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ERP – Is it for me?

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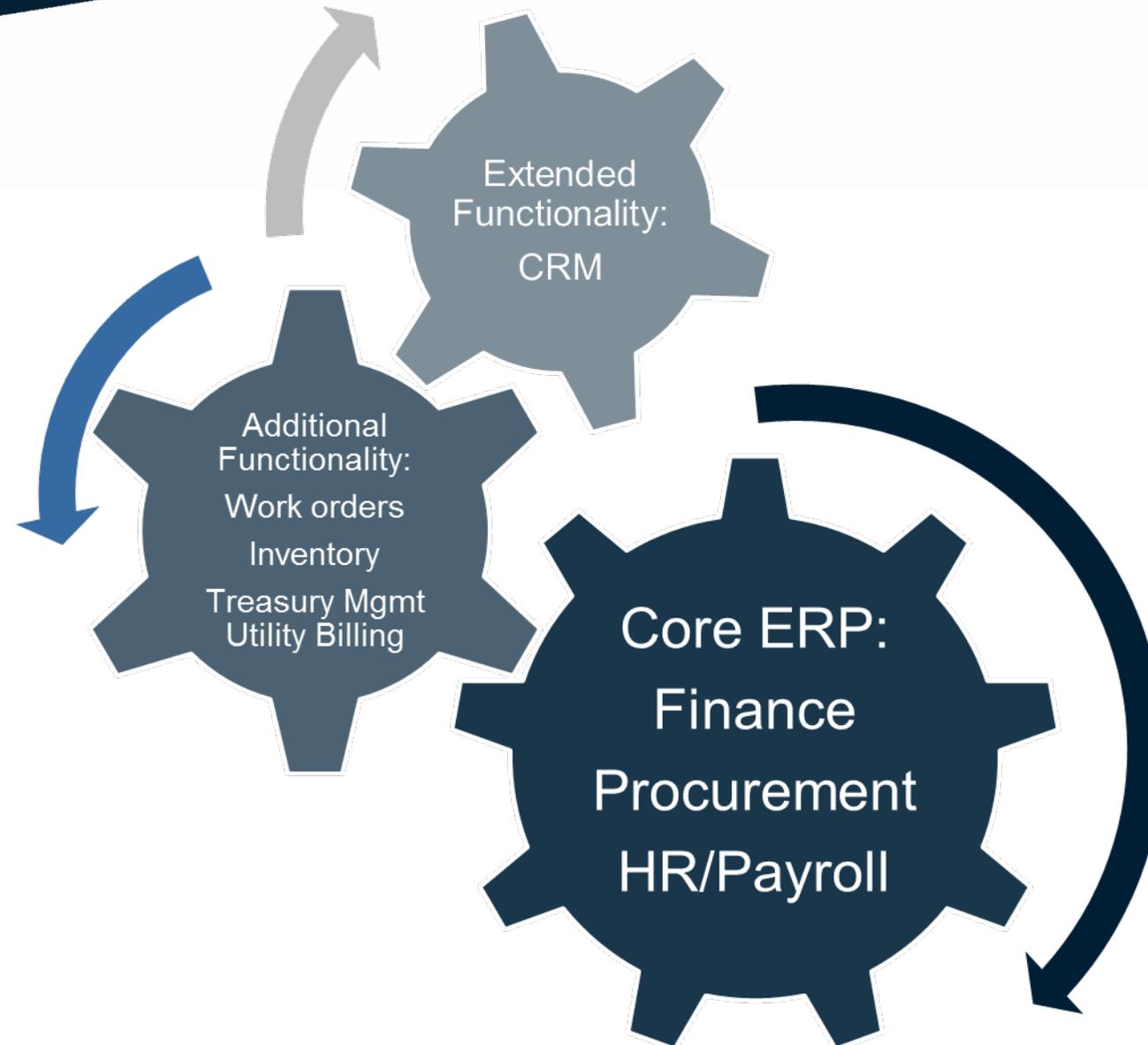
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- > What is ERP?
 - > Benefits
 - > Examples
- > ERP Effects on Business Operations
- > How to Start the System Selection Process
 - > Identify Scope of Project & Roles
 - > Critical Success Factors
 - > Top Reasons for Failure and steps to Mitigate

Enterprise Resource Planning (ERP) systems are software applications that support an organization's finance, human resources, purchasing and payroll functions. It includes:

- > Transactions
- > Reporting
- > Workflow
- > Approvals
- > Controls

What is ERP?



