



How to Implement a New ERP Software System

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An ERP software system is a critical element of the financial and operational infrastructure for many companies — especially once a small or mid-sized firm reaches a certain size and sophistication level. This makes the selection and implementation of an ERP system one of the most important tasks business owners and key executives must undertake.

Unfortunately, it's not uncommon for small and mid-sized firms to choose the wrong ERP system. Doing so can end up being extremely costly from both a time and financial perspective as employees try to make do with a software system that just isn't the right fit. Therefore, you should perform extensive research and due diligence as you go about the process of choosing and implementing your ERP software.

In our previous article, [The Importance of Choosing the Right ERP Software](#), we described the negative impacts of choosing the wrong ERP system and the benefits of choosing the right ERP software. Here, we will focus on the steps you should take to help ensure a successful ERP system implementation.

Don't Be Hands-off With Implementation

Usually, the business owner and/or executive team is very involved in the selection of an ERP software system. Once the system is selected, however, companies typically rely on the IT team for implementation. While IT should certainly lead the implementation, it is crucial that a dedicated team of non-IT professionals also be assigned to the project. This team should include a senior financial professional who takes a hand-on role throughout the implementation process.

Things get more complex if you want to interface your financial system with other software systems used by operations. Major software vendors like SAP, Oracle and Microsoft are implementing extended-enterprise resource management (or EERM) systems. These are not a substitute for the ERP system, but rather a complement to the ERP system.

Following is a 5-step process you can follow that will help ensure a successful ERP implementation:

- 1. Assign a dedicated project team.** This team should consist of IT, the CFO or other senior financial professional, senior managers of the user departments, and the owner and/or executive management team. A senior IT professional should lead the project and assign specific tasks to each team member, create a project timeline, devise and implement a training program, and see the project through to finalization.

- 2. Create a detailed design process.** This process should include configuration, assigning of roles and documentation of processes via flowcharts. The project team should examine your current processes and identify improvements that can be realized by the new ERP system. Specifically, the team should look to update and automate existing processes and build proper workflows (including strong internal controls) around the new system. Set overall team goals with deadlines and make sure all procedures are well-documented.

3. Prepare the system to go live. This development and testing phase may include the preparation of both financial and non-financial information needed to transfer from the old system to the new system. It could also deal with interfacing non-financial systems with the new ERP system. This stage requires a lot of interface between the finance and IT departments. Parallel testing should be performed from the old system to the new system, with reporting and investigation of any discrepancies.

4. Deploy and implement the system (or Go Live). Working from the knowledge obtained in Steps 2 and 3, your new ERP system should now be complete and ready for Go Live. Your data should be migrated to the new system and all the experience and resources of the project team are on-site and ready to make the final transition complete.

5. Offer support and ongoing training for all employees. Many employees simply don't like change and would prefer to continue using old systems and processes. That's why proper demonstration of the new ERP system and a thorough explanation of the reasons for the change and the company's overall goals in making the change are so important. A powerful new ERP system can fall apart quickly due to a lack of proper training and employee buy-in.

Your company can realize a host of benefits by successfully implementing a new ERP software system:

- Integration of all parts of the business and all workflows.
- Automation of processes that were previously done manually, thus saving time, lowering labor costs and reducing errors.
- Customization of platforms and applications to your business' specific needs.
- Faster and more accurate reporting, which can improve decision-making.
- Centralization of all customer information, which enables salespeople to spend less time on paperwork and more time on business development tasks.
- Interface with other software systems, which can increase efficiency.

Concluding Thoughts

An ERP software system is a critical element of the financial and operational infrastructure for many companies, but it's not uncommon for firms to choose the wrong ERP system. Doing so can end up being extremely costly from both a time and financial perspective, so you should perform extensive research and due diligence as you go about the process of choosing and implementing your ERP software system. An outsourced CFO services provider can help you evaluate your existing ERP software and assure the successful implementation of a new system.

About CFO Edge

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