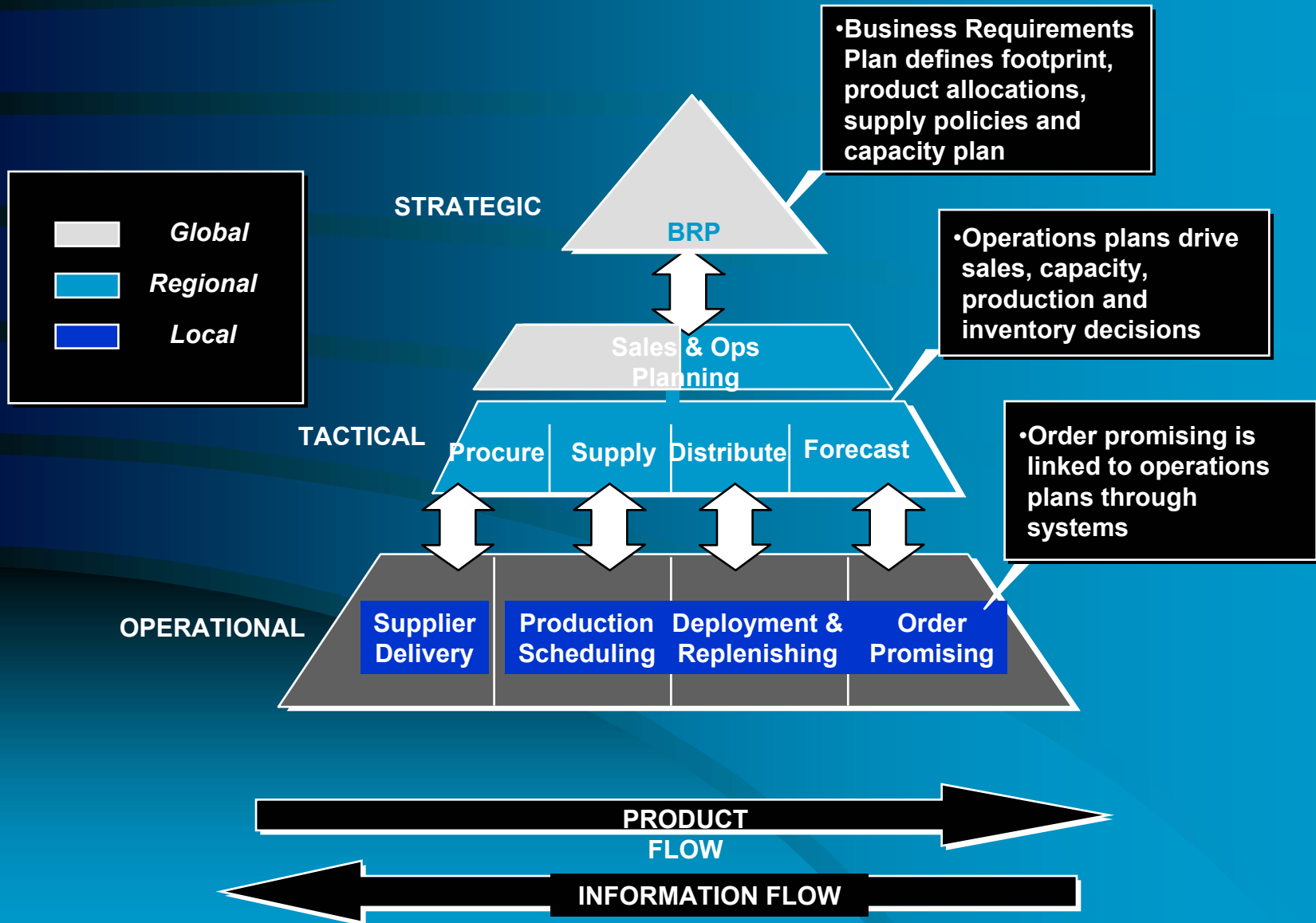


GAINING OPTIMAL PERFORMANCE
FROM YOUR ERP SYSTEM

March 9, 2005

Joseph F. Shedlawski, CPIM

ERP Processes



ERP Performance Optimization

- “Stabilize, Synthesize, and Synergize”
- Focus on Four Areas:
 - Establish Training and Learning Plan
 - Optimize Business Processes
 - Define Top Management’s Role
 - Specify the Right Performance Measures
- Eight Required Practices

ERP Features vs. MRP II

- Graphical User Interfaces (GUI)
- Relational Databases
- Fourth Generation Language
- Computer Assisted Software Engineering (CASE) Tools
- Client-Server Architecture
- Open Systems Interconnections

What Benefits are Expected from ERP?

