

ERP or Best of Breed

How I Changed My Mind About What Might Be Best for Business

When I first came across ERP, as part of the evaluation committee for a multi-site UK manufacturing business I was very 'anti'. I thought the complexity was too great for a 'simple' manufacturer. After using ERP for many years I am entirely convinced of its value.

I had demonstrated some understanding and managed to produce some intelligible output from the aged legacy computer system the company I was working for was using. I'd even developed databases and programs that allowed me to extract, combine and manipulate the data from the main business system and other, sometimes manual, sources. This led to me being asked to join the evaluation committee for the new ERP system to be selected by the 100 site business I worked for.

No choice but ERP

The company had been going through a systems selection process and because of its nature had settled on ERP. Why? Well the business consisted of several divisions which manufactured many diverse products and was also in a constant state of flux. The arguments regarding ERP versus Best of Breed, or industry focussed, had been had and I wasn't able to make a contribution to that decision.

However, it didn't stop me being vocal about my opposition to the choice that had been made. On reflection I realise that I was very irritating and a thorn in the side of my employers and in particular the IT Director (sorry David).

But – in some sort of belated defence and reasoning of my attitude – this is what I saw: A whole group of very diverse businesses that had little similarity in what they produced and a very complex set of ERP systems being 'demonstrated' to us. And of course the demonstrations, because they were trying to cover the diversity of the business, were equally complex.

All that I could see was that the provision of a system with a vast amount of switches and parameters and a whole bunch of functionality that would not ever be used.

I wrote a paper, which I suspect I didn't apply my signature to, that was titled something like 'Using a *pantehnicon* to go to the corner shop'. Incidentally, *pantehnicon* isn't in the Microsoft Word spell checker – so let me try 'very big lorry'.

The spirit of the paper was to suggest that if you bought an ERP system then you were buying something that had to be able to do everything. If you wanted to go to the corner shop to buy a packet of sweets then you would have to reverse the *pantehnicon* out of your extended drive, go via wide A roads only, and put the sweets in the back of your huge lorry because that's all you had. Whereas a small car (or walking) would be more appropriate, size-wise, swifter and less expensive. I thought that we were more likely to want to go shopping at our local rather than shift furniture on a regular basis.

I advocated very strongly that we should go and buy some software that was specific to our divisions' product and much (on the face of it) cheaper.

The (slow) Learning Process

However, the decision was made and I was part of a team that had to select an ERP system – 5 were short-listed and we sat through 5 very different presentations of the software systems. If there is anything to be learned from this it is that most ERP software does mostly the same thing. The other key learning is that regardless of how good the software is the key to its successful use is having experts that understand it well. I have, over the years, experienced and worked with people who have only been one page ahead of me in the user manual. I've also worked with people who know everything there is to know about the software they are implementing and can readily apply their knowledge to tackling real business issues. Make sure that the people you choose to implement your ERP solution are the latter. See CV's, take references – it'll make your implementation successful.

We made a decision for a particular ERP and started the process of design and implementation.

And this was the next thing that I learnt; I was possibly wrong about my initial view.

ERP software is generally very flexible and can be used in almost any industry. Why? Simply because it is currently used in most industries. Furthermore, the actual elements that differentiate particular industries are not that huge. By this I mean that it is likely that most business processes are, across different industries and businesses, the same. They are also likely to reflect 'best practice'. Where I was right (I knew I had to be somewhere, no *Damascene* conversion for me) is that it wasn't a perfect fit for my division. And the problem was that the ERP vendor would only allow customisation after the purchase of an immensely expensive 'source code licence' that would allow for the development of the bespoke functionality that we required.

Right After All Then...

Only in this particular case, because the truth is that the source code issue related to this particular vendor. Other vendors allow you to have source code at a very reasonable price.

This means that you can have, in theory, the best of both worlds.

What was the other world I allude to? Well this was 'Best of Breed'. The very alternative I had advocated prior to my slow conversion. In theory best of breed is software designed with your particular industry in mind. It has functionality that solves the particular challenges that you and your competitors face. But the reality was that I had experienced the best of breed with the existing computer system – the one I became rather good at investigating and getting me elected to the new business system selection team.

The problems with the best of breed solution were that the company that provided it was relatively small and they didn't have the resources to invest in the product. The result was that the elements that made it fit my particular industry were indeed good. But the rest of it, in terms of general functionality was so-so; often not best practice, and often esoteric. This was because the functionality in terms of accounts, or inventory management or planning was not the expertise of the software vendor. This meant that it was designed by either someone that didn't really know about the subject and so the offering would be either naive or based on some other users' requirements (which most certainly wouldn't be mine).

Also, the resources of the company meant that there were only a couple of people available who actually knew in detail how it worked. They came at a very expensive daily rate, if you could get them at all.

So I was left to try and get the best out of a best of breed solution whilst building work-rounds to make the rest of it work.

Another observation; I have worked in a couple of industries where there is a dominant best of breed solution. This led to little difference to the way each business managed their processes. Remarkably, a particular shortcoming in the software was reflected in the way all the businesses that used it conducted their business – and the customers of the industry accepted that it was just the way it was. Until someone implemented ERP and demonstrated that poor performance in terms of the actual function was not necessarily endemic.

And Since Then...

I've had the pleasure to be involved in many software implementations since then and I have come to realise that the best, I think, is to have an ERP implementation with, if needed, custom functionality developed to cover the specialist needs of your industry, and your business. You have access to the best practice whilst retaining the ability to do what you do well. You also have access, providing you choose your implementation partner well, to a greater pool of talent.

The Cheaper *Pantech*nicon

One of my major criticisms of the ERP selected at the time and the reason why I formed the opinion I did, was that for your single seat licence fee you bought the entire functionality of the ERP system.

On examination it was clear that a good deal of the functionality wouldn't be used in my division, and in some cases, the entire company. Therefore I reached the conclusion that we were paying for something we weren't going to use.

This was a feature of this particular ERP vendors licensing structure and others do follow the same model. However, not all of them do. So if you only need certain modules to function you can only pay for these. If you grow, or your process changes, then you can purchase the licences covering the additional functionality as and when required. Had this been a feature of the original offering, then I think I would have softened my attitude towards ERP all the sooner.

So, how far have I changed my mind? The answer is completely as I now recommend, sell, implement and manage ERP solutions for (predominately) UK manufacturers. Therefore I guess you would call that quite an endorsement.

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About the Author: Martin has worked as an IT consultant for Deloitte and Touche and also as the European IT Director for Mondi Packaging, a division of the FTSE listed company, Anglo American. He has been involved in implementing IT strategies across large organisations including ERP rationalisation.

About Neustro: Neustro are the business systems experts - design, implement, manage and support IT for business – from e-mail to ERP. From one-off projects to a complete outsourced service. Neustro are specialists in Microsoft Dynamics AX and Infor Baan.