ERP Selection, Readiness, and Ongoing Utilization
INTRODUCTION - YOUR PRESENTERS

• **David Krout, CPA (inactive)**
  • Managing Partner, ClientFirst
  • Assisted municipalities with a broad scope of information technology needs for over 20 years
  • State & Local Speaker (MISAC, CSMFO)
  • Former Government Technology Consulting Manager for a top 5 Accounting/Consulting Firm
    • Assisted in the development ERP Needs Assessment & Selection Tools for the Firm
    • Numerous DIY ERP Assessment & Selection Seminars

• **Chrissy Earnhardt, CPA (inactive)**
  • Administrative Services Manager, Town of Truckee
  • Town of Truckee Project Manager, ERP Selection and Implementation 2013-2016
  • 13 years experience in local government accounting
• These Topics are Extensive

• We have Conducted 1-2 day DIY seminars on these topics

• So…this will be high-level…we will touch on the highlights…and stay within the scheduled window of time
AGENDA

- Available Supportive Materials
- Best Practices
- Makeup of an ERP System
- Selection and Implementation Readiness
  - PMO (Project Team)
  - Individualized Needs Assessment
  - Risk & Readiness
  - RFP Development
  - Proposal Analysis and Short-List Decision
  - Conducting Productive Demonstrations
  - Due Diligence and Final Selection
  - Contract Review & Negotiations
- Ongoing Application Utilization Improvements
  - Implementation – Pair with Process Improvement Efforts
  - Application Roles & Responsibilities
  - User License Matrix (by Module)
  - Ongoing Training
  - Process Reviews & Improvements with Release Updates
  - Application Support Resource(s)
AVAILABLE SUPPORTIVE MATERIALS
6 Easy-Read Pages in Layman’s terms

We use this as a Primer

Prerequisite for:
- Executive Management
- Department Directors
- Project Team Members

Pre-Read for Elected Officials before any Council or Board Meeting

Email Us and We Will Send You a Copy
CASE STUDY

• Tells a Story
• A Situational Perspective
• Presents a Process
• Quick Read

Email Us and We Will Send You a Copy
SELECTION & IMPLEMENTATION READINESS
BEST PRACTICES

THIS PRESENTATION IS ENTIRELY BASED ON BEST PRACTICES
BEST PRACTICES

• PMI – Project Management Institute

• Every phase is a “Project”
  • Needs Assessment…is a Project
  • Vendor Selection…is a Project
  • System Implementation…is a Project

• There are also Application Management Best Practices to ensure you maximize the utilization of your ERP system

• Stand on the shoulders of those that have proceeded you…they built the PMI best practices from trial and error
• This is your “Project Team”

• Skill Set

• Knowledge of Business Processes

• Personal Characteristics & Abilities
APPLICATION MANAGEMENT BEST PRACTICES

- Best Practice for Departments to:
  - Own and maintain their own business processes
  - More participatory management of application utilization and improvements
  - Understand, document, and train staff to utilize application software
  - Define staff Application Roles and Responsibilities by module
APPLICATION ROLES/RESPONSIBILITIES

- Process Owners
- Application Champions
- Application/Business Analyst Skillsets
- Ad Hoc Report Writers
- Module Leads
- Key Module Stakeholders
- Feature/Function Reviewers
CHANGE MANAGEMENT

• Assessment Workshops and Reports
  • Focused on Fact-Finding, not Fault-Finding
• Objective:
  • Learn about your processes and needs
  • Uncover opportunities for improvement
  • Share ideas and options for consideration
  • Stimulate department feedback and input

• Change Management Team Setup
CHANGE MANAGEMENT ISSUES

- Significant human emotions vs. other IT projects
- Fear of change
  - Technology
  - Job security
  - Extra work over next 1-2 years
- Personality clashes
- Defensiveness about current processes
- Workload transference
What did Truckee see in the value of following Best Practices?

- Systematic approach with proven success (learn from somebody else’s mistakes!)
- Great way to achieve buy-in entity-wide, addresses the human factor

What risks do you feel you would have been exposed to if you had not solicited help to follow Best Practices?