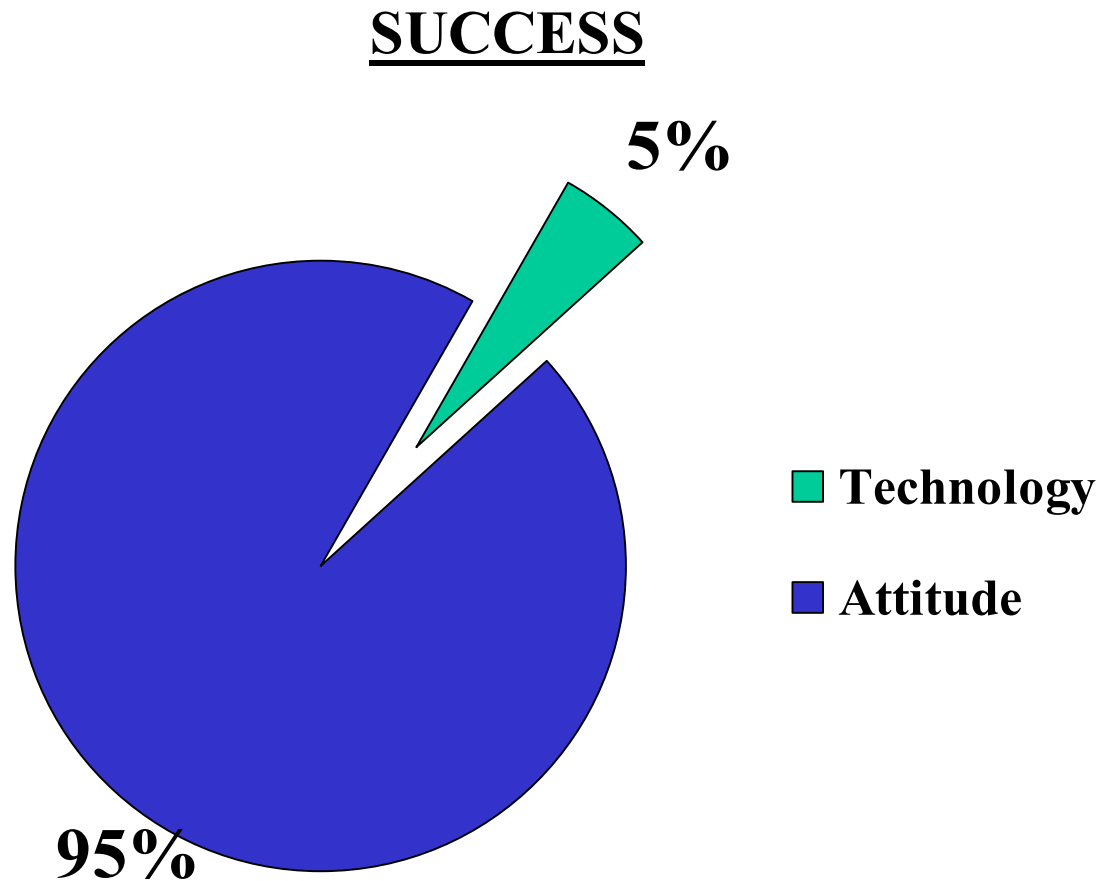
- Rapid response
- Communication is always timely and accurate
- Cost effective flexibility
- Enterprise Application Integration
 - Supply Chain Event Management
- Improved Bottom Line!

ERP Training Pitfalls

- “There’s not a problem in my area!”
- Learning something new means making mistakes
- Cynicism about technology
- Too generalized
- Too far in advance
- Conflicting priorities

