

What you absolutely must know before you start an  
**ERP selection process**

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Enterprise Resource Planning (ERP) selection processes are strategic, high-risk improvement projects. What's more, they require a great deal of time and energy from the busy people within your organisation. So, it makes sense that you want to approach such an exercise in the most efficient and structured manner. This e-book provides you with a number of essential tips & tricks to help you in this process. After all, you don't want to move too slowly but you also don't want to make any hasty decisions. In this book you will learn what you must pay attention to, what the pitfalls and success factors are, and how to keep the risks involved with an ERP implementation project as low as possible. In the development of this e-book, we listened to a number of our customers. And we can also draw on more than 15 years of experience with ERP projects in your sector.

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# Table of contents

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## 1 Internal preparation

[p. 4](#)

–

Define the objectives [p. 5](#)

Compose your dream team [p. 7](#)

ERP is all about people. Your people. [p. 9](#)

## 2 Choose a product

[p. 11](#)

–

A list of requirements. A curse or a blessing? [p. 12](#)

Think about tomorrow —  
and the day after tomorrow — today. [p. 14](#)

ERP is not a Swiss army knife [p. 16](#)

Reporting: it's not the icing on the cake [p. 18](#)

## 3 Select a partner

[p. 20](#)

–

You are starting a relationship. Be choosy! [p. 21](#)

Don't focus exclusively on the lowest price. [p. 23](#)

Ask about the approach [p. 26](#)



1

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Internal  
preparation

## Define the objectives

Want to know the secret of a successful ERP implementation? Thorough internal preparation. There is something to be said for different ERP systems and partners, but a poorly prepared process is doomed to fail — no matter which process you eventually choose. And that internal preparation starts with defining the objectives.

What are your organisation's sore spots? What is not working well? Which problems do you want to eliminate with an ERP system? Which strategic objectives do you want to achieve over the long term?

These questions may not receive just an "IT answer" — rather, the answers are business objectives. You may want to save costs, accelerate acquisitions, or make your production more efficient with flexible scheduling. Define those objectives, and assign a priority to each of them.

### Compass



The objectives must therefore be formulated by the Management Team and they must support the long-term strategy. Do discussions arise during the implementation? If so, then you can make the decisions which contribute to the realisation of your objectives. These objectives function as a compass for the entire process.

### Processes



Identify your processes and choose which ones you will include in the implementation. Make a distinction between processes which differentiate and processes which support. You want to keep the differentiating processes, so your ERP system must support them. You adjust the supporting processes to the ERP system. After all, whether you invoice according to method A or B has no impact on your ability to compete. But how quickly you can bring a product to market does.

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## Remember

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Embarking on an ERP implementation without clear objectives is just asking to fail. And that will cost you time, money and your peace of mind. No partner or product will be able to right that ship later.

So be sure to think well ahead of time about what you want to achieve. Formulate your objectives clearly, determine your priorities, and communicate those objectives to your team. This way, everyone will understand why you made the choices you did.

## Compose your dream team

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An ERP implementation is an intensive collaboration between your team and the ERP partner. After you have pinpointed your objectives, it's time to put an internal team together. This is an important step, because the success of the implementation depends on this collaboration.

To compose a "key user team", it's useful to know what is expected of them. During the entire process they will help determine the course of the processes, they will establish requirements and, most importantly, they will conduct testing. They will test a lot. And there's no way around it: testing is as time-consuming as it is essential. So, when you assemble your dream team, choose people who can test and make sure that they can free up enough time.

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### Formation

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We already hear you asking: How do I know who are the "right" people? The good news is that you don't have to drum up (only) dyed-in-the-wool IT types or well-seasoned colleagues. The ideal key user team consists of one or more people per domain (finance, operations, production, HR, ...).

What is important is that they have knowledge of the business processes within their domain. It's also useful if they are team members who have a certain amount of support for making decisions. And last but not least, they must be open to change.

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### Time

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The most common mistake that is made is having key users who can't free up enough time to perform the tasks of the ERP implementation. Moreover, they are often also involved in other internal initiatives. This is an impossible combination: no one can simultaneously support multiple improvement processes and perform their daily tasks. So, when you put together a team, make sure that the key users can free up enough time. Eliminate tasks, engage interim staff, provide for delegation, and plan the transition far in advance.

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## Remember

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Each partner that tells you the workload of an ERP implementation is minimal is kidding you. An ERP implementation requires time and work, also from your employees. Good internal preparation also involves putting together the right team — and giving them enough time to focus completely on the implementation.



