

Successful ERP Implementation Begins with Business Process Reengineering (BPR) LESSONS LEARNED!

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Many Names, but the same concept!



Toyota Production System

Just-In-Time

JIT/TQC/EI/TPM

One-Piece-Flow

Cellular Manufacturing

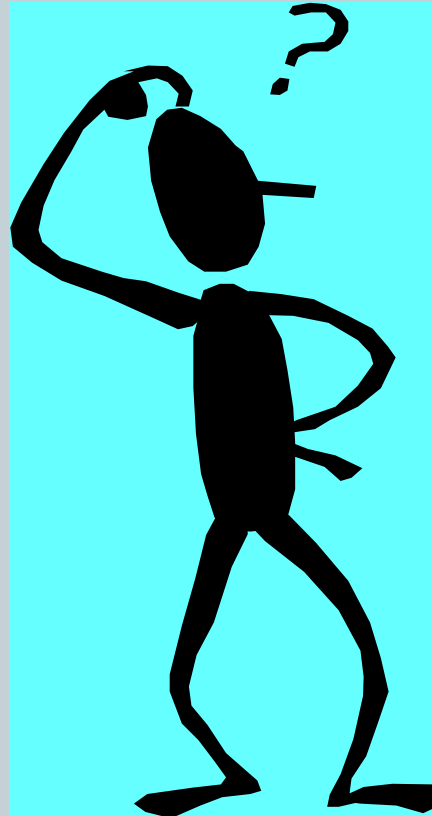
Stockless Production

Agility

Group Technology

Synchronous Flow Manufacturing

Continuous Flow Manufacturing



Pull Manufacturing

Lean Manufacturing

Short Cycle Manufacturing

Demand Flow Manufacturing

Focused Flow Manufacturing

Value Adding Manufacturing

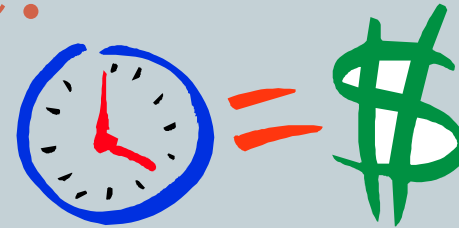
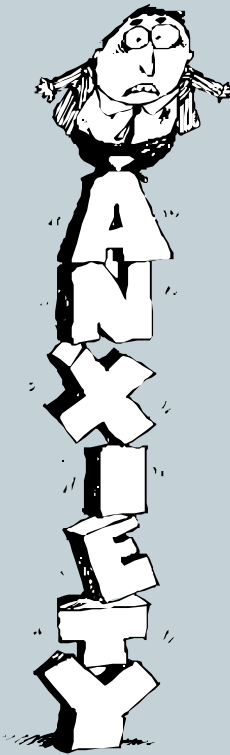
Time Based Management

End-Lining Operations

Barriers to Improvements



If we all know we need to improve, the question becomes: **why don't we?**



Successful ERP Implementation Begins with BPR



- q **Basic Concepts**
- q **Objective**
- q **Philosophies**
- q **Approaches**
- q **Techniques**

Successful ERP Implementation Begins with BPR



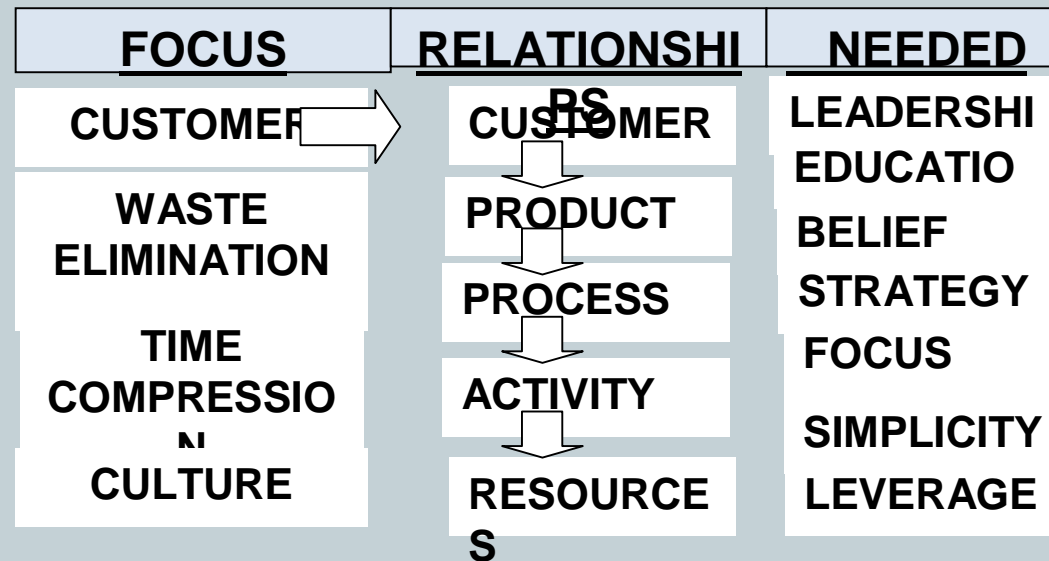
q BASIC CONCEPT:

1. Start with a clean sheet of paper, mission statement, vision **“trashing” the old system!**
2. "Reinvent" how the business is run, don't just make incremental changes..... **don't automate the mess you already have!**
3. Customer-driven, anticipate customer needs..... **Involve customer early in the process**
4. Achieve continuous, rapid improvement.....***gradual improvements may not suffice***
5. Challenge existing approach
6. Use benchmarking, get ideas from other industries

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7. Define product/process relationships, avoid functional "silos"**disregard the existing organization structure!**
8. Set a hierarchy of: customer, product, process, function, activity



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q Objectives

9. Compress time
10. Eliminate bottlenecks
11. Reduce number of steps, complexity, levels, people
12. Reduce defects & Cost
13. Increase flexibility & Profitability

q Philosophies

14. Empower people, but with strong leadership, clear mission & beliefs
15. Make education a way of life
16. A "**System**" consists of missions, leadership, goals, objectives, metrics, policies, procedures, education, training, organization, personnel, tools...**not primarily a computer project Approaches**
17. "Ownership" is important

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q Approaches

18. Focus on eliminating non-value added activities/ assets/costs
19. Use simple approaches, not complex sophistication
20. Decentralize, unless there are compelling reasons to do otherwise
21. Streamline, Simplify, automate, integrate, in that order
22. Employ the conference room pilot approach

q Techniques

23. Selectively implement policies, procedures, checkpoints, controls, accountability, metrics
24. Use "discontinuous thinking" techniques
25. Insiders lead, outsiders augment
26. Small teams, but with a "guiding hand"

