



# Painless ERP implementation

Start making better  
business decisions



## Change is good.

Every day, business grows more complex. Within companies, departments can no longer operate in silos. Process changes in one department ripple through the entire organization as other departments look for the data they need to make necessary, informed business decisions.

When many departments become dependent on the quick and accurate flow of information between them, it is time to consider Enterprise Resource Planning (ERP) solutions. Finance team leaders often notice this need first because their data comes from multiple departments and drives reporting, operations, and critical business decisions.

This move is intimidating. Many companies delay making a switch from the technology they started with to ERP. Companies fear the slowdown that comes with change before the greater visibility and efficiency ERP provides.

This guide will help you approach this big change with confidence and provide information and tools so that you get it right the first time.

*Approach the change to enterprise resource planning with confidence*

## Modern ERP bolsters your business

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ERP offers numerous benefits to businesses: eliminating waste, increasing productivity and efficiency, and enabling better decision making. With an ERP solution managing data flow, companies have a single source of truth for their data and minimize organizational confusion.

### **Better business performance**

Almost all modern ERP systems come with business intelligence tools that provide access to real-time data. Greater access to accurate, real-time data means companies make better informed decisions and gain visibility into their operations.

Real-time data collection means live reporting. Information can be digested on the fly, problems can be addressed immediately, and solutions to those problems can be rolled out sooner.

Additionally, with all the company's data and reporting originating from one source, businesses can better control for compliance. Applying security and controls to a single environment is considerably easier and leads to greater consistency than applying security and controls to multiple environments.

### **Improved security**

A report from PricewaterhouseCoopers reveals that consumers are concerned about how their data is handled.<sup>[1]</sup> 75% of consumers believe companies are irresponsible with their data. Nearly 70% believe companies are vulnerable to cybersecurity threats and data breaches.

ERP improves company security by reducing the number of

vulnerable entry points. Plus, implementing secure, single-sign on through an integrated ERP is considerably easier than doing the same across multiple platforms that don't talk to each other.

### **More efficient employees**

Employees are one of the biggest expenses in a company, and their time is valuable. When an organization uses a legacy system, employees often spend time doing manual, monotonous tasks to track information.

Implementing an ERP system increases organization and standardizes processes. Different people build reports differently, which means the information often needs to be reformatted when shared. Manual adjustments to ensure a one-to-one match between data takes up an employee's time instead of the needed analysis.

When you have a robust tool and employees work in the same direction, you'll get more value from your team.

### **Better customer experience**

When an ERP system is in place, consumer-facing companies can provide so much more for their customers. With the immediate feedback from warehouse to the finance team and back again, new

and exciting discount structures become available. Teams can make decisions on coupons and discounts based on real-time purchase information.

The ERP system you use will also bolster your customer support services. Reps can identify purchases immediately and make any adjustments they need to based on a customer call. The same goes for vendors. If there is an issue with vendor invoicing, the finance and accounting team can address that issue immediately.

A smooth, professional experience is paramount for all companies. When pieces fall through the cracks or seem disconnected, a company looks smaller and less competent.

An ERP system allows for a cohesive, seamless experience for customers who interact with your brand.



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## Streamline complex processes

Some companies are more than capable of running complex business processes across multiple spreadsheets. For these companies, manual labor is enough to keep the data organized.

For most companies, this is not the case. Workflows become more complex. New employees are hired, and these new employees have different approaches to problem solving, leading to frustrations when multiple files need to be integrated.

With ERP systems, processes are streamlined and cross-departmental communication becomes smoother. Since the ERP system is the single source of truth, data matches from one report to the next, and that same data is delivered in real time.

## Built for growth

Implementing ERP sets companies up for long-term success. The complexity that comes with rapid periods of growth doesn't slow the business down once an ERP system is in place. Whether a company doubles or even triples headcount or production, processes and data flow remain the same.

ERP systems set companies up for success when faced with audits, required reporting for governmental bodies, and acquisitions. Performing an ERP implementation prior to going through a merger or IPO means your company is poised for success from the start.

## Making the transition to ERP

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With an idea of the benefits of an ERP system, it's time to investigate how to make the transition to ERP. Switching to an ERP system is a long process that involves multiple stakeholders and departments. Depending on what your company needs, the change may only impact a few departments, but that impact will still require the involvement of many people.

