

# Does your ERP System need a service?

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My car works hard for a living. I depend upon it. Consequently, at regular intervals, I put it in the hands of people I trust to check it over and make sure it is running correctly. At the same time, they will re-tune it for peak performance.

ERP systems are not cars. One difference is that lives may be at risk if the latter fail but only livelihoods are jeopardised if the former fail. I use the word 'only' with some circumspection: try telling people that their company is 'only' closing and that they are 'only' losing their jobs. The analogy remains valid, though. ERP systems require regular servicing (and maybe even MOT tests) to ensure that they are running correctly.

"How come?" you ask, "Surely software just keeps ticking over, at least until we hit a bug or problem, and then it just needs fixing." Well, you could perhaps say the same thing about my car; that I should just keep on running it until it stops (or, in the case of a brake problem, fails to stop). But would you advise that? Probably not. So what can go wrong with an ERP system, especially one that may appear to have been running contentedly? Well, let's look at some possibilities.

## 1. SYSTEM ENHANCEMENTS

For the moment, let's assume that your ERP system was implemented with the help of consultants who were knowledgeable and competent (though more of that later). At the time that you implemented it, you will hopefully have been advised of what that particular system can do, what it cannot do and what it cannot do very well. You will then have

made pragmatic decisions about how to use it, bearing in mind that all package software requires compromises.

Most ERP systems are updated at least yearly. New functions and features are added and, sometimes, old constraints removed. As an example, the ERP system that I work with most frequently did not, three years ago, have a good finite capacity scheduler and my advice on how to get the best out of the system had to acknowledge that. Now, however, it has a tried and tested scheduler cum APS facility and one that I am confident in recommending. Consequently, the advice that you will get from me today on how to implement that system will differ from the advice that I would have given you three years ago. My advice wasn't wrong but it was constrained by the tools available at the time.

## 2. CHANGES IN EXPECTATIONS

Frequently, when a new ERP system replaces something that has not been working properly for some time (or may never have worked properly at all), all the users ask for, and want, is something that works. They don't ask for the world and they only wish for an end to the pain that they experience daily. The cry then is "Give me what I already have, but make it work!". If your new system has been in for a year or two now, and has settled down, you perhaps are already thinking of pushing back the boundaries. Are there areas that you did not include in the original implementation because solutions to these problems seemed beyond reach? Were there things that you

would have liked at the time that the budget just would not stretch to? Have times changed? If so, then perhaps it is time to revisit: which leads me to point number 3.

## 3. INCORRECT DECISIONS AT GO-LIVE.

As mentioned in point number 1, when originally implementing the system, it is likely that you were guided by the consultants who were working with you. You will have been, to a greater or lesser extent, reliant upon their expertise and knowledge of the system. Consultants, regardless of the fees that they charge, are rather like the curate's egg; good in places.

Were the consultants that you worked with as good and as knowledgeable as they should have been? If they were not, then the advice that you received was not as good as it should have been either. Even if you had good consultants to work with, they may have been new to your company and maybe even new to your industry. You will both have started out from a position of knowing little about each other's patch; you of their software and they of your company.

Under these circumstances, unless great care was taken, the risk of making bad decisions is high, particularly if either party was inexperienced. Mistakes that I have encountered over the years include selecting an inappropriate costing methodology, Master Production Scheduling at the wrong level in the Bill of Materials and, believe it or not, accepting the consultants' advice to have a seventeen level Bill of Materials for a sub-assembly!

Doubtless you can add to this list.

(In fairness to consultants, it was pointed out to me during the preparation of this article that they frequently work under constraints of both timescales and budgets and are frequently not allowed, by parsimonious clients, to do the job they are capable of. I have a lot of sympathy with this argument: I was recently asked by a client when I would have a day (!) free to bring up their MRP system and train their staff in its use! Perhaps we all get the systems we deserve rather than the systems we crave.)

Finally; you will also have made decisions on 'static' data, like batch sizes and lead times. Times, manufacturing methods and working practices change. With the system up-and-running, and with your accumulated knowledge of how it actually works, now may be a good time to re-visit all of these decisions. Are you getting what you wanted and expected from the system? Maybe it's time to get the system up on the ramp and have a look underneath.

#### 4. SITTING WITH NELLIE

Perhaps a dated expression, what it used to mean was the type of training that one received from a job incumbent. The view was that, if you sat alongside a person who actually did the job, you were best-placed to learn how to do it. A few years down the line from implementation, it is quite likely that a few of your people have 'sat with Nellie'. (In the interests of political correctness, I should point out that Nellie is just as likely to be Fred.)

