

HOW TO SELL YOUR ERP PROJECT TO SENIOR MANAGEMENT

Expert advice to help you achieve senior management approval for your ERP project

GUIDE HIGHLIGHTS



Understanding C-level motivations for ERP projects



Presenting your project plan to senior management



The importance of ROI when selling your project



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INTRODUCTION

You realize that your business needs a new ERP. You see, day in day out, that your current system is the cause of inefficiencies holding your company back. To you, the need to invest in a new system couldn't be more obvious...but to senior management? They might not see the advantages as easily as you can.

Getting executive-level permission for your ERP project can seem like a daunting task. Implementing a new ERP is expensive. Workflows will, for a short time, be disrupted. Senior management might not be as familiar as you are with how your technology works, and may therefore be less likely to see the potential value of switching to a new system.

These hurdles are tough, but with the right approach they are not insurmountable. In this guide, we take you through the best ways to approach senior management with your ERP project and what metrics to focus on to win them over. Do it right, and you'll end up with a shiny new ERP system which delivers a good ROI. Your efforts might even make you some friends in high places.



UNDERSTANDING C-LEVEL MOTIVATION FOR CHANGING ERP

At executive level, final ERP purchase decisions always boil down to the same two discussions - 'does the new system offer substantive ROI over time?' and 'Is enterprise management able to establish enough budget confidence that a purchase request will allow even the most frugal executive to pull the trigger?'

It is important to bear these issues in mind when trying to get C-Suite support for your ERP project. Understanding the concerns senior execs might have about making the switch to a new system is the first step to overcoming them.

MONEY MAKES THE WORLD GO ROUND

ERP systems offer a host of valuable operating advantages to nearly any scale of enterprise. On the other hand, the central challenge of getting a final purchase through will be based on overcoming an ERP project's intrinsic tendency to extend direct and indirect costs, that many C-level executives find threatening to an enterprise's cost management stability over time.

"Good CEOs appreciate candor and efficiency, so cutting to the chase will be paramount."

You will need to accept that any ERP purchase decision is likely to be perceived through a jaded eye amongst C-level executives. Therefore, when preparing to build a case for a new ERP system, cost and ROI will undoubtedly be the most important issue to address throughout the entire process.

CEOS MAKE DECISIONS; MOTIVATION COUNTS

At various times during your enterprise career, you may have to work around particularly difficult CFO's by going directly to a CEO with a potential ERP purchase concept. While this approach is unconventional, not to mention somewhat dangerous from a business politics perspective, it is the most effective way to begin a dialogue that may end up in a large-scale ERP upgrade.

Good CEOs appreciate candor and efficiency, so cutting to the chase will be paramount. For example, tell them that various department heads have stopped by with complaints regarding reporting inaccuracies, or bring up the company's stove-piped inventory management system which is cumbersome and causing headaches across the enterprise. These kinds of squawks go right to the

business heart of most CEO's since senior executives typically respond promptly to constraints that threaten operations and lead to negative impacts on the bottom line.

Once you deliver the bad news, follow up with a well thought out, and immediate solution such as; "I was researching ERP platforms last month and one of the more intrinsic operational values is an ability to manage enterprise reporting and inventory more effectively etc. etc."

The ultimate goal will be to positively motivate while allowing the executive to identify the 'right answer' with only a little direction from you. Again, there's nothing inappropriate in this approach, but if you can deliver a particularly soft touch, you'll avoid having to deal with a irritated CFO whose turf has just been crossed.



DEMONSTRATING THE VALUE OF A NEW ERP TO YOUR BUSINESS

Given that the letter 'E' in ERP means 'enterprise', when prepping a holistic system sales effort, it stands to reason that you should involve an entire company early on. Your on-the-ground workforce often have an intrinsic, if not direct, ability to govern the ultimate success or failure of the effort.

Consequently, any approach to selling an ERP project must educate everyone, and the only sure fire way to get that done is to demonstrate ERP value company-wide, after first receiving sign-off from the CEO, CFO and constituent department heads.

A FRAMEWORK FOR DEMONSTRATING VALUE

The presentation framework for this value demonstration should include the following essential elements:

1. Articulate, then establish an overall problem scenario, then break it down into specific areas which are applicable to the department in question. In this event, try to use real world examples, such as those discussed with the CEO at the start of the project. If you're talking about reporting problems, discuss specific reports, and if you are talking about inventory problems explain the processes affected. The goal here is to get everyone thinking about the same challenges at the same time.

2. Once you have described the problem scenario, engage with your audience and gather their input on what can be improved. Not only will this allow for some venting, but will also surface some solutions that can be easily applied to the introduction of an improved ERP system.

"Any approach to selling an ERP project must educate everyone"

3. Introduce potential ERP solutions and discuss their merits within the context of the problem scenarios outlined. Again, the entire process is oriented to getting the workforce on-board and comfortable with the potential impact of the impending enterprise-wide change.

