



Five Ways to Leverage Your ERP Investment

Transform Your Organization...Not Just Your Technology

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Most higher education institutions focus on costs, schedules, hardware, software features, and other technology problems when they are implementing their new Enterprise Resource Planning (ERP) systems. ERP implementations, however, are much more than information technology projects. These projects provide excellent opportunities to transform the entire organization. This article focuses on five key areas for institutions to consider when leveraging their ERP investment.

ERP = Big Investment

Let's face it ... institutions spend large amounts of money and time when implementing their ERP systems. Software and hardware costs are considerable, and key people at the institution spend up to three years working on the implementation project itself.

With so much effort and work, team members can become exhausted during the implementation, and the new system could easily start to mirror the *old system*. After the implementation, a "status quo" mindset could quickly settle in resulting in apathy towards developing the system into anything other than the transactional system it replaced.

So how do you make the most of your ERP investment?

Based on my experience, I feel institutions should approach their ERP implementations with certain "value-add" objectives defined at the outset. These objectives will help institutions get the most from their large ERP investments and provide them with capabilities that were not possible in their legacy systems.



Leveraging Your Big Investment

Following are the top five areas I recommend that institutions consider when trying to leverage their ERP investments:

1. Business Process Re-Engineering
2. Talent Management and Staff Re-Alignment
3. Reporting
4. Workflow and Automation
5. Business Intelligence

1. Business Process Re-Engineering

How many steps does it take to hire someone at your institution? What are the steps students must go through to get registered? How long does it take to process check runs or close the financial books?



Chances are that the answers to these and other questions are based upon 1) the limitations of your existing legacy systems, 2) decisions made by management who are no longer with the institution, or 3) simply part of the “that’s the way we’ve always done it” mindset.

The implementation of a new ERP system provides institutions with a “clean slate” and the opportunity to clean out the clutter in how the organization operates, streamlines processes, and improves efficiencies.

Business process re-engineering begins with mapping (or flow charting) how existing processes are performed. Then subject matter experts compare them with the suggested business processes provided by the ERP software.

Most ERP software processes are based upon “best practices” that have been refined over time with a large customer experience base. These processes serve as a good starting point for redefining the way things are done, and the closer you can approximate these “best practices,” the easier your implementation. Your ultimate goal is to gain long-term organizational efficiencies for your institution.

2. Talent Management and Staff Re-Alignment

A new ERP system will change the makeup of your current organization. The staff you will need after an ERP implementation may not be the same staff you presently have. For some, ERP will stand for “early retirement program,” while others will have extreme difficulty getting through all five stages of grief in moving to a new system.

Job descriptions and skill sets will need to change dramatically, with some positions being eliminated while others are created. Because of this dramatic change in the expectations placed upon staff, institutions should proactively address the inevitable personnel issues.

An ERP implementation also provides an excellent opportunity to implement a talent management program. A talent management program will help you guide your staff through the ERP implementation and prepare them for their new roles after implementation. Following are the top benefits of a talent management program:

Competency and Skills Planning: Planning for competency and skills enables an institution to identify the critical talents and skill sets essential for each position. This effort will result in a skills foundation that becomes the baseline for monitoring employee success throughout and after the ERP implementation process.

Career and Compensation Planning: This type of planning provides a growth and advancement roadmap for employees that illustrates what is possible for them during the ERP implementation, as well as what they may transition into once the new system is up and running. Career and compensation planning also outlines the proper rewards employees will receive for obtaining the necessary skills and making a successful transition.

Recruiting and Performance Management: Early preparation for filling the inevitable vacancies will help your institution attract and hire the right people with the right skills. Continually monitoring and assessing the progress of existing talent development helps you compare staff performance progress to institutional objectives and ensures that legacy staff members are responding to the new skill requirements.

3. Reporting

Chances are that your institution's existing reporting processes have developed over time. Reports may be written in computer programming languages by the IT department, and they may typically be run in a batch mode during the evening hours. An ERP implementation provides a great opportunity to make your reporting more efficient and responsive, to provide training for your staff, and to increase your abilities to analyze your data.



