



# How to Choose the Right ERP Partner

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A QAD Leadership White Paper for the  
Global Manufacturing Industry

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# HOW TO CHOOSE THE RIGHT ERP PARTNER

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A manufacturing executive may have the responsibility to lead an ERP implementation once, maybe twice, in a career. It doesn't occur often, in part because an ERP is so integral to a business, affecting almost every one of a company's functions. But there may come a time when you need to make a change, to standardize your organization or to improve your company's efficiency, effectiveness or competitive advantage, particularly when facing disruption in today's increasingly turbulent world.

If, on your watch, the time comes to update your organization's ERP, here's some advice.

What symptoms can, or should trigger an ERP evaluation? Maybe the labor shortages and post-pandemic expectations around remote work have finally broken your previously "good enough" homegrown spreadsheets, shared drives and databases. Or you're sacrificing data accuracy. Or there's no single version of the truth, so different siloed departments have different views of reality. Maybe you're struggling to operationalize new industry or regulatory requirements around supply chain due diligence and ESG. Or most critically, you don't have the information at hand to be nimble and to adapt to changes in strategy or in your highly competitive market. Before you launch the process, you need to know that you're working with an ERP firm that has seen all of the potential pitfalls and knows how to navigate around them. You want to partner with a company that's been through many thousands of successful ERP implementations. You want to work with a company that has learned which factors can predict a successful outcome by experience.

## KEEP OUTCOMES TOP OF MIND

Because an ERP decision has such importance, both in terms of the efficiency of the business and as a major investment, most companies use a structured, formal decision-making approach. They identify the problem and lay out the options. They approach the project with the mindset that success means delivering the promised outcomes within a targeted time frame and budget.

The sad reality is that, despite best efforts, most ERP projects fail to deliver on the defined outcomes. As the project progresses and gets managed, time and budget goals can push aside the central objectives.

When you're racing to a finish line, it's easy to forget the business results you're trying to achieve and the critical success factors essential to getting there. You stop asking where the risks are, how to mitigate them and how to make the right decisions to deliver the right outcomes.

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The RFI/RFP selection process itself often doesn't zero in on the critical success factors, but instead focuses on capabilities, delivery and cost. While capabilities, delivery and costs are important, they're not the factors that will make the biggest difference in how successful your new ERP will be.

## STAY FOCUSED: CRITICAL SUCCESS FACTORS

If you're going to make the right decision about an ERP partner, you'll need to consider the business outcomes and the critical success factors needed to achieve those outcomes. If you don't, you're potentially risking your major ERP investment.

### You only know what you know

Since ERP transitions are typically once per career stage events, most team members won't have specific ERP implementation experience related to their current scope of responsibility. Your organization, your selection team and your ongoing project team only have a certain level of maturity, knowledge and skill sets. To get to the right outcomes, to get to great, you have to come to terms with knowledge gaps and then bridge them.

### The right resourcing

The ERP selection process is a time-consuming and painful process. To get the most out of it, you need to bring your best and brightest, but even that's not enough. You need people with vision and focus, who can leave behind the current ways of working and forecast what the company needs, not just now, but one, three and five years ahead.

### Time to outcome

Consider the track record of a potential ERP vendor. Ask the question: do they have a history of efficient implementations that deliver outcomes within the promised time frame? Protracted execution of an ERP plan can delay or even kill the economic benefits you expect to derive from your new system. Long implementations tie up key personnel and shorten the shelf life of your business-critical investment

### Governance and scope

It's very common to start the ERP selection process with every department listing the requirements they need. If so, you run the risk of "wish listing" rather than staying true to the core business requirements. It may be that those extra-departmental demands won't deliver the results you need or be worth the investment you make. The last 20 percent of your wish list could easily take 80 percent of the time and cost. The overall objective should be to reach a consensus around the greater good. You need to make sure that your team coalesces around the overall objective for the business and what's really going to drive business change, rather than demanding that every last departmental nice-to-have is covered. Always keep the objectives you're trying to achieve top of mind, and put the necessary controls in place.

### Adaptability and scalability

It's not just about what you have now; it's about where you're going to be in five years. How is the system going to support changes? How is it going to keep up with the level of disruption in your industry? How is it going to support the growth of different initiatives within your organization? Many ERP platforms have a reputation for locking people in with big upgrade projects or with heavy customization, which limits flexibility.

### Staying up to date with emerging technology

Will your ERP partner allow you to leverage what you don't even know about yet? You need to keep the door open for the application of new technology – AI, machine learning, robotics – that will bring you value not just now, but well into the future.

# HOW TO CHOOSE THE RIGHT ERP PARTNER

## Partnership

Are you aligning with a true partner? Consider that you'll have a relationship with the ERP vendor for many, many years over the lifespan of an ERP program. You need to make sure that the provider has the right attributes, the right cultural fit that can sustain a long, productive ERP partnership.

Are you doing all you can to ensure the integrity of your ERP selection process? Information technology and selection consultants typically focus on capabilities, delivery and cost. But the ultimate responsibility for success doesn't lie

with the information technology department or a selection consultant – it lies with you and the executive team. It's a business decision, it's your spend and the impact is huge. Are you making sure you have the critical success factors factored in? If you get it wrong, effectiveness can suffer and worse, there's a human cost -- people can lose their jobs. And if you do survive some bad decisions, you can ultimately end up where you started - another selection process with the same inherent risks.