Training and Learning

- Source: Tom Peters

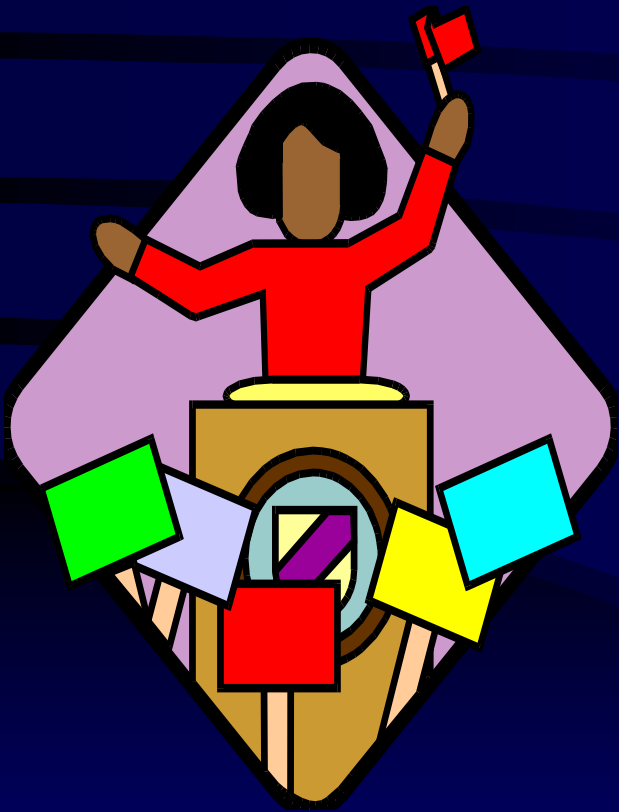


Overcoming the Barriers

- Establish Consistency of Vocabulary
 - APICS education
 - Train in Groups
 - Train on Tasks or Specific Modules
 - Cross-Functional Team Assignments
- Promote Out of the Box Learning
 - Brainstorming
 - Role Playing
 - Process Mapping
 - “What If” Simulations

Training Program Considerations:

- Performance Expectations
- Time Allocation
- Workload Reassignment
- Soft Skills
 - Train the Trainer
 - Decision-Making
 - Quality Improvement



Learning Requirements Planning (LRP)

- Pre “Go Live”
 - Basic Manufacturing
 - Computer Literacy
 - ERP 101
 - User Manual Reviews
 - Functionality
 - Standard content
 - Fixed Completion Date
- Ongoing
 - Gap Analysis
 - Job Task 101
 - Integration 201
 - Managerial Development
 - Ongoing Refreshers
 - Never Completed

Communications



The Arthur Andersen partner was on his cell phone when he said,

"Ship the Enron documents to the feds,"

but his Secretary heard,

"Rip the Enron documents to shreds."

It turns out that it was all just a case of bad cellular.



Sprint PCS The clear alternative to cellularSM

Business Process Metamorphosis

- 
- From Data Gathering to Information Access
 - From Interfaces to Seamless Transparency
 - From Regional to Global
 - From Materials Focus to Cash-to-Cash Cycle
 - From Utilization/Efficiency to Benchmarking, Value
 - From Supplier/Customer to Collaborative Sharing

Business Processes Checklist

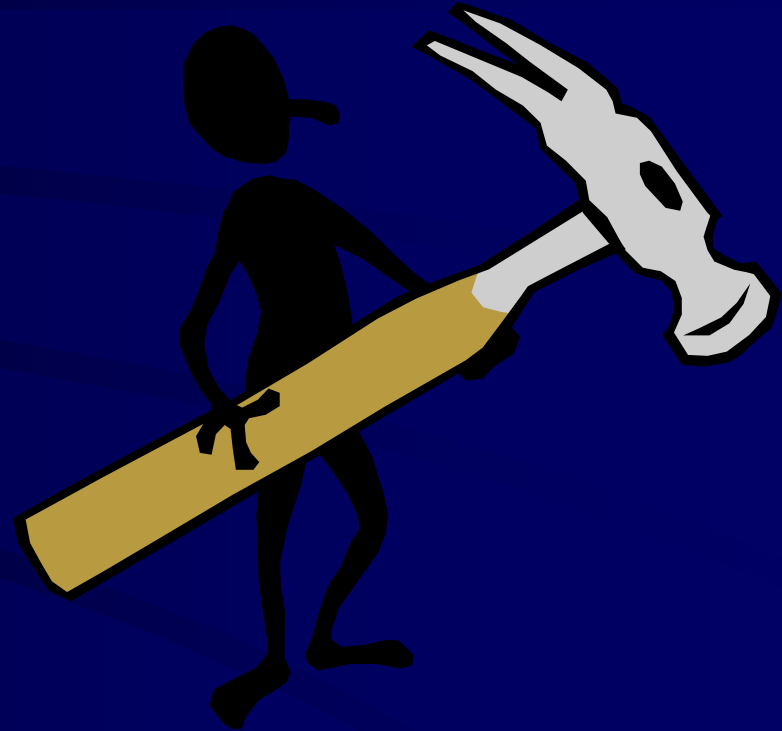
- Schedules are “Fit for Use” & reconcile to S&OP
- All links of the supply chain are managed in ERP
- “What If” analysis is routine & rapid
- No Excel spreadsheets
- Delegated authority
- Balance cost & customer service
- Two key measures for each process:
 - Time
 - Quality