## ERP is all about people. Your people.

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You may introduce such a “high-tech” ERP system in your organisation, but if your people can’t work with it, the project will fail. So choose resolutely for ease of use and, especially: get your people motivated about the project.

People are reluctant when they are faced with change. They would much rather keep to their old, trusted way of working than open themselves up to something new — even if that is better in the long term. You often hear (and rightly so): ERP implementation is a change project, not an IT project. After all, your people are expected to immediately adjust to a new way of working, with a tool that they are not familiar with. That’s why you should give them as little ammunition as possible for shooting down the new ERP system. Offer them a solution where they don’t bite off more than they can chew, and tell them how they will be better off with it.

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### Change management

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If your employees don’t understand why you are switching to a new system, or they don’t agree with the change, then the implementation will just be a waste of time. So make sure your employees are involved and understand the need. Share the objectives from the first step, and ensure that your key users convey the happy message. Because — while you can’t involve every employee in the selection process — it is prudent to give everyone who will work with the ERP system a feeling of commitment.

You can do that by, among other actions, communicating frequently and clearly and in a timely manner. Why is there even a need for a new package? What must be and can be done better? What will change and for whom, how, and when? And why is this a good thing, even if it doesn’t always seem so in the beginning? Finally: the change process does not run parallel to the implementation process. The first one starts earlier, and continues long after going live. People will continue to learn, share and discover new ways of working. The importance of change management therefore extends far beyond the implementation itself.

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## Ease of use

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People don't want to have to search through a manual every time they turn around. Or have to ask for help. It's annoying and it keeps them from their work, which causes them to perform more poorly. So it's no wonder that people are often nostalgic for the "old" way of working. After all, they know it through and through.

Is the software intuitive? Recognisable and attractive? Can people easily find their way around? And what if they need to look something up? Is the manual modern and comprehensive? The faster that people understand the software, the faster they will pick it up and get up to cruising speed. One important advantage for you: no need to pay through the nose for training programmes.

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## Remember

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Recent research indicates that many ERP projects fall flat because little or no attention is given to change management. That's why you should select an ERP partner who can guide you in the process. A partner who, with you, homes in on the objectives of the project and helps you translate them into concrete advantages for your employees. And go for a user-friendly solution that your employees can get excited about.



# 2

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Choose  
a product

## A list of requirements. A curse or a blessing?

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Many companies kick off their ERP selection process by circulating a Request for Proposal (RFP), containing an extensive list of requirements, to every potential partner they can think of. They got that voluminous document from a consultancy firm, at a hefty price. Or it's the result of weeks of internal labour. But does such a document really help?

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### Focus on the what, not the how

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A list of requirements is undoubtedly useful, but it's not holy. This list helps to make a distinction between different types of products in order to compile a shortlist. But the most important thing about the list of requirements is that they describe what the solution must or can do, without defining the way in which (how) it is done. Therein lies the specific risk that the current method of working will be described, and certain solutions will be unjustly excluded.

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### Much more than “functions & features”

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What are the “business pains” in my organisation? What is limping along? What must be and can be done better, why and when? How must the ERP system support my strategy and vision for the future? How will I measure and evaluate the results? What is the best thing for me to do to ensure that my people are enthusiastic?

Present your suppliers with all these questions and ask them for a concrete Plan of Action. Because ERP is so much more than just “functions & features”. If you compare the large ERP packages, you will notice that there are barely any differences between them.

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## Also look at other factors

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Once the shortlist with possible solutions has been determined, other factors will prove the deciding factor. Factors such as, for example, integration possibilities, ease of use, flexibility... Whether a solution satisfies 92% or 95% of the requirements will not influence the success of the implementation. Those other factors then become much more important.

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## Remember

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Not every Request for Proposal has to end in the waste bin by definition. A concise, well thought out and properly drafted questionnaire can get you quite far. But it is mainly useful to separate the wheat from the chaff. Regard it as a diploma: products which meet the minimum requirements will be considered. But you make an effective selection on the basis of other factors, such as flexibility, integration options, the degree to which you can take ownership... in short: whether the product will help to achieve the objectives more quickly.

## Think about tomorrow — and the day after tomorrow — today.

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You're looking for an ERP system for a reason. The focus probably lies in the challenges you are currently facing. But whatever solutions you evaluate, don't just focus exclusively on today. It's important to also set your sights on the future.