- “just trust me” is hard to establish buy-in
- Not enough or not the right people involved
- Reinventing the wheel
TRUCKEE’S PMO

• Value of having a project team during the system selection
  • Involvement from all departments and all levels
  • Consensus across the organization for:
    • Decisions for short listing
    • Demonstration scoring/evaluation forms
    • Decision for final decision

• Some examples for project team during implementation
  • Chief Building Official – Community Development
  • Administrative Technicians – Public Works, Police, Clerks, Engineering, Administration
  • Planners and Engineers
MAKING OF AN ERP SYSTEM
TIME FOR A HANDOFF

Let’s Change it up!!
ERP SELECTION & IMPLEMENTATION READINESS
• This is where your implementation begins

METHODOLOGY & APPROACH

- Needs Assessment and Recommendations Report
  - Background Analysis
  - Questionnaires
  - Process Review, Feature/Function Analysis and Interview Workshops
  - Documentation
  - Preliminary Vendor Research

- Demonstration Management
  - Develop Demonstration Scripts and Agendas
  - Facilitate Vendor Demonstrations
  - Post-Demonstration Due Diligence

- RFP Development
  - Criteria Development
  - RFP Document and Vendor Response Forms Development
  - RFP Distribution
  - Proposal Evaluation
  - Vendor Short-List Workshop

- Contract Review and Negotiations
  - Facilitate Final Vendor Selection
  - Contract Review and Negotiation Assistance
NEEDS ASSESSMENT & PROCESS REVIEWS

• Need Assessment
  • Surveys/Questionnaire
  • Process and Needs Workshops
    • Manual Processes
    • Shadow Systems
    • Reporting Gaps
    • Functionality Gaps

• Optional (not always needed)
  • Detailed Process Reviews
  • Workflow Documentation
    • Narrative Steps
    • Diagrams
    • Swim Lanes

Find Ability to:
  • Automate Manual Processes
  • Eliminate Duplication
  • Eliminate Spreadsheets & Shadow Systems
  • Is a Process Truly Necessary?
FEATURE/FUNCTIONS REQUIREMENTS

- Customize to your specific needs
- No boilerplate feature lists
- Don’t use other agencies

Agencies are Varied

- Population
- Number of Employees
- Growth Rate
- Contract Agency
- Square Miles & Open Spaces
- Utilities (Electric, Gas, Water)
- Median Income
- Local Industry

Differences may be greater than what we realize
NEEDS & BUSINESS CASE REPORT

- Scope
- Findings & Recommendations
- Interfaces
- Needs and Requirements (F/F’s)
- Viable Vendor Solution Options
- Cost/Budget
- Risk Factors (Risk/Readiness)
- Next Steps
ROI - COST & PRODUCTIVITY

- Automation & Shadow System Elimination

- Control Staff Growth Rate

- Product Realization Cycle

- Workload Transference

**Five (5) Departments each @ 8 hours spent per week on Shadow Systems**

- 40 hour per week
- One Full Employee
- Estimate of $100,000 annual Employee Cost (fully burdened)
- $500,000 in Savings over 5 Years
Let's Change it up!!

TIME FOR A HANDOFF
What were your experiences with:

- Completing surveys/questionnaires?
  - Provided necessary background info for process
  - At times, we didn’t realize just how many software applications and manual processes we were using until it was time to write it down

- Participating in Needs Assessment Interview/Workshops?
  - Approx. 34 participants over 7 days in 44 hours of meetings
  - Included department heads, mid management staff and line level staff
What were some of the benefits you realized from the needs assessment process (examples)?

- Automation Opportunities – Accounts Payable, Purchase Orders, Timesheets
- Elimination of reconciliation spreadsheets or shadow systems – AR tracking, position budgeting, contracts
- Elimination of any duplication – revenue collection receipt entry, planning deposit tracking
- Any other comments on any time savings, improvements in public services – identified need for online portal for customer service for employees and customers and need for real-time information
- Risk & Readiness (costs, resource allocation, etc. from matrix)
- Other – identified need for interfaces that may have otherwise been overlooked
RFP DEVELOPMENT

- Costs
- License or Subscription (On-Premise or Cloud)
- Implementation Costs
  - Project Management
  - Training
  - Conversion
  - Interfaces
- Migration from existing to new system (cost and timeline)
- Required module specifications
  - Features & Functions
- New system hardware/network/other requirements
RFP - ELECTRONIC FORMS

• Use Electronic Forms - Will help the Analysis Process (electronic auto-load)
  • Vendor Profile
  • Vendor Financial Info
  • Vendor Customer Data
  • Vendor References
  • Vendor Architecture and Tools
  • Costs Worksheets
TIME FOR A HANDOFF

Let’s Change it up!!
What was your experience with the RFP process?
- It’s another language! Much added value by using a custom “template” that was in a language that vendors would understand.