4. Once these 'lite' demos are completed, deliver a prepared questionnaire to the workforce based on the solutions discussed. Rate them on a scale of 1 to 10 for all characteristics of importance, and additionally add any closing comments. Secure the documents and close the meeting.

FINAL GOALS

- The final goals for this process are simple:
- Discuss existing problems and the potential solutions offered by an ERP platform.
- Announce the scale of the effort, i.e. long-term.
- Directly engage the enterprise's ultimate constituents, while at the same time initiating early confidence-building.
- Allow for and respond to operational questions and concerns. Again, this sub-goal goes towards confidence building.
- Establish systems rating priorities across the enterprise then compare those values against management's thinking. As a rule of thumb, enterprise workforce constituents tend to approach the same operational values that managers do. However, if final workforce ratings are considerably different when compared with management values, re-check assumptions made and prioritize requirements accordingly.



HIGHLIGHTING THE NEED FOR ERP CHANGE WITH USE CASES

When preparing for and dealing with issues associated with legacy ERP systems, positive areas of change may appear to be obvious to the system manager. However, many legacy ERP systems tend to become intrinsic to company culture, due to the expectation that operations will behave in a particular way.

Change is endemic to the growth of any business. However, ERP systems that promote company success tend to become static over time, just like managers do, for no other reason than 'if it ain't broken, why fix it.' Regardless, higher up the food chain, smart executive decisions still have to be made to sustain the growth of any enterprise, and sometimes that means highlighting and breaking down historical, emotional and technological issues beginning from the top down.

AN ARROW IN THE QUIVER

Senior management education can be an important tool in the ERP project manager's quiver when attempting to sell a new system concept; but in order to use that arrow effectively one first has to gain the confidence of constituent management, followed by the workforce as a whole. This is where ERP use cases come in.

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For example, if recurrent and well-understood accounting problems surface relating to the accuracy or freshness of reports driven by lagging data deliveries or cumbersome ledger consolidations, begin to offer and propagate solutions by leveraging ERP use cases that describe similar problems elsewhere. This can create a general sense that a particular enterprise cadre is 'not alone', while also beginning to marginalize discomfort at the concept of a holistic systems change.

EDUCATION, EDUCATION, EDUCATION

Another way to offer indirect solutions to pressing, but overarching systems problems is to research relevant solution-specific materials, and deliver that information to key managers. Again, practical ERP use cases are not only beginning to reduce the negative impacts of any major systems change, but also beginning to establish constituent confidence early into the process.

If paper documents are not effective, many companies convene regular enterprise-wide management meetings to keep operations on the straight and narrow. In this event, consultants and ERP vendors can be asked to attend to further extend education across a management group. Nevertheless, whether ERP use cases are delivered as paper-based information products, group meetings, or informal small-setting discussions at the top floor, the process of education is intrinsic to the translation of any legacy-to-next-gen ERP upgrade.



SELLING YOUR ERP PROJECT PLAN TO C-SUITE

By now you may have figured out that achieving buy-in for an ERP project is really more about marginalizing concern, confidence-building, and emotional sign-on rather than ERP systems themselves. However, it should be remembered that there are three elements endemic to any successful ERP solution; hardware, software, and wetware. Among these elements the latter description is the most important, since hardware and software are mostly unresponsive without the introduction of human direction and interaction.

CONCISE RATIONALIZATION

When it comes to selling an ERP project plan there are no real differences between C-level and workforce briefs other than financial elements and process granularity, since senior management tends to orient to macro, rather than micro-level discussions.

Whilst briefing an ERP project plan, remember that a concise rationalization of strategic and financial benefits that your new system will bring is better than focussing solely on the technical side of things. Drilling down into the technological specifics of your potential ERP is usually beyond the attention span of the average C-level. This is not to suggest that senior executives are technologically uneducated or lazy, but that they typically have limited time available to debate the infinite nuances of enterprise systems.

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FOCUS ON ROI

Project managers should go through an overview of the plan breaking down installation and ongoing maintenance cost, and highlighting how and when the company will begin to realize its projected ROI. This latter bit of information is really the point of the exercise, since there are two central issues at play:

1. The C-level cadre must be confident that the final ROI value will be substantiated.

2. Whether a CEO/CFO team is confident of the technologist's assertions or not, those senior managers will in turn have to brief the company's Board of Directors; particularly when the value of the systems purchase expands toward the \$1 million mark. The higher the cost, the more ROI questions will be posed by investors or trusted advisors, and, at that level, these individuals couldn't care less about technology; it's all about cost versus return.

Once the briefing of an ERP project plan is complete, the C-level cadre typically throws its own questions at the project manager; and provided all of those questions are answered competently the greenlight wait begins.

Sometimes, this decision can be rendered in a couple of days, sometimes in several weeks, and sometimes never. However, even if you fail and don't get your ERP project acceptance first time, the education will be worth the effort. Because there will always be a 'next time', when the entire circus hits town for another day in the barrel.

This guide was written by Rick Carlton, ERP Focus Columnist, with contributions from Kathryn Beeson, ERP Focus Editor

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