There are many reasons why 'sitting with Nellie' is not ideal but I will restrict myself to just a few:

- a. Nellie may well be the best person to tell your staff how the system is used currently but is she the best person to decide how it should be used? A common human trait may also come into play: people do not like admitting ignorance. Asked "Can the system do this?", most will hesitate to say "I don't know" and will attempt a confident-sounding "No!". Is your productive use of the

system being constrained by staff knowledge?

- b. It may be some time since Nellie had her training in the use of the system. Can she remember all of it? How much of what the system can do from, or in addition to, your current ways of working can she remember?
- c. Is Nellie a skilled trainer? Did she pass-on all of her knowledge or, did she, through neglect or design, hold some things back? Is she protecting her position or giving herself and easier life by hiding knowledge or functionality?

Sometimes getting your training from the driving instructor is better than getting it from someone who has been trained by the driving instructor.

#### 5. BAD HABITS

Regardless of how well your system was originally implemented, over a period of time bad habits inevitably start to creep in. Sometimes these are driven by laziness ("I know I'm supposed to do it differently but I've found a short cut.") and sometimes by conscientious people trying to improve things but with insufficient knowledge to recognise the consequences of their actions or inactions ("I know I'm supposed to do it differently but I've found a short cut.")!

Frequently, at a managerial level, you will not even know that these deviations from recognised procedures are occurring. Do you have time to police and audit the use of the system? Almost certainly not.

#### 6. COMPANY DRIFT

By this I mean that times change. The Company starts to do new things, or old things in new ways. Companies are living, dynamic organisms. They change over time and their needs and wants change with them.

Systems are less so. They do change (see point no. 1) but they do not automatically change and evolve hand-in-hand with the way the Company changes. Manual

intervention is called for in order to ensure that the system remains tuned and relevant to its environment. Failing that, you will gradually find that you have a system that is perfectly suited to yesterday's requirements when what you actually want is for it to be suited to tomorrow's.

Having established that your system may benefit from a service, we now have to consider who is best placed to carry it out. There are three obvious candidates: your original consultants, new consultants or your own in-house team. Let's look at the pro's and con's of each of these.

#### A. The original consultants

- There are several reasons why these may be best:
- They should have kept up-to-date with system enhancements and should know which of these may be beneficial.
- They may still have available the individual consultants who worked with you originally and there will be little time wasted in bringing them up-to-speed.
- If already known to your staff, they may already have their respect and your staff may 'open up' to them.

However;

- Do you have confidence in your original consultants? Are some of your problems caused by them not having done a particularly good job in the first place?
- If they come in to look at the system and find that they made errors in the original implementation, will they be honest and admit to them or will they try to cover them up?
- Will they see it as an exercise in selling more modules, more training and more consultancy?
- Some of your problems may have been caused by cutting back originally on consultancy and training to save money. (I am reminded of the quote: "If you think that knowledge is expensive, try ignorance!") If you go the external consultant route, will you be tempted to penny-pinch again?

## B. New consultants

Most mainstream ERP packages are now sold by 're-sellers' or 'partners' of the software authors. If you are unhappy with your original consultants, there may be opportunities to use others who are conversant with your software.

Plusses include:

- They may bring a fresh perspective to your problems.
- If they find errors in the way that the system was originally implemented, they will have no vested interest in a cover-up.
- They may be keen to get your business and this may be reflected in their charges.

Negatives include:

- You will have to spend some time educating them as to your Company, its business environment and your current use of the system.
- Unless they have been recommended to you by

someone you trust, such as another company that you have contacted via a user group or someone that you have networked via an IOM event, their provenance will be unknown.

- They may see you as someone to sell to, rather than someone to work with.

## C. Your own internal team

In their favour:

- They know the Company and how it operates.
- You may have an opportunity to mix people who were part of the original implementation with new blood.
- They will be cheaper than external consultants.

However:

- They may have vested interests.
- They are unlikely to know of all the new functionality and features that the system may now offer.

- They will be unable to share experiences of how other companies have used the system to get around some of the problems that you are facing.

Depending on circumstances, you might even opt for a mix of the above. One thing is for certain though: the clock is ticking.

### About the author

**Sam Graham** has been implementing ERP, and previously MRPII, systems for almost twenty years. His work has taken him to the USA, South Africa and most of the countries in Europe. He is increasingly called upon to 'rescue' failed ERP systems.'