Did you feel you received a valuable variety of proposals?
- Distributed to 9 vendors, received 4 proposals
- All vendors relevant to our size and budget

Did you feel the process and RFP structure led to quality proposals that were complete?
- Feature/Function worksheet tables (developed during needs assessment) were critical to evaluation process. Helped avoid getting distracted by the “bells and whistles”.
- 23 staff involved in reviewing RFP
• Proposal Analysis
• Shortlist Workshop (who will move to demos?)
Feature/Function Considerations

- Not all feature/function gaps have the same effect
- Which issues or lack of feature/functions require significant efforts to work around (e.g., 2 hrs./mo. vs. 100-500 hrs./yr., or more)
• Feature/Function Considerations
  • No 100% compliance
  • What is impact of “specific” feature/function gap
    • How will we work around it (e.g., paper, Excel, another application/database, etc.)
    • Can the work-around still be efficient
    • Can we script information/data flow (e.g., link, import/export, etc.)
    • How many labor hours “annually” to work-around the “gap”
  • Based on the above is it a “show-stopper”
DEMOS, DUE DILIGENCE, SELECTION

Demo Guide & Evaluation Forms

Conduct Demonstrations

I thought it would take half the pages and half the clicks to make this work??!!

Not Just What they do........ But how they do it !!!

Final Selection/Decision Workshop

Post Demo & Due Diligence Matrix
VENDOR COMPARISONS

- Technology / Systems Modifications
- Implementation
- Willingness & Available Resources
- Vendor Costs
LET'S CHANGE IT UP!!

TIME FOR A HANDOFF
TRUCKEE’S EXPERIENCE

• Did the preparation and Demonstration Guides help lead to:
  • Demonstrations truly allowed us to evaluate the vendor options
  • Demonstrations that covered what was important to Truckee
  • Established expectations for vendor and staff evaluators

• Did the evaluation forms help you:
  • Documented what we observed for future discussion and decision making
  • Evaluated and score vendors so they could be adequately compared
TRUCKEE’S EXPERIENCE

- Value of Post Demo due diligence Outstanding Issues Matrix
  - Provided ability to verify capabilities and get more detailed questions answered
  - Helped get to a point where we could confidently request contract drafts from vendor
  - Site visits were critical!
CONTRACT REVIEW/NEGOTIATION

<table>
<thead>
<tr>
<th>TASK</th>
<th>Complete the Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Vendor selected should not be communicated or shared until due diligence is completed</td>
<td></td>
</tr>
<tr>
<td>Complete due diligence prior to asking vendor for contract &amp; SOW documents</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RESULT</th>
<th>Achieve Positive Vendor Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation for Vendor and Negotiation Leverage</td>
<td></td>
</tr>
</tbody>
</table>

Prepare Contract Issues Matrix for:
- Contract
- Statement of Work (SOW)
- Draft Project schedule

Maintain Negotiation Leverage:
- Vendor should understand they are not the only vendor in negotiations
- Use help from Experts…someone who has reviewed and negotiated ERP contracts in the past
- Need to know what to look for and this can help your agency’s attorney
Let's Change it up!!

TIME FOR A HANDOFF
What was the value of following a structured contract review and negotiation.
  • Kept everyone on the same page and on track

What was the value of using the Contract/SOW Issues Matrix to itemize and work effectively in coming to a final agreement?
  • Needs clearly identified. Opportunity for both parties to respond.