Top Management's Role in ERP

- Support

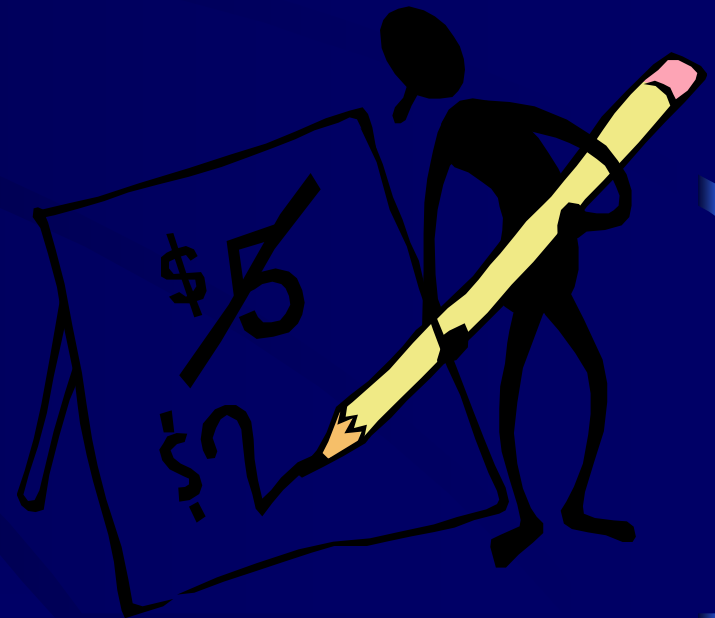
- Involvement

- Commitment



Top Management Support

- Justification for the new ERP System
- Skillful Communications of the Vision, Requirements, and Performance
- Allocation of Resources
- Use a little TOC



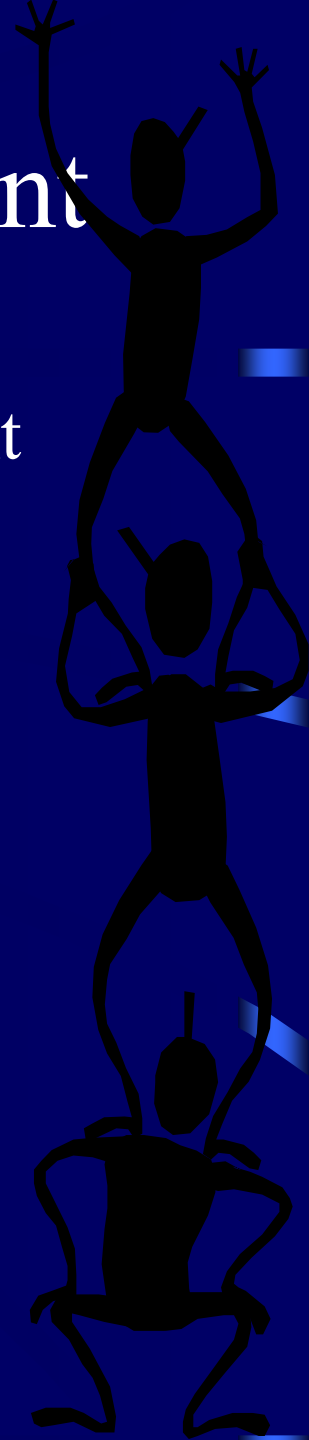
Top Management Involvement

- Management-level Role Play Training
- Gain working knowledge of system tools
- Use the system to get information
- Provide policy direction
- Demonstrate flexibility



Top Management Commitment

- Manage Continuous Growth and Improvement
 - Motivation
 - Team
 - Metrics
 - Leadership
 - Standard practices
 - Individual skills
 - Loose, flexible structure
 - Direction
 - Decision making
 - Proper information



“Successful leadership instills in his or her subordinates, the courage to do things, voluntarily, that one would not have otherwise dared to do”



"Yea, though I walk through the valley of the shadow of death, I will fear no evil" Psalm 23

Dow

Boeing

Metrics Issues

Dell

Hershey

Whirlpool

**Performance
Disappointment**

ERP

Next??

