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By Robert S. Tipton

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Four Ways to Fail with ERP

We're in the midst of ERP mania! According to the deluge of customer implementation horror stories and vendor hype, ERP applications are either the IT equivalent of hades or nirvana - there's no in-between.

What does ERP, short for enterprise resource planning, mean to the average company? If you believe the urban legends, your company should "be afraid, be very afraid." After all, we all know about those ERP projects gone bad - millions of dollars down the drain, consultants holding the business hostage, massive corporate restructurings, firings, bankruptcy. Then again, if you believe ERP solution providers, the application suites are fast and easy to implement and, once installed, can run your business in their sleep. One vendor is even claiming you can install its ERP solution in 60 days and fix your Y2K problem.

It's all bunk - even though there are grains of truth to all these messages. Yes, some large companies have written off tens of millions of dollars due to failed ERP projects - and some have been forced into bankruptcy as well. And, yes, some ERP packages go in fast and as smooth as can be - and fit a company's needs and processes perfectly with no tweaking or customization. However, of all the ERP projects out there, these extreme cases are but a minute percentage.

So, let's end the bashing, blessing, and other assorted blathering about ERP and get down to basics. Here are four beliefs that will doom you to failure with ERP. Avoid them at all costs - and employ a little common sense - and you can end up with an ERP system that's truly a solution.

1. ERP - just do it, and all your problems will disappear.

ERP systems - which tightly link various line-of-business applications, such as order entry, manufacturing, and distribution - can solve many business problems, but they can introduce just as many. Forget the asinine notion that "if you install it, your business will be transformed." ERP isn't magic.

To solve your business problems, you must first clearly understand the "pain" your company is experiencing, know what your company wants to do in the future, and then carefully select an ERP solution that solves your problems and empowers you to build your future. It's comprehensive, detailed business planning - pure but sometimes not so simple. Still, there's no substitute for planning what happens when, who does what, and what ultimately needs to be accomplished. Without such a strategy, your ERP project will fail. Period.

2. The vendor or consultant can handle it.

Without clear leadership and encouragement from the most respected and influential members of the company, your ERP project will be a disaster. Consultants *cannot* run the project, and your business cannot abdicate its responsibility in the matter. Even if you outsource the ERP project entirely, you are still doing something that affects virtually all aspects of your business. Company leaders themselves must buy in and totally support the project, or they may find themselves quoted in one of those bankruptcy horror stories.

3. ERP is just an IT project.

Many parts of a successful ERP project - which touches nearly everyone in a company - are more psychological than technological. Effectively managing human expectations - letting people know what to expect and when - is often more important than managing technological milestones. I've seen too many projects where reaching a technical objective, regardless of the toll placed on employees, is the only measure of success. Clearly, if one of your objectives in installing ERP is to rid your company of most staff, then simply plow ahead and ignore the fear, uncertainty, and doubt your users are feeling.

4. Our business is too unique to use the ERP processes.

Some of the most beneficial aspects of ERP (beyond integration of business rules and corporate data) relate to best practices and built-in business processes. ERP vendors typically have hundreds or thousands of customers, from whom they've learned a thing or two about the best ways to handle sales, inventory, manufacturing, and logistics - just to name a few. If your company resists learning any of these best practices and insists that it is "just too unique" to adapt, then you'll spend just as much money implementing the ERP package while missing out on much of the benefit.

Steer clear of these pitfalls, and you'll be well on your way to a successful ERP

implementation. ERP can be wonderful. Or it can be horrible. It's up to you.

Robert Tipton, CCP, is a technical editor for **NEWS/400** and director of technology at *Whittman-Hart, Inc.*, in Chicago. You can reach him at rtipton@news400.com.

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