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Various research studies report between one-third and two-thirds of new system implementations fail to deliver expected business benefits. In this article, new “systems” refer to integrated business systems such as Enterprise Resource Planning (ERP) or Customer Relationship Management (CRM). ERP systems usually include integrated functionality for accounting, manufacturing, distribution and customer service. CRM systems collect and organize customer data from various sources including call centers, e-mail, point-of-sale, sales personnel, etc. CRM enables a comprehensive view of customer data and behavior so companies can better manage their customer relationships.

Here are the five most important action steps an organization can take to ensure its new system delivers the results the business expects and needs.

Step 1 — Confirm your business is ready for the change.

Selecting and implementing a new business system is a major undertaking that involves serious commitments of time and money. Integrated systems are fundamentally about how you operate your business, and, to be effective, they require your business to operate as disciplined processes. If your business is not ready to operate with structure and discipline, postpone the new system.

Ask yourself if your business needs the new system to cut costs, reduce inventories, improve customer service, improve decision support information, etc. Those companies that have a clear link between these needs and functionality provided by the new system have the highest chance for success.

Any company embarking on a new system initiative should make sure it shas built a

affects every major operation, the company needs to have the "Organizational will to change" to support and sustain the difficult and sometimes contentious activities of selecting and implementing a system.

Performance measurements are a great way to highlight the cause-and-effect relationship between how a company operates and the bottom line. Companies without performance measurements often do not have the facts to isolate the real problems that are cutting into margins, causing poor customer service, driving the wrong inventory, etc. For this reason, operational management personnel often resist performance measurements.

Performance metrics are most effective when tied to performance evaluation and compensation, not just for senior management, but also for all personnel that play a significant role in the business process. Performance measurements linked to compensation can be difficult to implement, but once implemented properly, they focus the company's collective attention on doing things that matter most to the bottom line.

Step 3 — Define system requirements that meet your business performance needs (i.e., focus on your business processes, not the technology).

Your business is about your processes, not IT systems. The only value IT systems provide is in helping you to operate your processes effectively and efficiently. Before engaging software vendors, think through what your business needs from a system, and prioritize those things that are most important and will help set your business apart. Broad involvement at this stage will take a little longer, but will help later on as decision makers know their needs were gathered and considered.

In developing your requirements, it is important to define not just what enables your business to operate today, but also the functionality that you can use to enhance your processes and ultimately business results. If your company's technology experience is

This first involves scanning the marketplace for vendors and technologies that align well with the company's business requirements (from the list developed under Step 3) and that are priced within the available budget range (considering software, services, hardware, ongoing maintenance). Sometimes companies can identify relevant software alternatives by looking within their industry. However, another company's success does not guarantee yours, just as another company's failure with software should not necessarily eliminate it from consideration. (In many cases, software does not work properly because it was not implemented properly.)

COMMON MISTAKE: Oftentimes, companies will start in-depth evaluations of a software vendor without having completed Step 3 (Requirements Definition) and thoroughly defining several alternative vendors. These companies run the risk of not being prepared to properly evaluate the system, and, if they are not familiar with current technology, they may be enamored with the first solution they see and be compelled to shortcut their evaluation activities. Your company can avoid this risk by first identifying the relevant vendors and then narrowing the field by having the vendors respond to your Request for Information (RFI) that outlines your key requirements and requests the vendors to provide responses as to how well their products meet these requirements as well as the approximate total cost of the solution (including software, services, hardware, ongoing maintenance, etc.).

After narrowing the field to three or four vendors, you are ready to conduct a detailed review of each product's functionality against your requirements and also detailed review of the providers' capabilities, integrity, viability and direction. Reference checks can help to substantiate claims, but you need to understand that these are usually well managed by the provider/value added reseller (VAR). Your vendor negotiations will be more effective when you are armed with two to three solid proposals that are the result of a carefully orchestrated solution selection process.

Step 5 — Focus the implementation on achieving specific business performance

a. The implementation is completely focused on implementing processes and procedures that enable significant business benefits.

b. The key people who will be using the system are heavily involved in the education and setup of the system.

c. The team responsible for the implementation has incentives and accountabilities that align to their efforts in implementing the system. An accountability system outlined in Step 2 helps pull the system initiative into place because it is a given that it is the right thing to do for the business, rather than being thought of as the CFO’s new system, or the IT Director’s new system.

d. The new system is set up in a test mode, and test scenarios are executed to simulate how the system will be used. This is done for every significant operation, transaction or event.

e. Every report that will be needed when the system is live is defined and developed before the new system is activated.

f. Solid project management leadership and project management — a system implementation can demand strong leadership and orchestration to deliver results and stay on schedule and within budget.

Organizations should turn to a CPA.CITP to provide a well-defined implementation methodology and approach. A Certified Information Technology Professional (CITP) is a CPA recognized for their technology expertise and unique ability to bridge the gap between business and technology. Unlike other certifications that recognize only a narrow scope of skills, the CITP credential recognizes technical expertise across a wide range of business-technology practice areas.

An increasingly competitive global marketplace has organizations clamoring for

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