Someone once noted that organisations review and possibly replace their company software about once every ten years. This also means that, on average, they are working with the same system for ten years. Those are ten long years — years during which many changes take place. New challenges, new problems, new opportunities... They all pop up and you usually have little time to respond adequately and quickly to them. In other words: the world is quickly changing, and your organisation can better be ready to evolve along with it. Take account of this when you are examining ERP packages in more detail. Important focus points are the flexibility of the system, how smoothly it can "talk" to other (3rd-party) solutions, and how quickly your IT team can set to work with it.

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### Flexibility

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Be certain that the technology on which your ERP solution is based is sufficiently flexible to be able to quickly change gears. An example: Your organisation is expanding and you must merge a new branch with your existing ERP infrastructure in just one month. That will be tough but possible — if you resolutely choose technology which forms no obstacle for change and growth, but is precisely a springboard or catalyst.

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### Integration

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The strength of an ERP system is found not only in the functionality which it offers right out of the box but also in its openness to other software. No single ERP system is a leader in all areas. Many organisations therefore (and rightfully so) cling to specific peripheral applications which are 'best in class' in their field. A powerful ERP system offers you a sturdy foundation combined with an open architecture. This allows you to decide for yourself which processes you automate with which solution.

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## Independence

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Your ERP system has been delivered and is now live. And now? Naturally, you have selected a partner who is responsible for maintenance and support. But do you really want to call on an external consultant (who must be scheduled) for every adjustment? Select an ERP system that your IT people can handle. And ask your ERP partner to provide clear and complete documentation about the solution, and how it has been structured in your organisation. In this way, you can quickly take ownership of your investment.

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## Remember

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In the choices you must make today, also think of the world of tomorrow. No one can predict what that will look like, but you can make sure that you are sufficiently armed to stand your ground. You do that by selecting an ERP system which is sufficiently flexible to evolve along with (sudden) changes, can be easily linked to other applications, and enables you to quickly set to work with it.

## ERP is not a Swiss army knife

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ERP systems are available in all types and sizes. There are solutions which promise you that they can handle all of the processes in your company. But are those all-in-one ERP packages the best solution for you?

Around the turn of the last century, ERP builders had the tendency to cram as much functionality as possible in one system. A real ERP package contained not just modules for basic processes — such as purchasing and sales, accounting, production, stock management — but also a whole set of specialised functions, from a manufacturing execution system (MES) to forecasting to scanning.

And the result? Many companies switched to a “one-size-fits-all” ERP system that was cumbersome and not at all that advanced or flexible as it was thought to be. Or they ordered a cartload of custom adjustments in order to stuff all those functions in the package. Compare this with a multifunctional Swiss army knife: you can do so much with it that you would almost forget that it must mainly be able to cut well. Such a knife may also be a toothpick, corkscrew, ruler or magnifying glass, but some of those functions may fall short for what you want to do with it. The same is true of ERP.

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## ERP as a solid foundation

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It's not for nothing that ERP is called the “backbone” of an organisation. This means that, first of all, a sound ERP system must automate all basic processes properly — from accounting, purchasing and sales to production and logistics. If you go with an industry-specific system, there's a great chance that you'll be able to automate the majority of your processes with the package by default.

Just think back to your objectives, especially the differentiating and supporting processes. An ERP system must be especially able to conduct the supporting processes within the standard package. For the differentiating processes, it is perfectly justifiable to engage an external solution and to link this to the ERP system. For example, it's no exception to link a standard ERP system to the very best planner on the market, if planning is a differentiating process for your company.



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## Not a straitjacket

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It's a healthy goal to have maximum connection with the standard options of the ERP system. But this may not lead to putting yourself in a straitjacket. Deviating from the standard can lead to better results where it concerns unique processes or important objectives. That's why it is so important to establish those objectives in advance, and not to make these decisions on the basis of the daily reality. For deviating from the standard, you can do two things. One: You invest in best-in-class peripheral applications and link them to your ERP system. Only do this if it offers an enormous added value, because high-tech peripheral applications as well as links are expensive. Two: You invest in custom work. Sometimes a small customised adjustment can make an incredible difference in ease of use or efficiency. But what is also true here: don't do it if the gains evaporate when compared to the costs.

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## Remember

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Select an ERP system which covers all the basic processes in your sector. Be sure that the system has an open architecture so that you can smoothly link best-in-class peripheral applications. Watch that you limit the number of linked applications and customised adjustments so your ERP infrastructure remains orderly and manageable.

## Reporting: it's not the icing on the cake

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ERP will start to really pay for itself in spades when it offers you the insight you need to make the right strategic decisions, at the right moment, on the basis of correct data.