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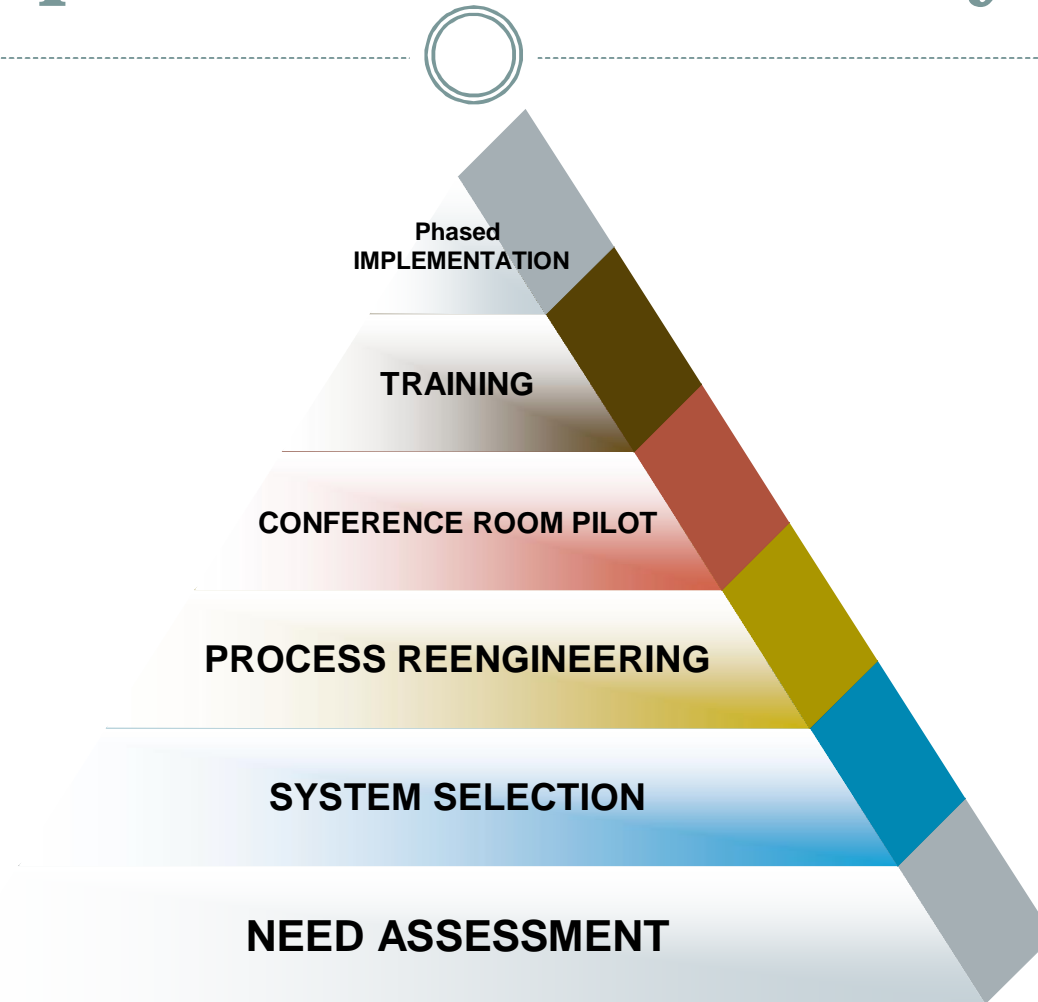
27. Develop common processes, where it makes sense- **At a minimum, come up with common data attributes, macro processes, data exchange conventions, etc.**
28. Bias towards "vanilla" approaches wherever practical
29. Leverage investment, people, resources
30. Set ambitious "stretch" goals. **Don't worry if they are missed. Worry about how much improvement is made**
31. Project leaders should lead, not make all the decisions
32. Avoid "Paralysis by Analysis." **You'll never have all the facts!**
33. Don't use just functional organizations to define processes- **they tend to replicate existing paradigms**

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- 34. Phase implementation to reduce risk and optimize rate of benefit gains**
- 35. Use cellular and self-directed work teams**
- 36. Avoid building a new bureaucracy/theocracy of Reengineering high priests/ priestesses**
- 37. Use flow diagrams, dictionaries, business rules, to define system-- avoid lengthy prose and technical documentation- Results should be suitable for training, auditing and desk reference**
- 38. Maintain master running issues status lists**
- 39. New process designs will win by default if not contested by a set deadline**
- 40. Employ the living flow chart approach to model systems**

ERP Implementation Life Cycle



Reasons ERP Implementations Fail



- q **Governance** Lack of a single person in charge who reports directly to openly supportive senior executive accountable for the solution. Also, ineffective steering body of cross-functional senior execs
- q **Scope** Failure to align contract for services with the requirements expectations. Also, make sure initial scope is achievable to build momentum
- q **Change Management** Insufficient investment in all facets of change management
- q **Skills** Team members lack a thorough understanding of the technical capabilities of the solution or of the underlying business processes
- q **Decision Making** Relying too much on consensus-based decision-making, rather than rapid evaluation of options
- q **Communications** Lacking at all levels (executives, functional owners, across team, with working level system users, external stakeholders, etc.)
- q **Solution Architecture** Lack of a solution architecture or proven implementation methodology
- q **Training** Insufficient investment at all levels (including executives)
- q **Culture** Trying to force an integrated, enterprise-wide solution into a stove-piped culture. Systemic resistance to change
- q **Leadership** Lack of “public” leadership from senior, accountable executive and/or lack of continuity in this leadership position