Waste Management

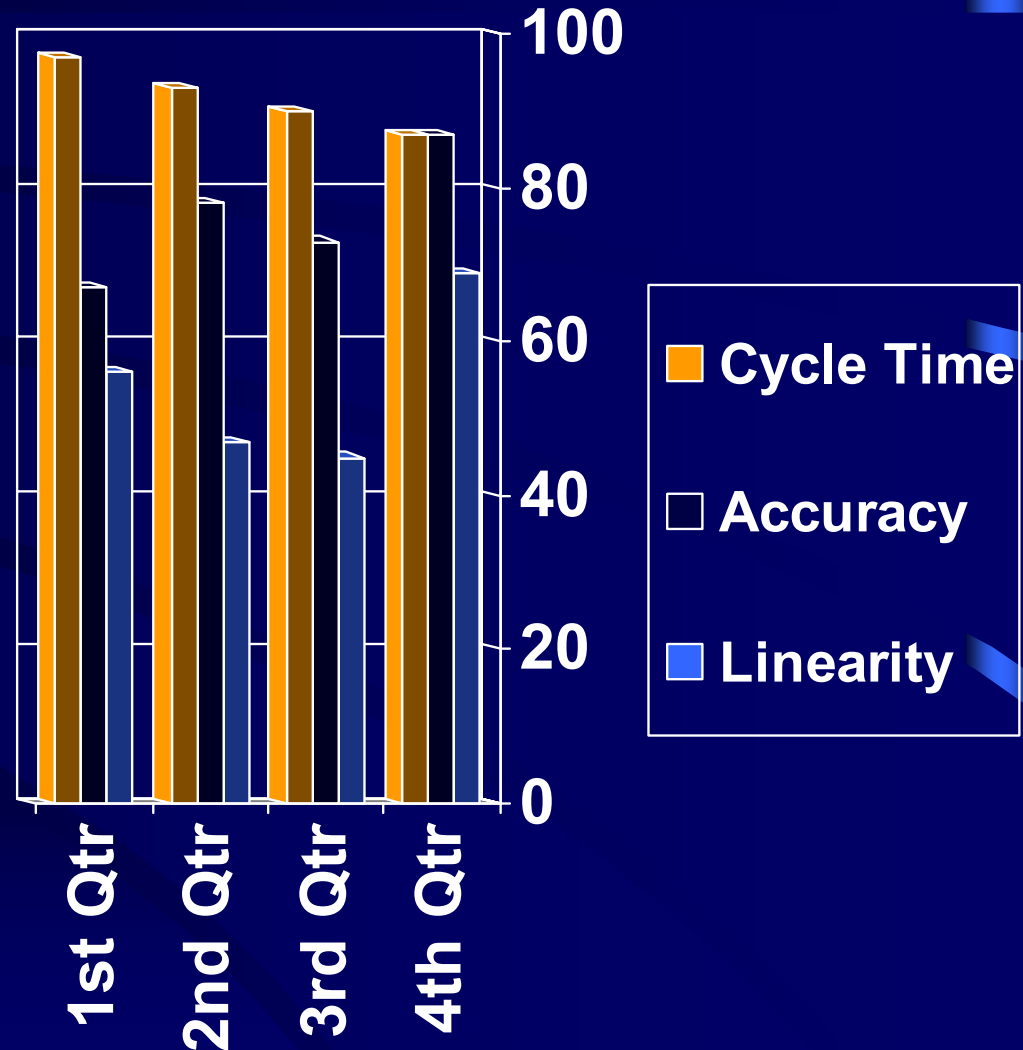
Apple

The Right ERP Performance Measures:

- Support Teamwork Across Functions
- Are Value-Driven
- Meet S.M.A.R.T. Criteria
- Lead to Continuous Improvement

S.M.A.R.T. Criteria

- Specific
- Measurable
- Attainable
- Relevant
- Time



Performance Measurement and Improvement Process

- Link to Business Goals
- Establish Clear Accountabilities
- Quantify all Measures
- Focus on Major Problem Areas
- Match Expectations with Resources
- Plan-Do-Check-Act
- Move on to Next Problem Areas

“Eight Required Practices” to Optimize ERP

- Focus on capabilities, NOT just go-live
- Teach, train, retrain, refresh, renew
- Communicate, Communicate, Communicate!
- Align people, processes, technology
- Assign clear ownership
- Top Management leads by example
- Reduce Complexity
- Define and manage to the right metrics



Questions

Thank You!

