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# ERP – Is it for me?

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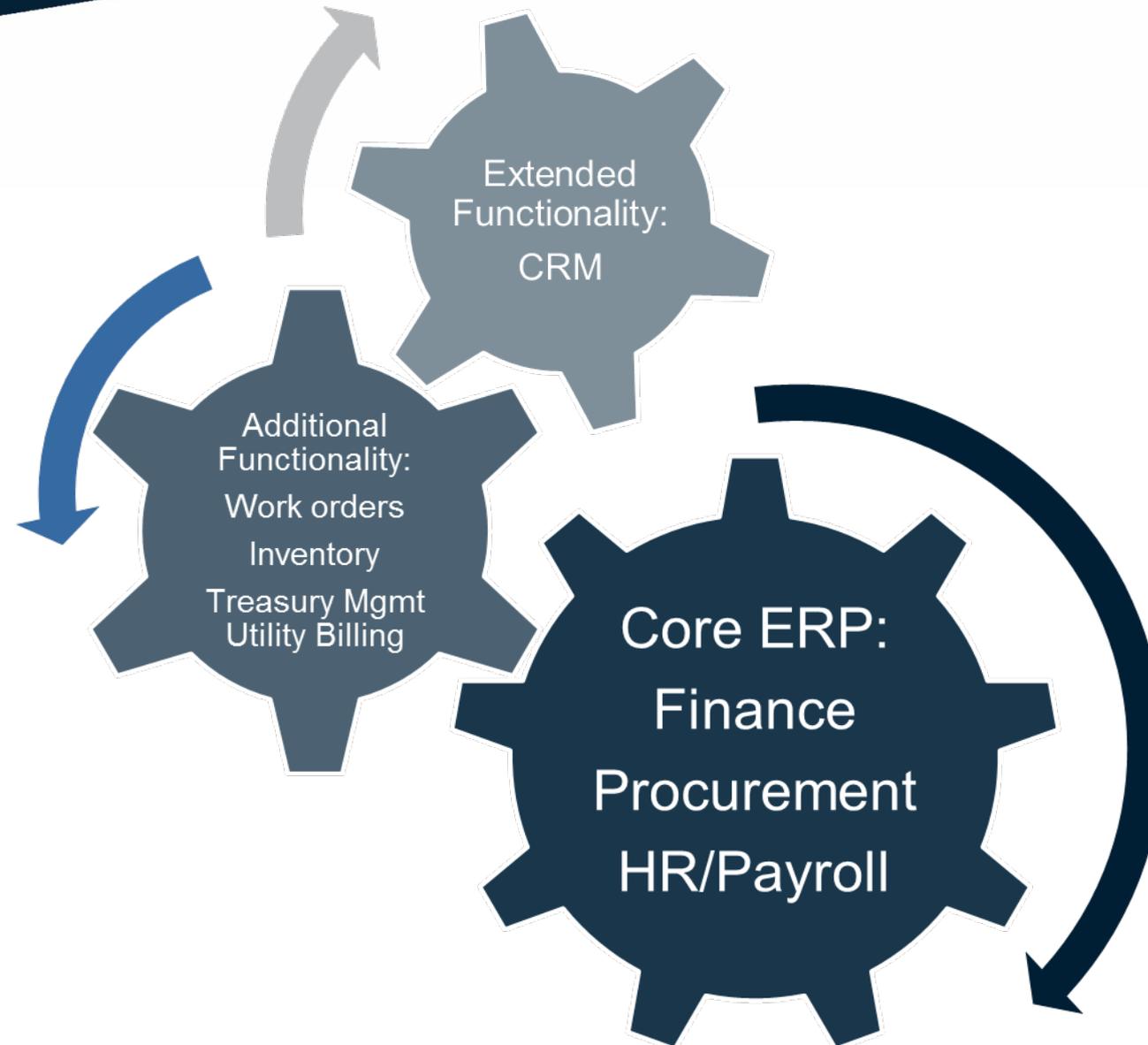
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- > What is ERP?
  - > Benefits
  - > Examples
- > ERP Effects on Business Operations
- > How to Start the System Selection Process
  - > Identify Scope of Project & Roles
  - > Critical Success Factors
  - > Top Reasons for Failure and steps to Mitigate

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?



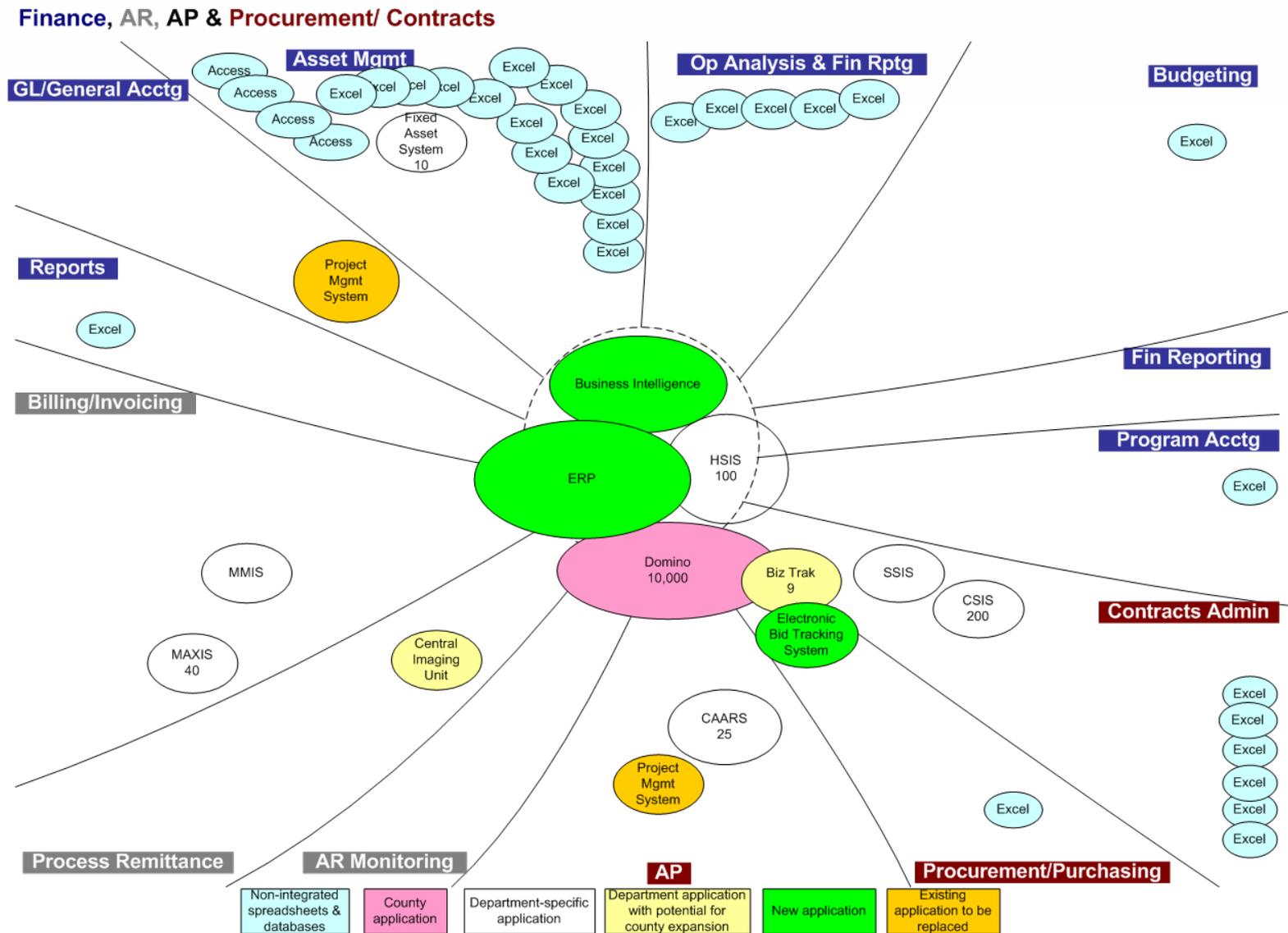
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ERP transitions an organization from one with disconnected, redundant data contained in multiple systems to...

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

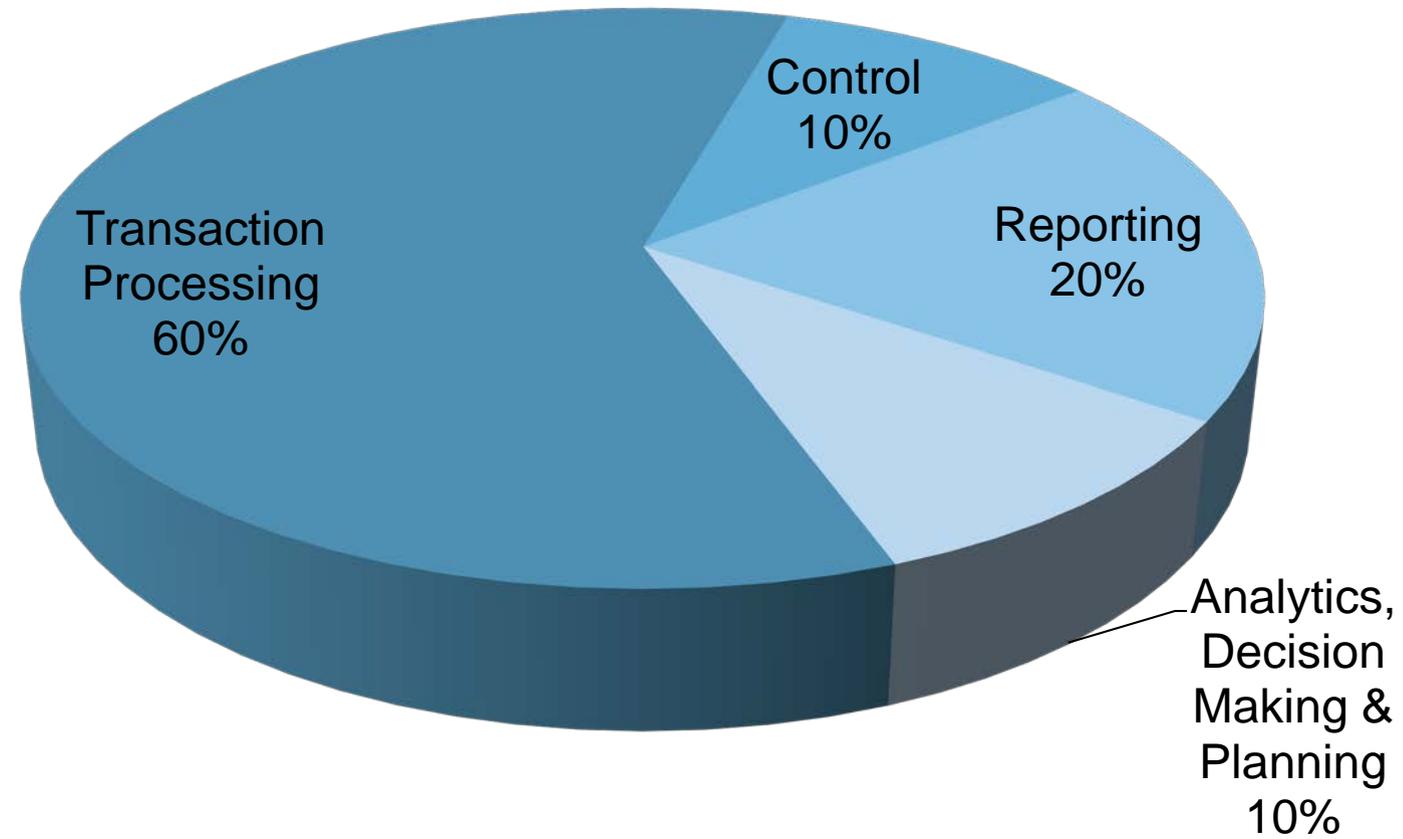


# What is ERP?



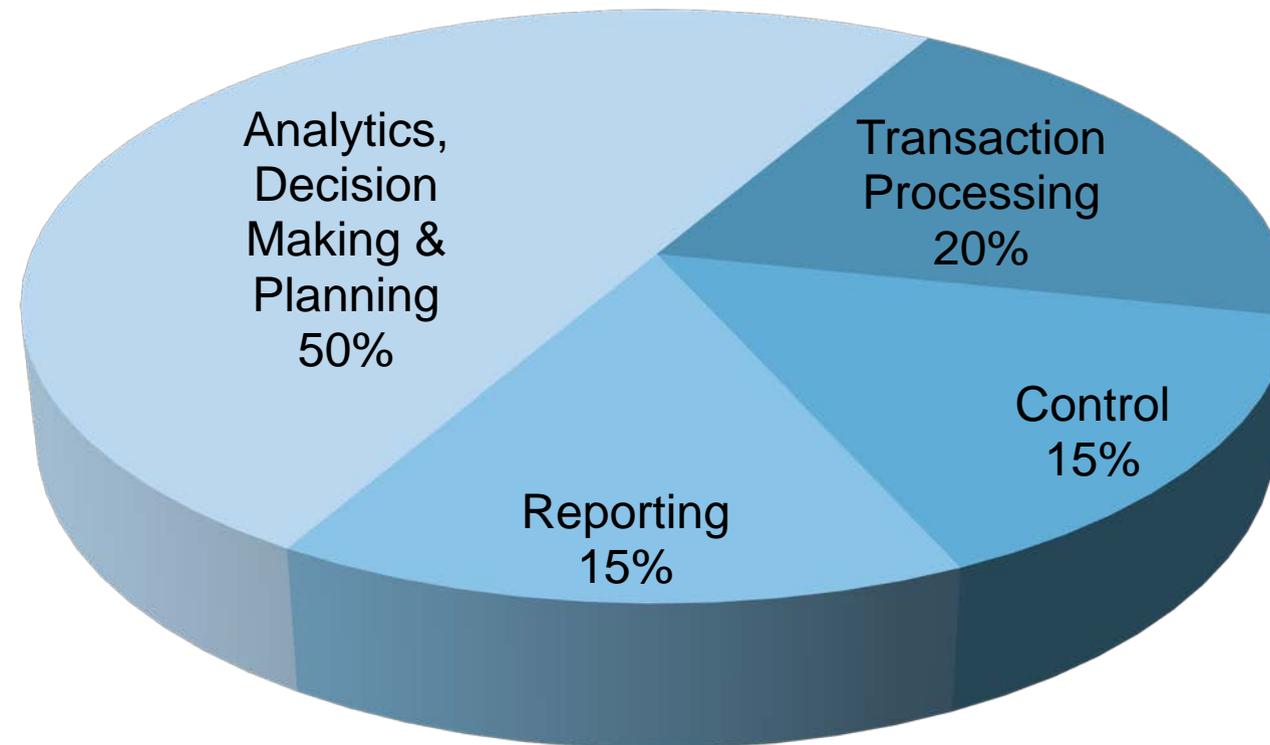
# What is ERP?

## 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

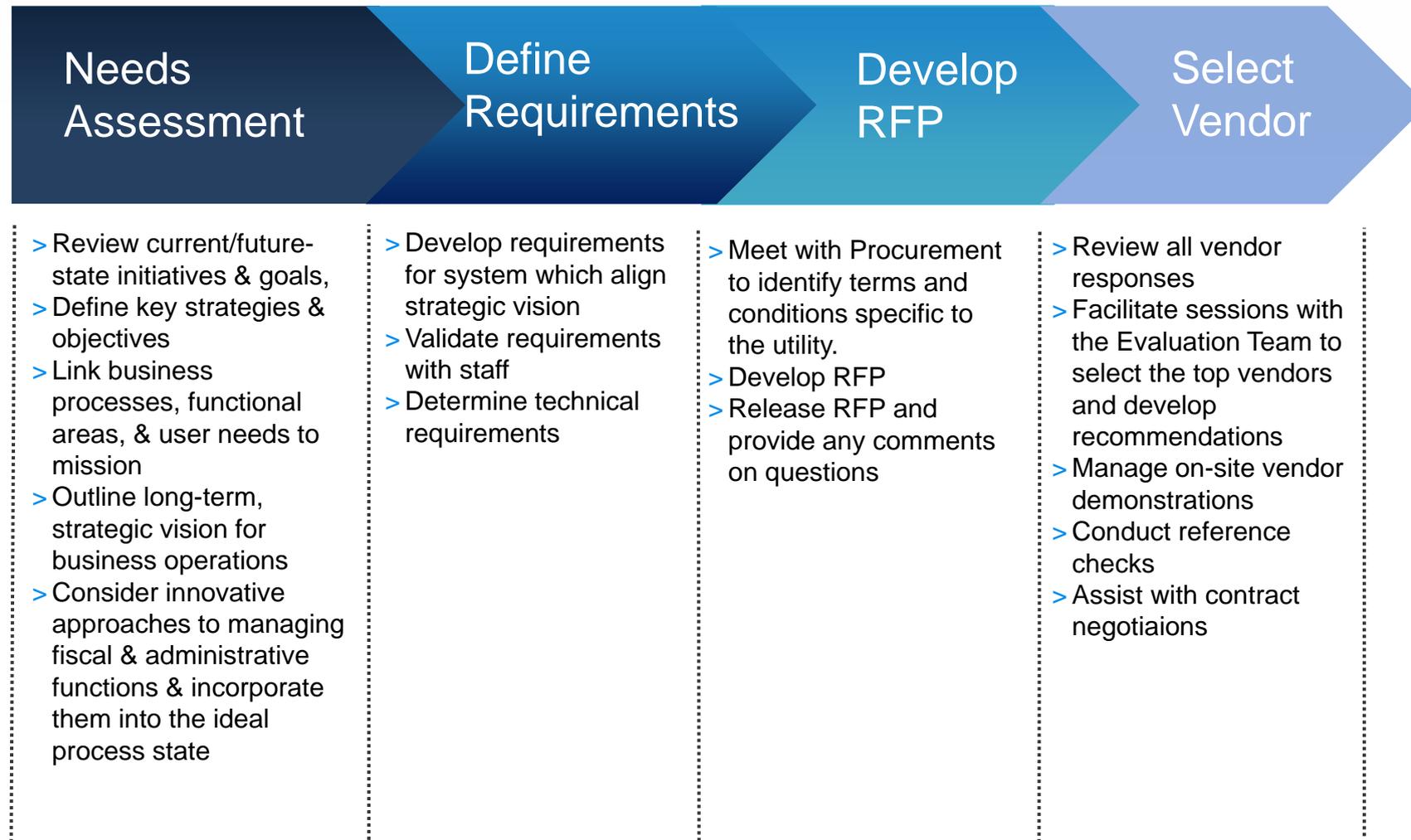
- Employee self service: Eliminates redundancies
- Single, electronic employee file
- Management information tracking
  - » Greater ability for analysis of time off/abuses
  - » Tracking of grievances by type
- Data Integration

# 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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