Consider scope and budget. Make sure you know who your key stakeholders are before you jump in. Having a clear project plan and bringing in the right people early will help your company avoid common pitfalls.

Let's take a look at some of the most common issues companies face when implementing an ERP and how to avoid them.

### Understanding the timeline

Be prepared to take about a year on this implementation. That may seem like a long time, but remember how many moving parts this implementation has and how many departments will need to be involved. At minimum, a typical ERP requires finance, human resources, and operations departments to work together.

According to a 2018 survey by Panorama Consulting, most companies scope implementation for 12 months. Actual timelines typically run through 14 months, in part because the initial project timeline was unrealistic. Other businesses have reported that issues with

data and incorrect initial scope have lengthened the implementation timeline.

During implementation, teams will need to keep up with their current workload, too. When immediate business needs require action, ERP implementation needs to be put on hold. Work can't just stop. Be prepared to build in buffer time to your implementation timeline so that business as usual doesn't stop you halfway.

### Mitigating unexpected costs

A 2017 survey from Panorama Consulting shows that 64% of respondents said their ERP implementation projects exceeded their budgets. It's important to scope your project carefully to avoid both timeline and budget overruns.

What causes these budget overruns? In the same survey, Panorama Consulting identified several factors. Let's look at the top five.

As with timeline overrun, expanding the initial scope of the implementation leads to budget overruns. 43% of respondents listed scope expansion as the reason for their budget overruns. The importance of an accurate scope cannot be overstated when making a change to an ERP system. Make sure your project has padding for extended timelines and bake potential delays into your budget so that you can plan conservatively.

If your company plans on hiring a team of consultants from your ERP vendor to help you through implementation, be even more conservative. Consultants

### **Leading causes of ERP implementation budget overrun**

<i>Technical issues</i>
<i>Unrealistic budget</i>
<i>Additional technology requirements</i>
<i>Expanded scope</i>
<i>Underestimated costs</i>

are an excellent resource who will know exactly how to customize the ERP solution you've chosen, but they are often very expensive. Nearly 40% of respondents said they underestimated vendor consulting fees.

Planning an ERP implementation on your own is hard, but relying on a third-party expert who isn't affiliated with the vendor and who has been through the process before can be a benefit to your company. Companies need to make sure they've planned thoroughly for those consulting fees.

The next three reasons for budget overrun were each reported by 33% of respondents. Unexpected organizational issues, unanticipated technical issues, and unrealistic budgets all contributed to overrun.

It's impossible to plan for every scenario, but companies can learn from these responses. Accurate scope is critical. So is buy-in and foundational planning across a company's org structure. When implementing an ERP solution, companies should make sure to include their IT and support teams. Including these teams at the ground level means less opportunity for technical issues later on.

Make sure to include everyone from the departments affected by the ERP implementation. Just like including the tech team will lower your chances of technical issues, including all relevant stakeholders will minimize organization issues. Include these individuals each step of the way, communicate clearly, and the implementation will go much more smoothly.

## Ensuring buy-in from people

We looked briefly at how not including the right people and team members can cause budget overrun. Not including the right people will impact your implementation in other ways, too.

Switching to an ERP solution necessitates buy-in from many people. Companies need to consider who should be part of the implementation team while also understanding that this process will massively disrupt the day-to-day workflows of many other team members.

If the change is a decision made from the top and handed down, implementation will be met with resistance and frustration. Try to involve the entire team in decision-making in some way. Invite team members to evaluate some of the ERP solutions you are considering and have them present pros and cons for their specific function.

Not only does this include the whole team, but it helps you prepare for those unexpected organizational issues.

Remember: even the smallest ERP system will impact multiple teams. The more involved key decision makers on those teams are, the smoother the implementation will go. They know what their team needs so they can do their jobs better, and they know what priorities need to be reordered to finish the implementation on time.

While all of these pains are very real, they don't outweigh the benefits of implementing the right ERP solution—especially with an expert who has done implementations before.

## How Paro makes ERP implementation painless

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Implementing an ERP system has multiple benefits, but it's also a complex process. Overenthusiastic teams often want to build a system that is even more complicated in its configuration—complexities that aren't necessary when someone understands the software. This well-intentioned enthusiasm contributes to scope creep and budget overruns, and it frustrates team members that have to deal with an incomplete system.

