

Should ERP Consultants Practice What They Preach?

Applying Lean Principles to Consulting

Lean Principles for Implementing ERP in Midsize and Large Enterprises

Having an effective ERP system is imperative for any enterprise to be competitive. But in the global economy of the 21st century, simply having ERP software is not enough. Today, all non-value-add manufacturing and business process steps must be eliminated in order for any enterprise to compete and grow. This is why so many consulting firms have been professing the virtues of adopting lean manufacturing and lean business practices. Ironically, most consulting firms—especially the largest global consultancies—fail to apply the principals of “lean” to their own professional services practices. By sending an oversized and/or disjointed team of consultants to guide their clients toward so-called “efficiency,” these consultancies excel at increasing their own revenue streams at the expense of their clients.

Corning Data Services® believes there is something inherently wrong with marching an army of consultants into an enterprise to implement lean manufacturing and lean business process principles. The days of limitless IT expenditures to implement ERP software or upgrade it to the latest release are gone for now and probably for good. Today’s world demands *Lean Consulting*.

According to a 2008 survey conducted by the Denver based Panorama Consulting Group of over 1300 respondents of companies of all sizes worldwide, 65% of ERP projects exceed their intended budgets. Further, of these projects, 27% exceed their budgets by 15% while 16% blow their budgets by 50% or more. These statistics should make the ERP consulting industry take pause and consider the *Lean Consulting* approach.



What is Lean Consulting? Quite simply, it is an attitude, an approach, and an implementation methodology that eliminates non-value-add activities in a software implementation, reimplementation, or release upgrade. It empowers the client to control the cost of their software project by economically guiding them toward self-sufficiency and ownership of their ERP system.

Lean Consulting starts with a highly interactive consulting team, and they are exactly that—a *team*. Each member of the lean team is selected for their strengths from a larger roster in order to meet the unique challenges of a project. But the roster from which they are chosen must be small enough that the team members have all worked together on many implementations. Familiarity is the very foundation of any team. A team that has worked together many times before has reduced communication errors and they trust each other's strengths, thereby eliminating redundant analysis. If members of the consulting firm you've hired are introducing themselves to each other at your site, you can be sure they are not part of a lean team. Beware of the "Drag and Drop" team composed of independent consultants dragged off the street and dropped into your project.

One of the most important characteristics of a Lean Consulting team is that it is smaller. At times, a niche specialist may be required to implement a certain complex application, but the Lean Consultant will have a greater breadth and depth of application knowledge. For example, one

would expect an experienced financial consultant to be capable of assisting a client in the implementation of GL, AR, and AP. A *Lean* financial consultant, however, should be capable of implementing GL, AP, AR, Fixed Assets, Budgeting, and Payroll. With the breadth of knowledge Lean Consultants have, fewer consultants are needed. A smaller, more knowledgeable team is more efficient. Like familiarity, having fewer consultants reduces communication errors and redundancy, translating directly to dollar savings.

Another crucial characteristic of a Lean Consulting team is experience. Lean Consulting, like lean manufacturing, is all about cutting out the waste to make the process more efficient, and in the world of consulting, *time really is money*. The more time a consultant spends learning on the job, whether it's learning about the client's industry, or figuring out how to implement an obscure piece of the functionality, the more money is wasted. In Lean Consulting, the learning curve is reduced to a minimum. Lean Consultants have 10 to 15 years of experience with the software platform, so they know how to implement it. They have diverse industry experience, so that they can bring best business practices to every implementation without learning on the job. Their years of consulting experience makes them savvy at dissecting what a client says they want and interpreting what they really mean. These are traits of good consultants that are often underestimated. It's also important for a Lean Consultant to have a multi-dimensional view of

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efficient, and in the world of consulting, *time really is money*.

In a lean environment, feasibility studies are only considered as a last resort and not the first step of an out-of-scope endeavor.



Corning Data Services® delivers total software and hardware solutions with a fundamentally superior implementation philosophy. Our proven approach empowers our customers to leverage their new technology sooner and more effectively, giving them more control over their system and driving down the cost of implementation.