As with your business processes, an ERP implementation provides an excellent time to clear out the clutter with respect to decades of report creation. Stories abound of thousand-page reports that were created at the request of a senior official. These reports continue to be run as part of a batch reporting routine years after the official left the institution.

Though batch reporting through the IT department may not go away entirely, most future report development, especially ad hoc reporting, will be handled at the departmental level wherever possible. Information Technology's role will shift from a developer of reports to supporting end users and focusing on effective and

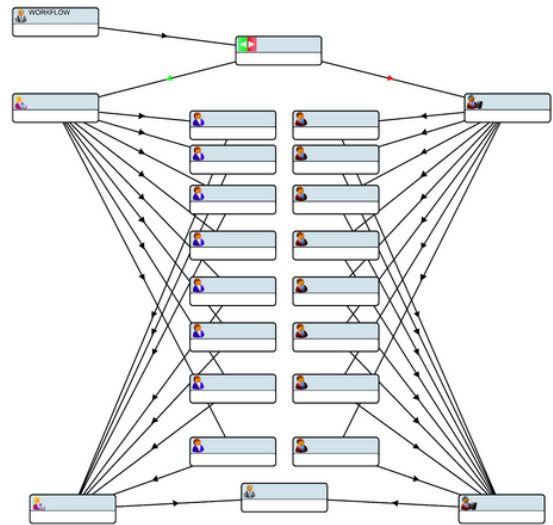
efficient delivery using the most appropriate reporting tools. This fact dramatically reduces the turnaround time needed to develop reports and removes bottlenecks brought about by time and resource constraints in the IT department.

Avoid the temptation of blindly recreating your institution's existing reports in your new ERP system. Inventory your current reports, compare the list with what is delivered in the ERP system, and try to make the old reporting requirements align with the new system. You will inevitably need some modifications, but this process will eliminate that which is no longer necessary, accelerate reporting in the new system, and ease future maintenance.

4. Workflow and Automation

Institutions using Legacy Systems typically have a lot of manual and repetitive processes which cross many departments and are prone to error and delay. This situation is further complicated by long-term departmental employees who have come to see their jobs as marshalling these processes through the system.

Workflow provided by a new ERP system automates most processes where employees and processes between institutional departments interact. Workflow tools draw upon business rules, tasks, and checklists to deliver the necessary processes. Staff members are freed from the repetitive activities to focus on more significant activities.



5. Business Intelligence

A Business Intelligence (BI) effort coupled with an ERP implementation serves as a catalyst for the creation of a data mining program – a program that helps institutions better analyze patterns in their data. This kind of program goes beyond merely descriptive analysis of information in the system to one that provides actionable knowledge enabling management to make strategic decisions.

BI enables better decision making based upon more in-depth analysis of raw data through the use of such tools as:

Key Performance Indicators (KPI): These indicators are used to help define and evaluate progress toward long-term goals and objectives. KPIs can be measured and tracked over time for more informed decision-making.

Alerts & Exceptions: BI systems are set up with pre-set or dynamic thresholds to provide alerts or exceptions for immediate action to remedy or take advantage of a particular situation.

Scorecards: This type of tool tracks the progress of departments and/or personnel (e.g. faculty and staff) within their defined responsibilities, as well as any consequences arising from their actions.

Dashboards: These tools are easy to read graphical web sites or portals that consolidate and summarize information from numerous reports, KPIs, scorecards, etc. into one location. The dashboards illustrate how well the institution is performing overall and can be customized for individual executives who can drill down for more detailed information.

Make the Most of Your ERP Investment Now

Since most ERP systems have a life expectancy of 20+ years, institutions will only experience a full ERP implementation every 20 to 25 years. At no other time in the history of your institution will you have the opportunity to make large-scale and sweeping changes in how the organization operates.

Take advantage of your ERP implementation project to transform your institution.

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