Then it will appear to enter the territory of what we usually mean by Business Intelligence (BI), or reporting. The explanation for this is actually simple: there's a very thin dividing line between ERP and BI. A BI project will only be able to fulfil the expectations if it is deeply rooted in the ERP system and if that ERP system has been set up with the reporting needs in mind. So, ERP and BI are not separate projects which you implement separately, one after the other. Not if you want to do it properly. In other words: BI is not the icing on the cake, BI is the cake.

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### Don't approach it chronologically

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The chronological splitting of ERP and BI has killed many a BI project in the past. Such a separate approach assumes that BI is little more than a software tool which automatically converts all company data into relevant policy information. This, while BI may require data which is not

readily available within your company. Or not in a suitable form. Or that your company just defines that data differently. The test? Ask five people in your organisation what they understand by 'margin' and there's a good chance that you will get five different answers.

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## ERP lays the foundation

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A BI project can only succeed if it is based on a good foundation. And you can only lay that foundation if you know where you want to go with your company, what your KPIs are, and what they stand for — clearly and unambiguously. For everyone. These are all questions which you must ask — not at the start of a BI project but much earlier: when setting up the ERP system and the business processes. That is where the foundation is laid,

upon which a successful BI solution is based. In other words: If the ERP infrastructure has been set up in a well-thought-out manner, half your BI work is already done. If the foundation is not solid, you will be stuck with an ERP system that indeed offers operational support and process automation, but doesn't produce the reports that strategic-level management needs. Not even if you then let loose the most advanced BI solution on it.

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## Remember

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Don't see Business Intelligence (BI) as an extra project that you set into motion after your ERP process has been completed — as the icing on the cake. If you want to see useful and relevant reports, you must already lay the foundation for them in the way in which you design your ERP system. Otherwise, there's a good chance that you will spend a great deal of money on expensive BI tools that will not tell you what you want to know.



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Select  
a partner

## You are starting a relationship. Be choosy!

An ERP partner may not be “for life”, but you have more than enough reasons to be very choosy. ERP software, after all, is the backbone of your company. You wouldn’t let just any old surgeon tinker with your body?

Implementing ERP is a significant and, yes, sometimes risky, enterprise. Reasons enough to be exceptionally demanding when it comes to your ERP partner. Honestly? The choice of your ERP partner is even more important than your choice of package. Because a sound ERP system that has been poorly implemented is a waste. So, screen partners very thoroughly. And refine your requirements.

Experience goes without saying, but how about experience in your niche? Does your partner know about ERP in your sector? What about CRM, Business Intelligence, web shops, document management...? Which partner doesn’t tell you what you want to hear but dares to challenge you? Which partner gives you proactive advice about how you can organise your business processes more efficiently? Who speaks your language? With whom do you have a good gut feeling?

### Risk



Go for the lowest risk, even where it concerns your ERP partner. Ask for evidence — of knowledge, of satisfied customers, of “years of experience in your sector”. Can you get to know the people who will implement the software, and do you feel a connection with them? What if you want to roll out the ERP system in other countries? Does your partner support you in this effort? And just ask suppliers the following question: “Have you ever not completed a project?”

### Future



When choosing, also take account of the future. Image a scenario with and without your preferred partner. Do you have the feeling that you are sitting down with a party which is in the technological “peloton”, and with whom you can continue for another ten years? And what if you nevertheless decide to gradually terminate the collaboration? Or if your partner stops the collaboration? Can you then continue smoothly, solo and/or with another partner? If you have selected a solution which is supported by a global network of partners, then the answer is much more rosy than when you do business with a local developer.

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## Remember

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An ERP partner is a party with whom you enter into a crucial long-term relationship. In this choice, look before you leap. Choose rationally, for continuity and security. But also listen to your gut, and join forces with people you feel connected to.

## Don't focus exclusively on the lowest price.

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We already compared an ERP process with an open-heart operation. Would you choose the most inexpensive surgeon if you yourself had to be cut open? Of course not! So why would you skimp on the cost price when it concerns the beating heart of your company?

We will certainly not claim that the most expensive ERP projects deliver the best results. This is just as untrue as it is for the cheapest ones, by the way. But we would like to draw your attention to the complete price tag of an ERP process. Besides the licensing costs and the services budget, there are a number of costs which can raise their ugly heads. We're talking about SaaS apps that run in the cloud with subscription costs, the investment you must make in hardware for apps that don't run in the cloud, and staff and maintenance costs to administer the cloud infrastructure.

