

Choosing the Right ERP Implementation Strategy for Your Business

There's no question about it: choosing the right ERP implementation strategy will greatly increase your chances of success, but this is no easy decision. Each method has its own set of advantages and disadvantages, and there is no one-size-fits-all implementation approach. To help you make the right decision, let's review the most common implementation strategies and the factors you need to consider to select the one that best suits your company's objectives.

Top ERP implementation strategies

The most widely used ERP implementation strategies are big bang, phased rollout, parallel adoption, hybrid course of action.

Big bang – With big bang implementation, all users move to the new system on a specific go-live date, usually over the course of one day or weekend. Once the new ERP has been deployed, you cannot revert back to the old system. This strategy can help you get a quicker return on investment, because it is much faster and less expensive than the other options. However, full end-to-end testing prior to the go-live date can be difficult, and if you overlooked an issue during testing, that error could affect other parts of the system.

Phased rollout – Conversely, with a phased rollout, your organization would move off the legacy system more progressively, either by module, business function, business unit or location. It is often the preferred plan for larger organizations, because it is more flexible and less risky than big bang ventures. The downside is that employees have to use a system that is constantly changing. In addition, interfaces are built temporarily and therefore cost money but produce little value, except managing risk. Also if the rollout takes longer than expected, the implementation will be perceived as a project that never ends.

Parallel adoption — As its name indicates, this strategy keeps the legacy system operational in parallel with the new ERP for a specific period. It is slower than a big bang implementation, but faster than a phased approach. Considered to be less risky, parallel adoption is often selected for mission-critical situations. In the event of a system failure, you can always revert back to the old system. But this safety net comes with a price. Parallel adoption is the most expensive implementation

method. For that reason, more and more organizations are replacing it with rigorous testing.

Hybrid approach — This formula lets you combine the above-mentioned methods to adapt to your unique situation. You could implement the most important modules by big bang, then gradually add the other modules, or use the big bang approach for headquarters and a phased rollout elsewhere.

Factors to consider to make the right decision

The two most frequently used ERP implementation strategies are the big bang and phased approaches. A study by Panorama Consulting showed that more than half (53%) of companies used a phased approach for their implementations, 35% used big bang and the rest (11%) chose a hybrid method.¹

Although insightful, these statistics should not influence your decision. When choosing an ERP implementation strategy, the goal is not to imitate others, but to find the course of action that best fits your particular situation. Here are some of the variables you need to take into account.

The size and complexity of your organization.

If you're running a complex organization or a large multinational, a big bang implementation is likely to be too risky. And yet if the different modules or sites are highly interdependent, it may be the only solution.

Level of business risk. There is always a certain level of uncertainty with ERP implementation. Risk cannot be avoided—inaction in itself is a risk—but it can be managed. Your risk tolerance depends on a number of factors, including the nature of your business. A hospital or airline carrier would think differently and take different risks than a clothing manufacturer. And since big bang implementations have an inherently higher level of risk than other approaches, they may be too risky for certain companies.

The software architecture. It is much easier to implement by phase when you are dealing with a modular and scalable ERP system than with a rigid business application.

For instance, a three-tier architecture ERP allows you to upgrade or replace any of the three tiers independently. Similarly, Cloud ERP lets you select the functions you want and add them as your company grows.

The type of ERP implementation. Vanilla implementation is when the ERP software will not be modified or customized. Typically, the big bang strategy will help you complete a vanilla implementation faster. But, it may not be the best approach if you are dealing with lots of customizations.

The anticipated benefits. One of the biggest advantages of phased adoption is that you can realize quick wins before moving to the next phase. It is therefore ideal if you expect higher returns in certain areas of the business. This type of deployment is also less daunting for users and might even be good for your team's morale. Users will stay motivated and convinced that changing the system is indeed for the greater good.

Impact on your personnel. If your resources are already at full capacity, it may be wise to consider a phased rollout. The workload will be more spread over time than with a big bang approach. In addition, your staff will have more time to perform crucial tests, which are essential to the success of any ERP implementation.

Budgetary and time constraints. A phased approach is less risky, but it requires more time. Additional delays translate into additional costs such as consulting fees, support personnel and even the opportunity cost stemming from employees who cannot focus on core business for an extended period of time.

Separate your needs from your wants

Is selecting an ERP implementation strategy really a choice? Naturally, all companies want rapid implementation with minimal costs and risks, but as you consider the pros and cons of each ERP implementation approach, you'll soon realize that the solution often arises from your circumstances, not your preferences.

Share your requirements with Thinkmax, your value-added partner, who can help you plan this step methodically.

¹ Griffith, G March 28, 2011 *ERP Rollout Strategies: Big Bangs and Phases* <http://panorama-consulting.com/erp-rollout-strategies-big-bangs-and-phases/>

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