Other experiences or benefits?
  • Clarification of agreed upon enhancements, including training and testing of those enhancements
  • Clarification of flexibility in pricing schedule, (i.e., Swapping software license costs with implementation services, etc.)
  • Escrow account
ONGOING APPLICATION UTILIZATION IMPROVEMENTS
ONGOING UTILIZATION AND MAXIMIZATION

Maximizing your ERP investment continues through the life of your system.
Maximizing your ERP utilization starts with applying your needs assessment to your implementation...just like discussed earlier

- Automate Manual Processes
- Eliminate Duplication
- Eliminate Spreadsheets and Shadow Systems
- Is this Process Truly Necessary? If not, Eliminate

NOTE: Application Management Best Practices begins on day one and continues through the ERP system’s life cycle
Let's Change it up!!

TIME FOR A HANDOFF
TRUCKEE’S EXPERIENCE

• Who was the Town’s designated Implementation Project Manager?
  • Admin. Services Manager and Chief Building Official

• How much time the project manager and staff have to put into the implementation?
  • 40 hours per week dedicated to implementation, plus regular job!

• Did you have people or resources to backfill for daily operations when staff were engaged in implementation responsibilities?
  • Paid for overtime. Wish had backfill. Burn-out factor.

• Did you enlist a 3rd party resource to assist in your implementation? Yes

• Do you wish you would have used more outside assistance? Yes
TIME FOR A HANDOFF
The days of total dependence on IT for 100% of software application maintenance and support is no longer realistic.
• Use Tables and Forms
  • To identify departmental staff necessary for application management
  • To identify staff roles
  • To identify staff responsibilities

• Roles Include:
  • Process Owners
  • Application Champions
  • Report Writers
  • Application Analyst (IT)

• Re-Evaluate through the ERP System’s Life Cycle
BUILD A USER MATRIX

• Who are Users on the System?
  • What are their job duties? So:
    • What can they see?
    • What can’t they see?
    • What can they do (add, change, delete)?
    • Etc.
  • Use tables and forms to document these users and access required

• Re-Evaluate through the ERP System Life Cycle
• Training – Has highest and shortest Return-on-Investment (ROI)

• Train at All Levels
  • Super Users / Application Champions
  • Expert, Intermediate, and Basic Users
  • System (Application) Administration (Dept & IT)

• Take advantage of Vendor
  • User Conferences
  • Online Training (new employee orientation)
  • CBT (Computer-Based Training)

• Consider Train-the-Trainer (Application Champions or Process Owners)
TIME FOR A HANDOFF
What recommendations do you have regarding training

During Implementation
- Super user training is constant, super users should create training manuals
- End user training – multiple sessions for same groups of people

Ongoing
- New employees – who is responsible for training new employees?

Existing employees
- Constantly learning how to use our resources more effectively, need to share the knowledge
- Need opportunity to get feedback on system and any needs/desires

How valuable is training and would you have preferred more training? Yes
Let's Change it up!!

TIME FOR A HANDOFF

Let’s Change it up!!
• Review and document all module licenses
• Review existing annual maintenance invoices
  • Are you paying maintenance for items you are not using?
  • Should you implement and un-used modules that you have licensed?
  • If you have a module you don’t need: cancel it, pursue a refund, cancel annual maintenance

INVENTORY ALL MODULES
SOFTWARE UPDATES

• Should never be more than (n-1) release levels back
• Review vendor release notes
• Participate in vendor release webinars
• Attend Vendor User Conferences as a learning opportunity on new releases
• Determine new features/capabilities in each releases you need and want to implement
• Develop a plan with vendor assistance
• Train after implementing new releases
• Consider new modules if benefits & ROI
Let's Change it up!!

TIME FOR A HANDOFF
TRUCKEE’S EXPERIENCE

• Explain your experience with updates and applying new features
  • Update checklist coordinated by IT, Admin and Community Development departments
  • Keep track of implementation/upgrade issues
  • Test server is critical

• Explain your experience with:
  • Attending Vendor User Conferences
    • Maximize your investment!
  • Participating in Vendor User Advisory council
    • Make sure your voice is heard
TIME FOR A HANDOFF
An organization-wide ERP system requires an organization-wide resource(s)

Applications Management Specialist
END

WOULD HAVE LOVED TO HAVE MORE TIME

Thank You