What is ERP?

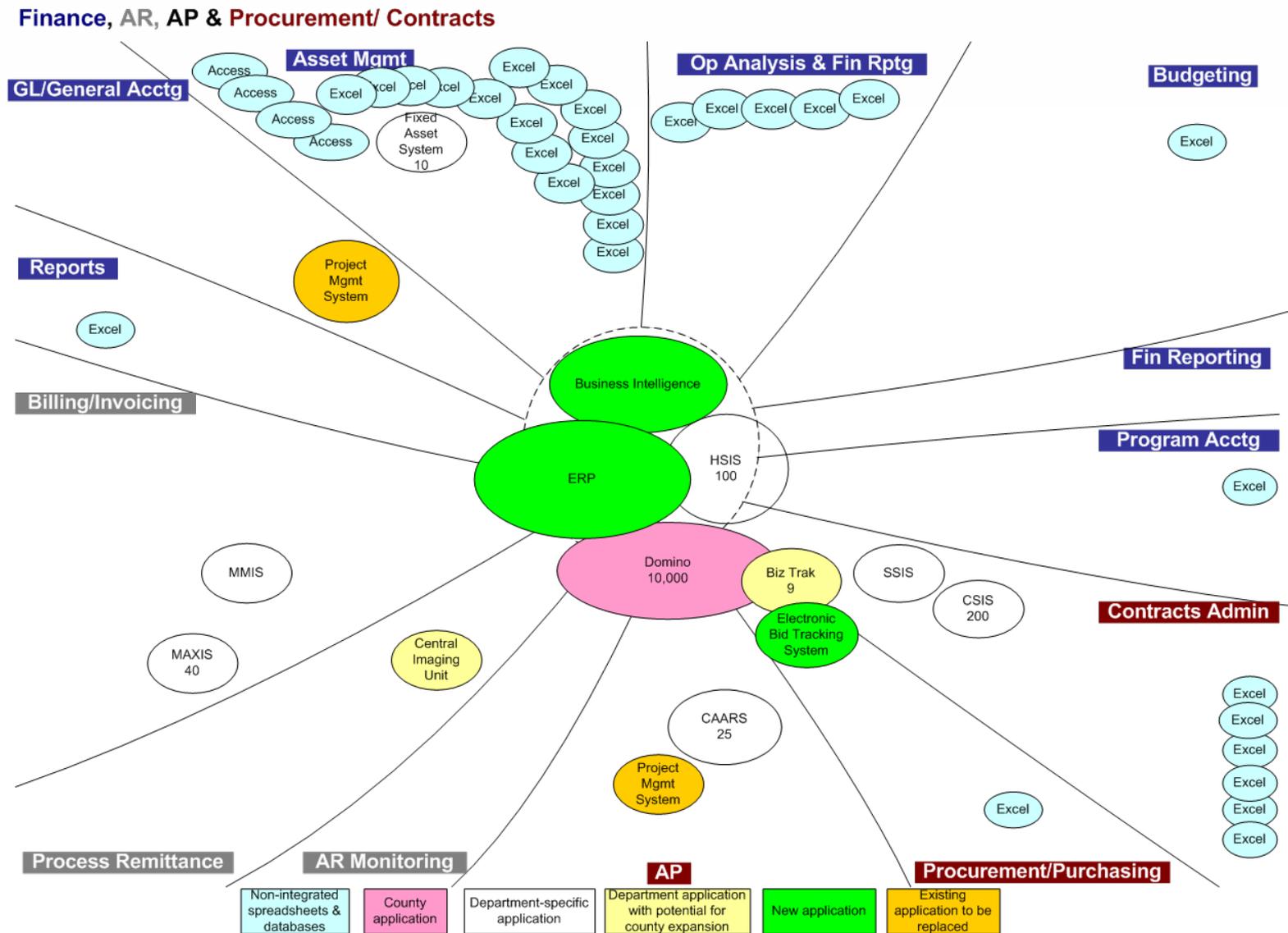


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ERP transitions an organization from one with disconnected, redundant data contained in multiple systems to...

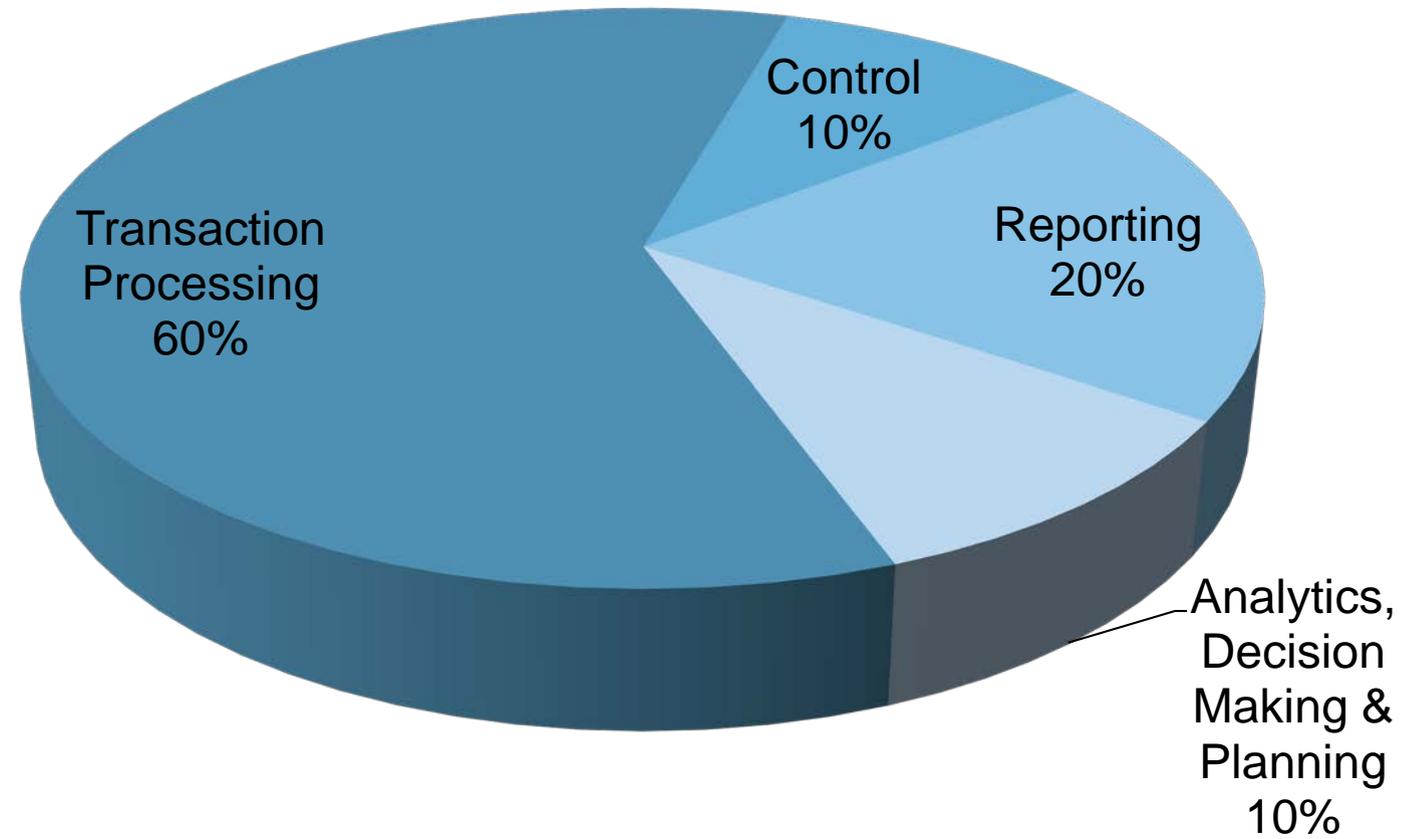
One with a single point of data entry, increased information management capacity, and reduced systems and processing time.

What is ERP?



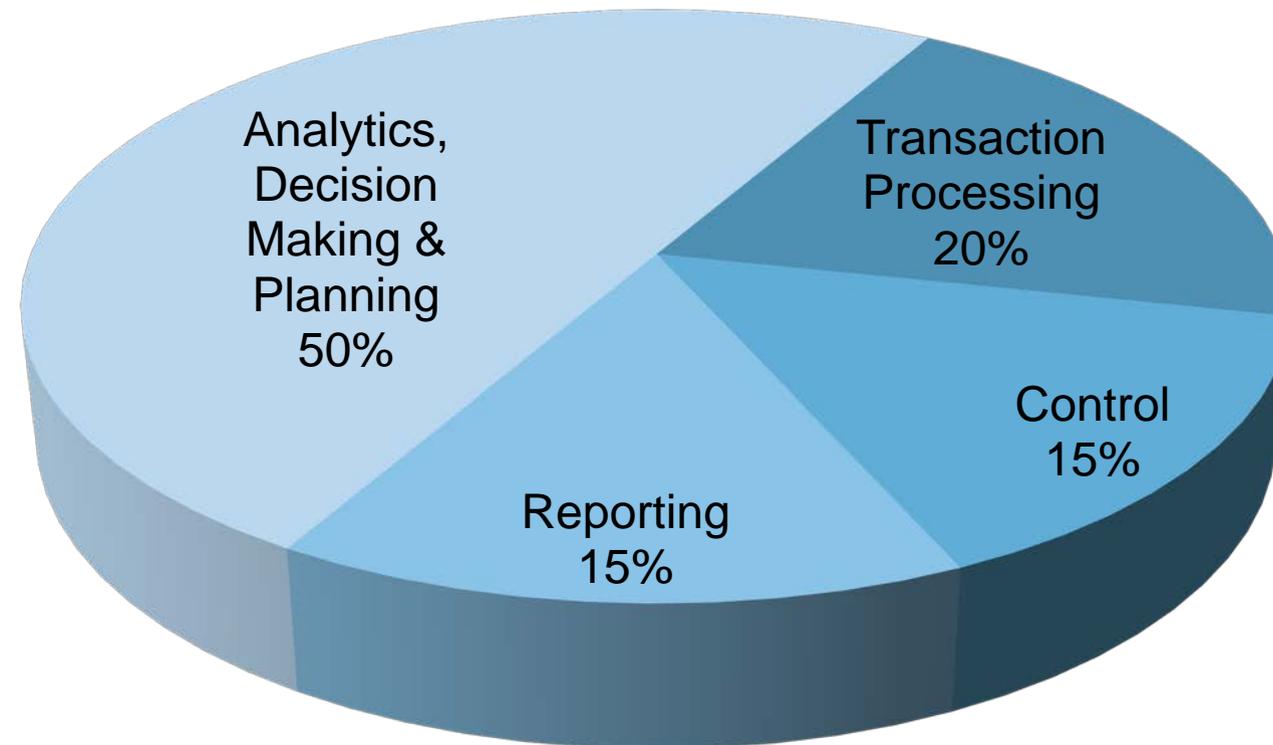
What is ERP?

Before ERP Selection



What is ERP?

After ERP Selection



What is ERP?



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> Common Improvement areas include:

- Financial Reporting
- Purchasing
- Accounts Payable
- Budget to Actuals reporting
- Time and Attendance
- Human Resources
- Materials Management
- Work Orders

ERP Effect on Business Operations

- > Document Management for Financials and HR
 - Reduces archival costs
 - *Makes “paper” available on demand*
- > Electronic Signatures
 - Reduces processing time
 - Enhanced customer service
- > Enhanced Management and On-Demand Reporting
- > Utilization of Workflow
 - Eliminates “hand offs” and data entry
- > Web-based Transactions
 - Efficiencies gained – Single point of entry for customers and employees

> General Ledger

- Update to Chart of Accounts
- Project & Cost Accounting
- Only have access to accounts that they have permission to use
- Should not have to key the full account string

> Budget Development & Maintenance

- Less time spent on data entry
- More time spent on analytical activities
 - » Expenditure and revenue forecasting
 - » Trend analysis
 - » Long term financial planning
 - » Budget scenarios

> Accounts Payable

- Online matching leads to paper reduction & automated files
- Decreased processing times for vendor payment

> Purchasing

- On demand information regarding contractual status
- Online vendor management (process efficiencies)

> Project Accounting

- Ability to track multi-year costs: saves time & eliminates redundancies
 - » Track at multiple levels, i.e., parent-child relationships
- Assess ROI of individual projects: Calculate funding advances & actual vs. budgeted variances.

> HR and Timekeeping

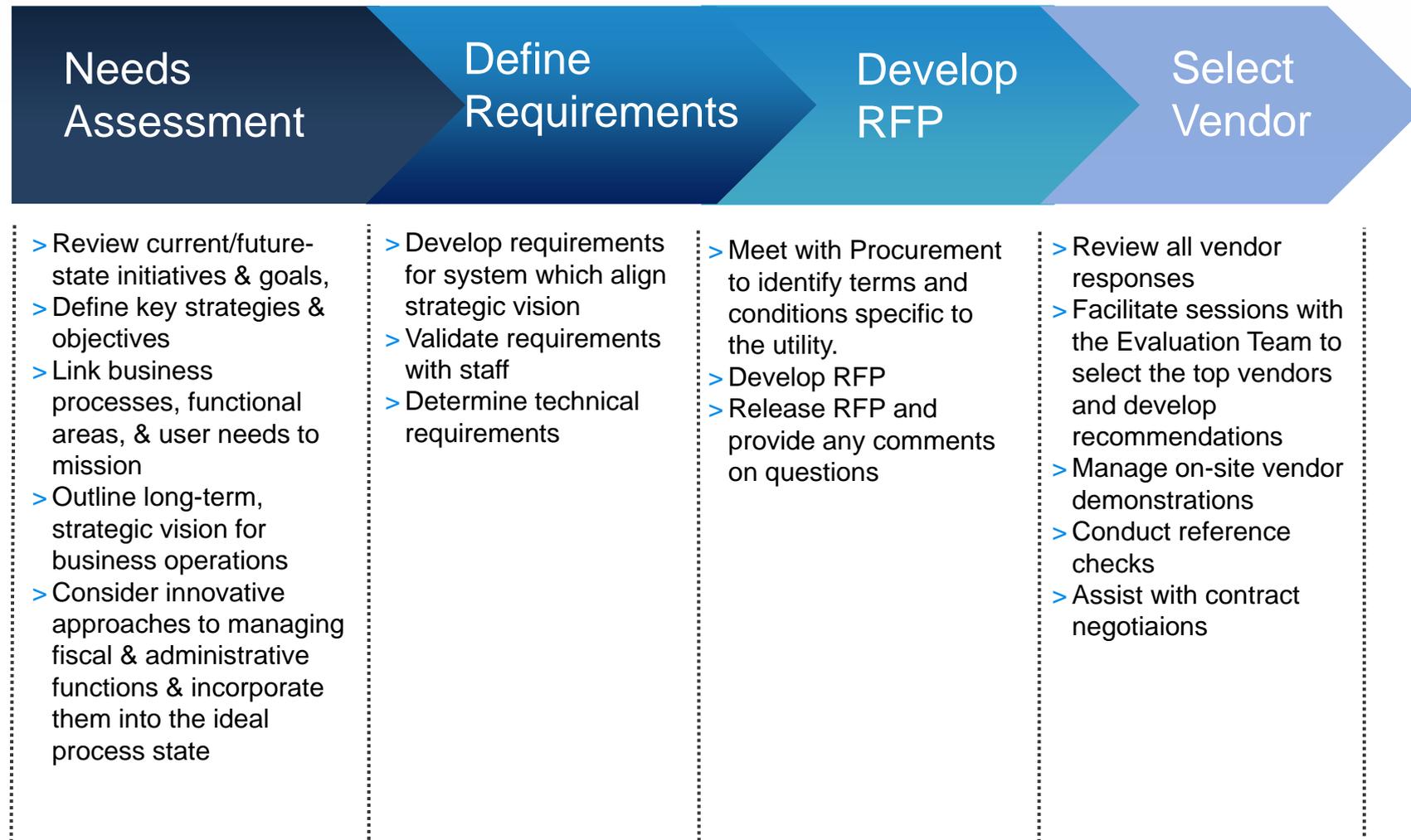
- Employee self service: Eliminates redundancies
- Single, electronic employee file
- Management information tracking
 - » Greater ability for analysis of time off/abuses
 - » Tracking of grievances by type
- Data Integration

ERP System Selection

- > Steering Committee
 - Define a group of stakeholders that represent the organization and have a process for receiving feedback from others
- > Evaluation Team
 - Create a selection team using management from various parts of the workflows and departments.
 - Include an IT representative to ensure the organization's IT strategy is followed.
- > Subject Matter Experts (SME's)
 - Key process owners across the various departments.

- > Ensure that team members know they will need to dedicate a generous amount away from daily operations to successfully complete the selection.
- > An experienced third party can provide an independent look. A facilitator from outside the organization can jump-start the selection process, minimize the time impact on critical resources, negotiate delicate turf issues, and expedite an unbiased decision.

- > Phase I – Needs Assessment
 - Subject Matter Experts (SMEs), Steering Committee
- > Phase II – Define Requirements
 - Subject Mater Experts (SMEs)
- > Phase III – Develop RFP
 - Evaluation Team, Steering Committee
- > Phase IV – Select Vendor
 - Evaluation Team, Steering Committee, Subject Mater Experts (SMEs)



Phase 0 - Project Management and Project Review

Critical Success Factors

What can we do to ensure success?

Critical Success Factors



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- > To ensure a long term return on investment, provide decision makers with information about the importance of the following factors:
 - Business: best practice business processes, data, and methodologies
 - Technology: hardware, software, and networks
 - Culture: organizational roles and responsibilities
 - Industry: drivers and opportunities relevant to your industry
 - Strategy: long-term strategy and viability of the vendors
 - Other factors: unique factors about your organization that should be considered

Critical Success Factors



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- > Conduct cross functional workshops to understand end to end processes and workflows
- > Review current state processes and identify process bottlenecks, organizational constraints, data inadequacies, and technical limitations
- > Decide if a cost/benefit analysis is needed for the project
- > Thoroughly define business requirements
- > Develop a well defined Request for Proposal

Critical Success Factors



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- > Document an evaluation plan prior to receiving vendor responses. Include qualitative and quantitative evaluation scorecards for each stage of the evaluation
- > Conduct structured demonstrations and interviews with scripted questions and scenarios using real information and processes
- > Conduct reference checks and document strengths and weaknesses stated by your peers
- > Stick to at least two vendors until the end to serve competitive contract negotiations

Top Reasons for Implementation Failure



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- > Strategic goals are not clearly defined
- > Top management is not committed to the system
- > Implementation project management is poor
- > The organization is not committed to change
- > A great implementation team is not selected
- > Inadequate education and training

Top Reasons for Implementation Failure



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- > Data accuracy is not ensured
- > Performance measures are not adopted to ensure that the organization changes
- > Multi-site issues are not resolved
- > Technical difficulties

“ERP: Implementation Procedures and Critical Success Factors.” European Journal of Operational Research.

Steps to Mitigate



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- > Steering Committee
 - Needs to meet regularly
- > Ensure everyone in the organization is aware of the project
 - ERP 101
- > Develop a report that expresses the value of the project
 - Needs Assessment Report
- > Establish project goals/business drivers
 - Included in Needs Assessment Report

Steps to Mitigate



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- > Meet with key individuals regularly
- > Establish a project plan (including resources for life cycle)
- > Understand the people factor
- > Offer multiple & ongoing training mediums
- > Review performance & compliance

Summary and discussion

Thank you



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We welcome your questions at anytime



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