

BUSINESS PROCESS MODELLING FOR FASTER ERP TIME TO VALUE

A Practical Approach

INTRODUCTION

The modern manufacturer faces many pressures. These vary by sector and over the business cycle but the broad themes are common.

- ✓ Rising costs
- ✓ Increasing competition
- ✓ Shorter product lifecycles
- ✓ Increasing regulation

Agility and business insight are key success factors in a competitive and changing market



Many manufacturing concerns seek the opportunities of a globalized market place and pursue growth strategies:

- Expansion into new markets/geographies
- Mergers and acquisitions
- Introduction of new product ranges
- Development of the after-sales service offering
- Joint ventures

In response, manufacturing businesses need increased efficiency, better visibility and greater agility from their ERP investments. But ERP implementations can be lengthy, resource intensive and slow to realize value for the business. This whitepaper discusses how ERP implementations can be accelerated to gain greater business value in a shorter timescale by adopting a business process centric approach.

BUSINESS PROCESS MODELLING IN THE ERP IMPLEMENTATION CYCLE

There are several common reasons for investing in a new ERP system. These range from the need to replace ageing systems which are costly, constraining and risky, to the desire to address changing business needs and provide greater flexibility and agility. But increasingly businesses have additional goals:

- Streamlining business processes for efficiency and speed
- Adopting best practices where these are appropriate to the business
- Standardizing business processes across the business



These additional goals can add considerably to the time and effort required to implement a new ERP system, in itself a complex task. The value chain for each business unit has to be well understood and described. The business processes then have to be captured, agreed and documented. Best practices have to be identified and built into the processes. Finally the user procedures to operate the new ERP system to support these processes have to be developed and tested. Often, the business process modelling can add months to the project, uses considerable management and key player effort (diverting attention from daily business) and delay ROI payback. There are other costs involved, not least the need for expensive expert help to avoid time wasting dead ends and to select appropriate modelling tools from a marketplace awash with unfamiliar jargon and complexity.

But let's not forget the significant benefits of this tried and trusted approach:

- A good understanding of the business informing the system selection process
- Strong management involvement and key user buy-in
- Business processes incorporating best practice, consistently applied throughout the organization
- Well documented user procedures as a basis for training and daily operation
- Strong business alignment of the new ERP system maximizing its value
- The potential to rollout the business model across a group of similar businesses

The issue remains, however - how do we get the clear benefits of a business process centric approach whilst minimising the effort, cost and time required?

BEST-IN-CLASS MANUFACTURERS STANDARDIZE PROCESSES

In the Aberdeen Group report "ERP in Manufacturing" June 2010, Best-in-Class manufacturers are defined in terms of inventory performance, manufacturing performance and customer service

The Best-in-Class manufacturers are associated with higher levels of process standardization giving benefits in terms of:

- ✓ Efficiency and productivity
- ✓ Interoperability between plants
- ✓ Customer experience
- ✓ Capacity utilization

Increasingly global enterprises are taking an "engineer anywhere, manufacture anywhere, and sell anywhere" approach. