



Don't Believe Everything You Hear: Seven Best Practices for SCE Systems Implementations

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A common myth about supply chain execution (SCE) systems implementations is that while they have the potential to provide value, they are not worth the risk or the hard work required. At worst, some fear that the organizational changes brought on by this kind of investment could ultimately damage relationships with customers if things go wrong. Because of these common fears, many companies that really need to replace or improve old systems never pursue SCE implementation or improvement projects.

Before throwing the baby out with the bath water, make sure that you understand the benefits that can be realized by implementing an SCE system the right way:

- Enhanced visibility of product throughout your supply chain
- Increased throughput within your operations, along with higher inventory turns and lower inventory carrying costs
- Reduced transportation costs
- Increased customer service and customer satisfaction levels regarding order accuracy and delivery times
- Ability for higher conformance with customer requirements

Many years of experience in SCE system implementations projects have led to an understanding of what works and what doesn't. If you're considering purchasing a completely new system or upgrading an old one, following these seven best practices will help you destroy the myths that hold many companies back.

1. Realistic Objectives and Expectations—Defining business requirements

Before undertaking any implementation project, the first step is to understand your business needs: what you need from your suppliers; what your shareholders need from you; what you need to do to increase revenue and reduce costs across the entire supply chain; what information you need to provide to your host and/or legacy systems; what you need to comply with governmental regulatory agencies; what you need to retain employees and improve their work experience; and what you need to do to keep your customers coming back.

One of the best ways to communicate these needs is through a leadership roundtable conducted by an experienced facilitator. Key executives participate in a four- to eight-hour working session that covers each of these areas. Starting out at a strategic level and working down through some key tactical details, the facilitator aids in producing a vision for the project, goals to be achieved and an action plan to define your path forward. Armed with the action plan, the project team then has direction from which to deliver results that will meet the business needs.

2. The Right Systems—Meeting business objectives

Once the action plan has been developed, system selection can begin (if it has been determined that one is needed). Selecting the right SCE system is the result of many steps: requirements gathering, requests for information from vendors, site visits, scripted demos and an objective evaluation process. It is important to realize that no single system can be everything to everyone, so it is at this time that a gap analysis should be performed.

A gap analysis establishes where business needs and systems functionality do not coincide. In cases where the vendor has replied that the system requires modification for a specific piece of functionality, decisions need to be made through an objective process. This is the point where it is determined whether to modify the base package, change business requirements, or to meet somewhere in the middle. This aids in refining the budget and setting a more realistic project execution plan.

3. The Right Team—Executing the action plan

To ensure a successful implementation, the project team must be comprised of team members with the right stuff. For an SCE system, a cross-functional team made up of manufacturing, customer service, receiving, inventory control, quality assurance, logistics/transportation and shipping personnel is a step in the right direction. Although some team members' experiences are more critical to the validation of the system's core functionality, the extended team can help ensure that a holistic approach is taken. A cross-functional approach will ultimately result in a system that will benefit the entire business, rather than just the day-to-day system operators.

4. The Right Processes—Realizing system benefits

The final SCE system design must have its foundation in operational best practices. These processes must be defined and designed down to the front line end-user's keystroke level system interaction. At this stage of the project, the right objectives and expectations, the right system and the right team are in place, but it is time to fine-tune the processes.

The process of system design is a tedious, yet important process that begins with interviewing key users of the current system to gain comprehensive understanding of the entire business process. Without this knowledge, bad assumptions are made and flawed processes are put into place. It is critical to understand everything from where goods come from to where they are going and everything in between, including the software and hardware architecture and infrastructure that has supported the old way and will be expected to support the new way of doing things.

The project team must ensure that at every turn, they are taking advantage of the systems' functionality while not shortcutting or conversely complicating the needs of the business. Many times, the best answer is the simplest. Get input from everyone in the operation and in the support organization, and analyze the input to make the right decision when it comes to your processes and your business.

5. The Right Plan—Testing the system

Before putting your system into production, it is a given that it will need to be tested. To get the desired results, you must be certain that every operational process is tested (along with any of the associated functions that may trigger transactions that are sent to other systems). Furthermore, the respective business owners of the data (and the owners of any other system with which the new system is interfacing) must review the results of the tests. Prepare a detailed business-scenario tracking matrix and provide the business owners with an opportunity to review and to provide input to the business conditions to be tested.

The best testing involves using "real" data copied from production, using real users and business owners and real-life processes. Do not underestimate the importance of volume testing and mock tests—these are no longer luxuries but essentials. In today's business climate, companies can ill afford to be down for an hour, much less a day!

6. The Right Training—Using the system effectively

If an SCE system implementation fails, it often fails not due to a flawed design, but by ineffective use of system operators on the floor. You cannot make a system foolproof, because someone will always create a better fool. Rather, you must ensure that your users know how to use the system to get the expected results. Perform mock facility tests using the same equipment and processes that will be used after you throw the switch.

Another key component of the training process is the need to convey information consistently and in accordance with the tested and proven design. The primary mechanism to ensure this consistency is the standard operating procedure (SOP). Even the most thoroughly tested system can fall apart if users resort to workarounds that have not been made part of the final design. When writing the new SOPs, keep in mind that most of the operators will be more inclined to use them if they include screen shots and easy-to-follow bullets that apply to the specific tasks that they will be expected to execute. Make sure that there is an exception section in every SOP to help users through those situations that may happen rarely, yet are certain to happen. These situations often have the greatest potential for negative impacts downstream.

Before you can go live, you must be able to determine, objectively, that the users understand what they are doing and why they are doing it. Competency assessment must be an integral part of any successful training program so that those who understand can be certified, and those who do not understand can receive additional guidance. Make sure that managers understand the system as well as, if not better than, their subordinates.

7. The Right Support and Timing—Minimizing impact to your customers

Support for the entire implementation project must come straight from top leadership in your organization. Many people in the business would rather keep using the old system because they are comfortable with it. The challenge of learning the new system and the time and effort required may not seem worthwhile to the rest of the organization. You must work to ensure buy-in at all levels and continue to communicate the benefits of the new system to those who will be impacted by the transition.

A critical component of the implementation process is a conversion and ramp-up plan. This plan is a roadmap to ensure that incremental steps are taken during the go-live activities to prevent anything that may have been missed from crippling the business. If things are not going well, you have to be brave and consider your options. Ultimately, no one will remember whether you hit your target go-live date, but everyone will remember if you succeeded or not. The conversion and ramp-up plan will provide the critical success factors and key performance indexes that you need to help make these decisions.

Executing for Success

Don't allow yourself to be talked out of implementing an SCE system because you believe all of the bad press. The business benefits are there for the taking if you plan your implementation properly.

Yes, embarking upon a supply chain execution system implementation project and following through to putting the system into production is not easy. However, most worthwhile business improvement strategies are rarely easy endeavors. Don't be intimidated. Go into the process armed with the knowledge of experienced veterans who know and have conquered the pitfalls. By applying these best practices to and throughout an SCE implementation, you can make your project a success.

To learn more about implementing supply chain execution systems, check out *The Supply Chain Handbook* from Tompkins Press.