develop Change Management Plan	R	A	C, I	C, I		
Confirm	Review and approve Change Management Plan	C, I	R, A	C, I	C, I		
Confirm	Complete PMI or A/E Forms	R, A	C, I				
Implement	Present Status and Milestone Updates	R	A, C	C, I			
Implement	Communicate Project Risks and Issue Resolution	R, A	C, I	C, I	C, I		
Implement	Track project scope changes and obtain approval from	C	R	A	C, I	C, I	
Implement	Conduct Change Readiness Assessment	R, A	C, I	C, I	C, I		
Implement	Communicate Go/No-Go Decision	C, I	C, I	R, A			
Sustain	Provide Project Evaluation & Sign-Off	R	A				
Sustain	Document Lessons Learned	A, C	R	C			
Sustain	Perform project lookbacks	A, C	R				





Performance Metrics

Value

Performance metrics identify key leading and lagging indicators of an organization's success. Performance metrics give individuals and teams a way to measure success in alignment with overall organizational goals. An integrated and well-defined performance metrics program helps teams and individuals know what's important for success and drives them to focus on achieving what's important.

Do's

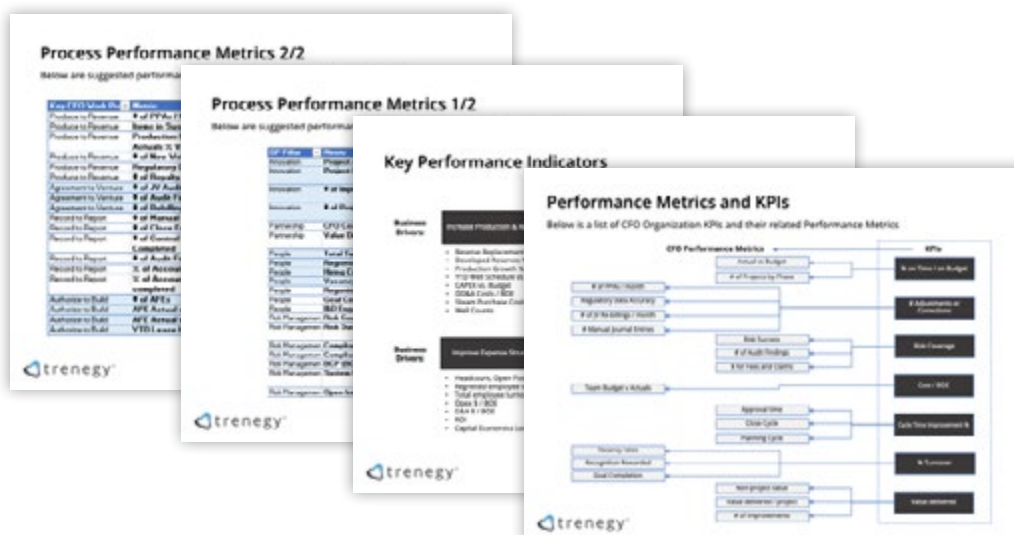
- Remove critical success factors that cannot be measured (e.g. employee happiness)
- Keep metrics simple and straightforward
- Clearly define each performance metric to avoid confusion
- Prioritize leading and lagging indicators
- Clearly understand how metrics tie to overall organization value measures and goals

Key Steps

1. Review company goals and objectives
2. Identify critical success factors needed to achieve objectives
3. Identify metrics for each critical success factor
4. Review metrics with teams to identify process for capturing and reporting metrics
5. Set targets and align metrics with team and individual goals
6. Incorporate metrics in performance management processes
7. Review ERP solution to determine how metrics will be captured

Don'ts

- Don't create complicated formulas
- Don't consolidate multiple metrics into one complex metric that nobody understands
- Don't include metrics that aren't tied to the organization's critical success factors





Service Level Charters

Value

Service level charters rationalize the work being done in each role and drive accountability for meeting efficiency targets. Defining responsibilities and accountabilities can prevent duplication and reduce error rate. A service level charter that defines roles between departments improves communication, provides a source of accountability, and increases efficiency for everyone involved.

Do's

- Keep it to one page so it's a quick, easy read
- Assign single team accountability for each
- Include what's expected of the internal customer in turn for the service provided
- Understand potential costs for a higher or lower level of service
- Include the right parties in the negotiation of agreements
- Identify clear metrics for measuring success

Key Steps

1. Prioritize critical work processes providing a service to other parts of the organization
2. Identify scope and limitations of service provided
3. Identify service metrics and targets
4. Identify risks and expectations from internal customers
5. Review and negotiate charters with internal customers
6. Build charter governance processes
7. Determine where/how the ERP can support the service level agreements

Don'ts

- Don't create charters for internally focused activities that aren't tied to internal customer success
- Don't create long, wordy charters that won't be read by anyone
- Don't overcomplicate internal customer expectations
- Don't set targets that cannot be achieved





Initiative Charters

Value

Initiative charters are a way to scope and prioritize project work that needs to be accomplished within the organization. Initiative charters are a mini business case and scope document containing the rationalization, scope, milestones, risks, and resources for each initiative. Initiative charters hold teams and individuals accountable for success and ensure the organization is aware of upcoming changes across teams.

Key Steps

1. Prioritize leading practices and barriers to success from Process Improvement Vision and RACI
2. Identify changes to ERP configuration and reporting packages
3. Group practices and challenges into logical initiatives
4. Scope project work to be completed (timing, costs, milestones, etc.)
5. Develop a value case for each initiative and re-prioritize
6. Identify dependencies and internal capacity to set timing expectations
7. Assign ownership and accountability for each initiative and incorporate with the performance management process

Do's

- Clearly identify the rationale for each initiative
- Capture other options that were considered
- Ensure timeline and milestones are achievable
- Track success and progress of initiatives under a program to tie the initiatives together
- Understand the organization's real capacity for getting things done

Don'ts

- Don't include initiatives that lack a clear start and finish date
- Don't include initiatives without tangible outputs
- Don't treat initiatives as a one-time event—it's an ongoing process



Want to Learn More?

At Trenegy, we specialize in supporting organizations as they ensure their new ERP properly supports their business operating system and provides the value expected. If your organization requires post-ERP guidance or would like to explore industry best practices, feel free to contact us at info@trenegy.com. We would be delighted to assist you.