Paro removes these frustrations by connecting you to an expert from our network who understands ERP implementation.

Businesses implement ERP systems to gain more reliable financial reporting, better financial and data analysis, and greater internal controls. ERP helps the finance and accounting department quite a bit, but it also demands the most time from them.

Paro works with you to find someone who has experience in your industry. When your company is matched with the best-fit, expert controller who already understands your industries, the systems you're currently using, and how to oversee and manage an ERP implementation, the entire process becomes simple.

The best thing about a bringing on a Paro expert is that your company gets to bring on someone who is experienced in this process who doesn't have other

responsibilities to your company. For employees, one of the biggest hurdles in ERP implementation is finding the time to build out the ERP system while also managing their day-to-day responsibilities. Essentially, during ERP implementation, your employees are doing two jobs at once.

Bringing on a Paro expert means bringing on someone who doesn't have to juggle that dual workload. They can focus exclusively on the implementation if that's your need, or you can bring someone on to supplement your team and free up their time. Doing this means less opportunity for errors. Employees aren't forced to switch between their daily tasks and the complex work of the implementation. Your business continues to operate smoothly while also improving. And, at the end of the process, you don't have to worry about finding additional work for the ERP specialist.

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Earlier this year, a Fortune 500 company and industry leader in consumer packaged goods reached out to Paro. They needed a controller to help one of their subsidiaries through their ERP implementation, and they needed that person immediately.

Within three days, Paro found the perfect fit for their

team: a controller who came from industry giants like Stanley, Black and Decker and Hillshire Farms.

Paro's expert has nearly 15 years of experience in consumer packaged goods and has gone through ERP implementations before. She understood from the outset the amount of work needed to see a team through the process. "There wasn't a choice," she said. "The client knew they needed ERP so they could double in size. Without a solution, they were leaving money on the table."

When the company closes each month, everyone in their warehouses has to manually account for inventory. Currently, workers count items by hand to confirm inventory levels, leaving plenty of room for error. That inventory information is then confirmed in their point of sale software and manually imported into a finance and accounting software like Quickbooks.

Building controls around this situation is hard. Since so many points in this process are manual, there are multiple places where mistakes can be made. A warehouse employee might miscount. The accountant importing sales data into Quickbooks might forget that January has 31 days, not 30.

Implementing an ERP system will remove these opportunities for error. Everything from purchase order to inventory to accounting information will be managed by one system, and this data can be shared seamlessly between departments.

Switching to ERP doesn't just improve month-end. When a company brings everyone in at the start of the implementation process, they can organize more efficient processes across nearly every department. Involve the product team, and they can scope out masters for products, materials, and vendors as well as ensuring SKUs are entered properly. Operations makes sure the data flows the right way. HR handles making sure payroll flows through the new system without a hitch.

These teams know how their current processes work. Including them at the ground level means they can explain to the vendor's implementation specialists what they need. The specialists can then set up your ERP for the best possible results.

When working on an ERP implementation, our experts know the most time-consuming part of the process is testing. Once the team has the criteria in place, you begin transferring processes to the new systems.

It's not as simple as throwing a single switch, however.

"The best implementation lets you run the old processes and new ERP solution concurrently for a bit," Paro's expert said. That's part of her plan for her current client.

"Letting the systems run side by side gives you the opportunity to confirm numbers in real time. It might be a little cumbersome, but you can check that everything is functioning properly."

The testing phase of an ERP implementation takes the longest, and it should. During this time, a company makes sure no data fell through the cracks. The last thing you want is to go live and find out SKUs aren't matching properly or that multiple ship-tos aren't attached to the correct customer.

But once a company has gone through this process and come out the other side, they have access to a single point of truth for their data. Financial reporting becomes easier, customer experience improves, and the business can continue to grow.

Many companies find ERP implementation an intimidating process. It's costly and time-consuming, and the benefits aren't realized immediately. However, ERP is necessary for companies that want to grow. Whether your company is looking at an acquisition, an IPO, or is simply at the point where manual processes no longer support your growth potential, a Paro ERP expert helps make implementation as easy as possible. ■



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