USE**CASE**

ENTERPRISE SYSTEMS STRATEGY

Introduction

Enterprise Systems (ES) strategy and the subsequent implementation decisions are some of the most critical decisions organisations encounter. A modern real-time ES digital backbone is no longer a nice to have. Failure to deliver as planned could very quickly put a company out of business. Enterprise Resource Planning (ERP) is one of the most critical pieces of any ES strategy. Boards want to ensure that the decision making process to change them creates business implementation goals that everyone can buy-in to. One way to do that is to engage a provider that's independent to facilitate the process and to 'pressure test' execution plans.

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Business context

Our client specializes in fast moving consumer goods both own branded and white label which are distributed through stores and vending. Historically a regional management structure was used to plan the product supply chain and trade promotions, relying on local field forces and independent in country distributors to achieve sales targets. This somewhat rigid process led to an over reliance on 'champion products' to achieve sales targets, causing portfolio growth and margins to decline.

The board embarked on a strategy to challenge the company on the global versus local product portfolio strategy. The plan was to adopt more modern 'go to market' and 'subscription' style sales models. The goal of the strategy is to have identical margins in all regions across products and services and increase % of direct to customer within two years.

Strategic technology context

Throughout the company's history ESs have been relied on:

– to connect disparate information systems after mergers and acquisitions,

– to cater for local variations,

– to upgrade inadequate IT infrastructure, and to solve the compliance and controls problem.

Today the drivers behind ES thinking are more focused on maximising strategic flexibility and improving business operations by allowing better business decisions to be made in near real time. This reduces costs, downtime and improves the customer experience by enabling 'end to end' data visibility across customer interaction points and business processes.

ES decisions tend to be irreversible and interdependent so it is important that the business buys into the philosophy and criteria for decision making and is collectively aware of what the implementation process will require from them, as well as the many third parties needed to deliver the business and technology services during implementation.

Our Brief

We are here to help our client to evaluate and put together recommendations on the type of digital enablement needed to realize the business strategy, taking into account the cost to serve challenges and growth plans. Part of that mission is to raise levels of awareness of the potential of *'off the shelf'* technology and how it could be delivered. We are helping with the market scanning and agreeing use cases so that the vendors can showcase what they have to offer, in the context of the strategy and the clients short term objectives.

In our experience it's all too easy to get overwhelmed by the decisions that need to be made. It's also tempting to react to that by putting in place a *'mega'* project management structure.

We helped this organisation to establish a strategy for the decision process or a *'plan for a plan'*, and to set boundaries between phases so that only the decisions that needed to be made were made. We were also there to challenge their thinking and raise their ambitions, shaped by previous ways of working to excite them by exposing them to ways of working and software vendors that had ideas to contribute.

What we did

1. **We scoped out the critical decisions to be ratified to define Phase 1 of the strategy:**

- Definition and set up of a cross business evaluation team
- Business and customer process objectives and outcomes that were in scope
- Ways of working and levels of mobility required e.g. across the *'end to end'* fulfilment processes
- Key design decisions on value adding versus commodity work and who would do it
- IT strategy – level of *'fit to standard'* versus custom capability
- Rank and prioritise using *'MoSCoW'* for digital functionality

- Data and master-data strategy and options for ownership
- IT infrastructure, security and identity strategy, and future support model
- Digital blueprint (applications and infrastructure) and phasing of the implementation
- Business and customer continuity considerations throughout implementation
- Business deployment approach – global, big bang, MVP for example.

The above and their implications were ratified using a formal check-point ceremony with functional business and leadership board level sign-off at the end of Phase 1.

2. **The second 3 month *'decision'* phase was to ratify and pressure test delivery options:**

- Implementation team selection criteria
- Procurement strategy and Implementation partner(s) selection
- Implementation strategy (show and tell, agile, low code accelerators)
- Business and technical design management governance
- Deployment – go-live strategy (phased, plunge, or parallel)
- Personnel job definition and training strategy
- Quality and delivery assurance approach.

The Results

The benefit of buying into a 6-9 month independently facilitated two-part process like this is that it sets you up for implementation success. The work more than pays for itself by reducing the costs to execute the strategy, and by building a framework for decision making it enables alternative/substitute plans to be very quickly evaluated when things change.

For this client the formality of the process coupled with the independent challenge gave them a structured thinking space and created meaningful cross business dialogue. The net effect of this, for a moderate investment relative to the cost of implementation overall, was that the costs were more than recouped further down the line e.g. ability to negotiate with providers.

Making these key decisions upfront enabled the downstream activities of the programme to continue to go to plan. This had big benefits for the continuity of this consumer brand in its existing markets, and its launch of new digital enabled services in new market places. The approach also enabled them to successfully calculate the impact of an acquisition and the timing of a divestment.