Characteristics of successful ERP implementations



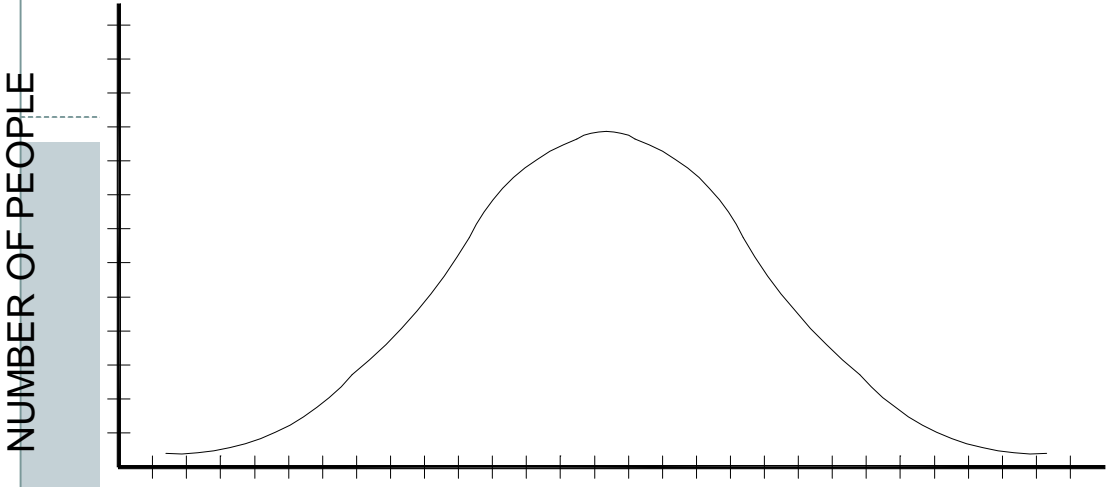
- q Executive endorsement and staff support for study and change
- q Experienced Consultant, who has done it before successfully
- q Selecting the right solution provider and establishing close relationship.
- q Management measures success not only by financial means but also by metrics such as timely reporting, staff accountability, organizational responsiveness, smooth communications, tight audit controls, work capacity and customer satisfaction.
- q Front end planning which includes development of realistic performance measurements.
- q Staff accountability for successful implementation based on carefully defined performance measurements
- q Willingness to modify business practices
- q Solid training and adequate preparation
- q Ongoing commitment to BPR and the process of honing and refining operations
- q Avoidance of heavy modifications which impede upgrades

Questions to Ask



- q Are we willing to commit to making the changes to "the way we do things"
- q What measures for performance improvements in both tactical and strategic areas can we use?
- q Have we appropriately defined responsibility and accountability for these business performance improvements?
- q Will we be able to reduce our material costs? How much and when?
- q Will we shorten delivery time? How? How much and when?
- q Will customer satisfaction be improved? How? How much and when?
- q Will ERP decrease operating expenses? How? How much and when?
- q Will ERP increase revenue? How? How much and when?
- q Will Inventory be reduced? How? How much and when?
- q What efforts are being duplicated?, and What information is really needed, by who, in what format and when?

ATTITUDE CURVE



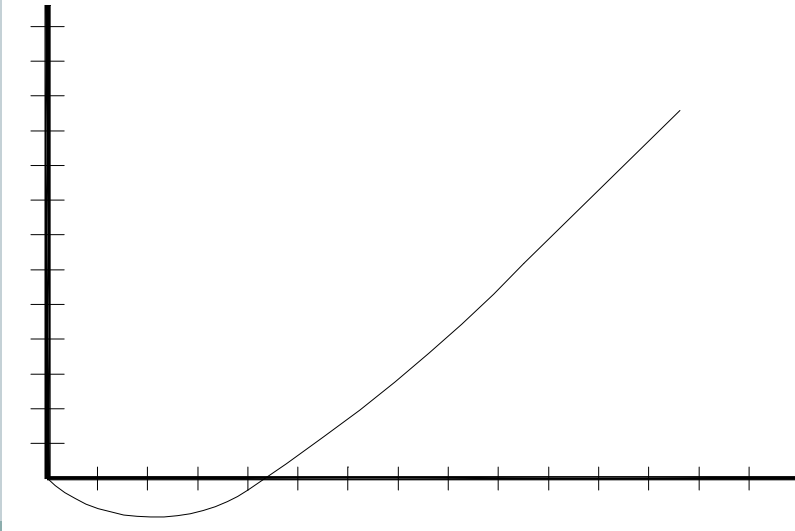
RESISTANT TO CHANGE
"IT WILL NEVER WORK"

WAIT AND SEE
"SHOW ME"

READY FOR CHANGE
"LET'S GET STARTED"

RANGE OF ATTITUDES

LEARNING CURVE



**Involvement leads to Ownership
which leads to Commitment
which leads to Success!.**

IMPROVEMENT

TIME



با سپاس

موفق و پیروز باشید