## THE RIGHT WAY

Take control of the ERP buying process. Ensure the right selection by focusing on the Critical Success Factors.

CRITICAL SUCCESS FACTORS	RECOMMENDATIONS
Driving best practices	<p>You know your business and industry. To ensure an effective selection team and a successful project that drives the right outcomes, it's critical to leverage industry best practices and ensure compliance with business and regulatory requirements. You have to keep this question top of mind: are you on track to improve the performance of your company?</p> <p>Select a partner who knows ERP in your industry best. You don't want a jack of all trades. You want a specialist who knows ERP and your industry requirements better than anybody, who will make sure you're compliant, future-proof and ready to succeed.</p>
Driving change	<p>Driving the best results requires the best team, and appropriate resourcing is critical. The selection and project teams need to be made up of people who have the right knowledge, but who are also willing and able to drive change. Every person on your team needs to bring value.</p> <p>Empowering the team will ensure ownership, knowledge transfer and adoption. This needs to be managed through good project governance and controls.</p> <p>Take advantage of the skills of your ERP partner to fill in gaps and assist with the transformation of your business.</p>

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## Business drivers

Companies should only start the ERP process if there are very real business drivers. If those business drivers don't exist, the project will be at risk from day one.

It's important to be very clear about what the business drivers are and to make every decision with them in mind. When you have the business drivers documented properly, you can work on communicating urgency for the mission within the project team.

There should be full participation and a sense of urgency and priority at the selection stage as well. With agreement on the team and clear communication, it's more likely that the selection process and the resulting project will remain a key objective in your organization.

**When business drivers are not a core part of the critical success factors for your project, here's what can happen:**

1. Failure to improve efficiency and reduce costs can result in a loss of competitive advantage.
2. Inability to standardize business processes and data across all sites may lead to multiple versions of the truth, confusion among employees and a reduction in productivity.
3. A lack of flexibility can make it difficult to support mergers and acquisitions. This will affect your company's ability to capture the intended value generation, constrain the potential cost efficiencies, and potentially lead to a reduction in market share.

**Failure to attain specific business outcomes and encourage business growth may result in an inability to support the company's strategic plan.**

## Speed to benefit

With the high level of disruption in your market, it's critical to undergo a fast implementation. Worst case, if you move too slowly: your new ERP system is out of date before you go live. Strong leadership, management support, and commitment are essential.

In a longer implementation, it gets harder to keep the right people involved in the project, which can lead to delayed, compromised or inaccurate decisions. Further, resource management within the company becomes more difficult and running costs of the project increase rapidly, putting the quality of the end result of the project at risk. When benefits are realized later than expected, the entire project can fail.

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## Governance of the selection process

One of the big risks of an ERP project is wish-listing. Expectations set in the selection process can endanger scope, time and budget. If you allow wish-listing at the selection stage, you can push up costs and timelines. The last 20 percent can easily cost 80 percent of the budget. What's critical is the core objective.

Also, the wish-listing mentality can become baked into the project team. The team can become demanding of getting everything they want, regardless of cost, instead of the outcomes you really want.

Think through what's reasonable and realistic to aspire to, versus aiming for the stars. If you try to do everything at once, the project could balloon and the risk increases that you won't accomplish anything. Small incremental steps aligned to the business drivers and outcomes agreed upon are the most effective. Without clear and consistent communication it is impossible to keep the process on track.

## Planning for disruption

Building requirements based on current conditions means you're out of date before you start. Don't look at how you work now. Look at how you plan to work in 12-24 months. How are you going to adapt to the wider changes? How do you build flexibility into your requirements?

You need to think about the capabilities within the technology or the partner that will allow you to respond to change and build for the future, meeting requirements you don't know about today.

It's not just about the project but also about what happens after you go live. How will you support the onboarding of new hires, or ongoing employee training? How do you ensure standardization and consistency across all plants? Evolution, change and disruption are the new normal. If your new system can't support that change you'll end up very quickly back in the same position. You need to think about ongoing, continuous improvement to future-proof and ensure scalability.

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## Partnership

Selecting the right partner is critical. ERP has a long lifetime and your choice of partner will set the limits of your manufacturing operation for years to come.

Does the ERP company have a reputation for delivering, and do you have assurance that you'll have access to the people you need when you need them? Do you have a common culture and share the same values?

Do you want a single relationship or the responsibility for managing multiple relationships?

What geographic scope and coverage do you need? Don't just think time zones and language, think local legislation and regulations.

At QAD, we're specialists, masters of our trade. We're passionate about ensuring that every manufacturer achieves their desired business outcomes, and we tackle challenges head-on.

Learn more about our [ERP solutions for manufacturing](#).  
Or to discuss a possible ERP implementation for your plant,  
contact QAD at +1-805-566-6100 or email [info@qad.com](mailto:info@qad.com).

## ABOUT THE AUTHOR

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*Previous to joining QAD in 2018, Tom's career in Information Technology covered all the bases. From answering help desk calls at EDS, to consulting for Accenture, to enabling Manufacturing, Procurement, and Shared Services Operations for Johnson Controls, and to serving as Vice President & Chief Information Officer for Yanfeng Automotive Interiors, he's had a lot of opportunity. Tom joined QAD in 2018, to help customers and prospects learn more about how QAD's Adaptive Manufacturing solutions could drive value for them. Today, Tom leads Customer Success Management globally for QAD, ensuring that customers have a voice and receive maximum benefit in their relationship with the company.*





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