Corning Data Services® has over 29 years of experience in ERP software sales and implementation services. Corning Data Services® has performed over 250 ERP implementations since 1993.

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the software. Members of a lean team were once (or are still) users of the software. They've implemented the software as in-house employees. They even work with the software vendor to provide feedback and input to help improve the software. The deep knowledge and understanding of the software that each Lean Consultant has is invaluable when implementing something as robust as an ERP system.

In a Lean Consulting environment, the project manager plays an important, but diminished role. In fact, except in the largest of implementations, a qualified lean project manager is only needed part-time. He or she is first tasked with selecting consultants from the staff best suited to deliver the project on budget and on time.

Once the lean team is assembled and the project is underway, the project manager's job is to keep both the consulting team and the internal implementation team as lean as possible. This includes making sure that project meetings do not include attendees who don't have to be there. Projects driven by large consulting firms tend to have too many meetings with too many attendees, resulting in a needless loss of productivity and increased cost.

A part-time project manager in a Lean Consulting environment needs to keep upper management involved with the project. This is important because when management does not take active ownership, decisions are often delayed, thereby slowing or even stalling the project. Client assertiveness and ownership are required because it is the fastest way to self-sufficiency, and self-

sufficiency can only be achieved through a disciplined, roles-based implementation. The Lean Consulting team's role is to *train, assist, and advise*. The internal team's role is to *learn, practice, and do*. In fact, clients should perform any and all tasks within their capability.

A lean project manager also enforces the roles-based implementation methodology and stresses empowerment. Self-sufficiency empowers the client to control costs by minimizing the consulting time required during the initial implementation and post go-live. It empowers them to manage their own ERP system and lowers their long term cost of ownership. *Lean Consulting is "Efficiency by Empowerment."*

Finally, a lean project manager works to control project scope. It is commonly known that scope creep and software modifications can overwhelm a project's budget. Large consulting firms tend to adhere to traditional implementation practices and press for elaborate feasibility studies to address every change in scope. By contrast, the lean approach is to push scope changes into a future phase, to be addressed only after the project comes in on budget and the true need for the change is fully understood and substantiated. Exceptions are only made in instances where a very significant ROI or business process improvement can be realized with minimal time and money being expended. Since feasibility studies are rarely accounted for in a project budget, lean principles dictate that studies only be considered as a last resort

Lean Consulting empowers clients to bring their ERP



projects in on budget, on time, and on target.

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When selecting a firm for a Lean Consulting engagement, you should consider whether or not the firms under consideration sell the software you are implementing. Software companies put great pressure on resellers to implement their software as quickly and as cost effectively as possible. As a result, software resellers have the latest product knowledge and the most familiarity with the implementation tools, templates, and “accelerators” to deliver the most economical implementations possible. Without these benefits, efficiency is compromised, time is

wasted, and lean consulting cannot be achieved.

In summary, Lean Consulting just makes sense. Elimination of non-value-add activities and personnel, along with streamlined processes and a roles-based implementation methodology will always reduce wasted time and money. It’s a model that can deliver implementations on budget and on time consistently.



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Experience Matters®

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Does your service provider practice Lean Consulting?

Ask yourself these questions...

Application Consultants

Are your consultants too specialized? For example, do you have a purchasing consultant *and* a sales order consultant?

Do you detect an imbalance of knowledge and experience on your consulting team?

Project Manager (PM)

Is your PM predisposed to support out-of-scope detailed analysis or feasibility studies (versus a post go-live phase II)?

Does your PM readily permit consultants to take on client-assigned tasks? Does it affect your project schedule/cost?

Are you concerned about the frequency of meetings and number of attendees?

Do you observe a concerning number of consultants-only meetings?

If you answered yes to any of the above, the opportunity to reduce costs is yours.

For more information on Lean Consulting, call Corning Data Services at 1-800-455-5996 or email us at info@corningdata.com.