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### “The usual suspects”

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ERP quotes mainly contain two or three large components: licensing costs, services, and cloud or hardware costs. The following four aspects have an influence — which is not to be underestimated — on the budget for services. These are the sector knowledge of your supplier, the functional coverage of the ERP software, the extent to which that software can “talk” smoothly with other solutions, and the availability of “best-practice” knowledge and templates.

An ERP solution that covers at least 90% of your processes by default and has an open architecture will cost you less than a package which requires a lot of customisation or parametrisation and does not easily integrate with your existing “best-in-class” peripheral applications. An ERP partner with experience in your niche, and industry-specific best-practice tools, will work more quickly and efficiently than a partner without these skills.

## The hidden costs



These are costs that you will not find in a quotation. But if you blindly choose only on the basis of the lowest price, the chance that you — sooner or later — will be confronted with these hidden costs will increase. Below you find an overview of possible hidden costs.

### Complexity

The more complex the system, the greater the resistance from your people, and the more you will have to invest in change management and training. But also: the longer it will take before you can take full ownership of your investment, and not have to hire an expensive consultant for every modification.

### Ownership

The cost of ownership is closely related to the complexity. The ease (or difficulty) with which you yourself can take control of an application affects the price. From which moment are you able to independently staff the help desk, solve issues, activate new functionalities, roll out the ERP in other countries, integrate an acquisition, etc.? The more quickly and easily you can do that yourself, the lower the hidden costs will be.

### Costs of switching

Microsoft Dynamics is being implemented by a large number of companies. If tomorrow it turns out that you are not satisfied with your chosen partner, you will want to switch to a different partner. Even if that new partner offers the same product, the cost of making the switch approaches that of a completely new implementation.

### Flexibility

How easily can you modify processes? Processes often change drastically over about three years' time. Once your ERP system is live, it must also be able to easily handle modifications to the processes. If that is not the case, you will incur many hidden costs in the coming years to keep your ERP up to date with your processes.

### Errors or failures

Errors can also entail hidden costs. Take the consequences of (temporarily) not being able to perform crucial activities, such as invoicing, for example. This is a painful and expensive scenario if action or adjustments cannot be made quickly. Dare to ask your potential partners about this, and go for a party who has a track record of delivered projects and satisfied customers.



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## Remember

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ERP involves making serious investments. Protect yourself against unpleasant surprises and ask your suppliers for a clear and full insight into the total price tag. Don't just pay attention to evident costs, such as services and licenses, but also ask about the less-evident costs which usually surface after your project has gone live.

## Ask about the approach

Finally, the approach the partner takes can also be a determining factor in your selection process. When we ask customers or prospects what they find important, we invariably receive the same answers. A connection with the people themselves, the best consultants, a partner for the long term, knowledge of the sector, and a culture of collaboration. In the end, though, it comes down to trust. Trust that the project with the selected partner will be a success, in a safe and controlled manner.

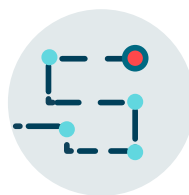
Suppose that, in your selection procedure, you are left with two possible partners. What will be the deciding factor for choosing partner A or partner B? It is very likely that you will opt for the partner who can demonstrate that the approach used maintains control over the project — control over the scope, the timing, and the budget. This has everything to do with the approach used by the partner.

### Limiting risks



To again use the comparison with an open-heart operation (it's the last time, promise!), each project contains a certain risk. An ERP implementation without any risk at all is a utopia. In the worst case scenario, you must cease all activities but other problems can also present themselves: going over budget, a longer turnaround time, or employees who become overworked... A proven and good project approach of a partner pays attention to all possible risks which may occur during a project. You'll never be able to eliminate those risks. But you can reduce them, or take measures to minimise their impact.

### Methodology



How proven, substantiated or known is the methodology which your partner uses? And how well does that methodology fit with your organisation? Do you see your employees and yourself running with that methodology? Tomorrow, your team will take on quite a few tasks which they have never before performed. Such as testing, which is a competence in its own right. That must be done correctly as well as efficiently. Your partner will have to support your team in doing this. So don't just think about what the partner does but also about what is expected of your team, and which role the partner has in that in order to support your team in a focussed manner.

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## Remember

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Don't just trust the partner with whom you have the best connection. The selection of a partner can be measured by a great number of factors, and the approach is an important one. Which methodology does the partner use? How do you envision the collaboration with your team? Does the partner have a proven track record with its method? Talk about this with the candidates so that you can limit as many of the risks as possible.



**MAIN OFFICE:**

Corda3  
Kempische Steenweg 307  
3500 Hasselt  
Belgium

**FOLLOW US ON**



[info@cegeka.be](mailto:info@cegeka.be)



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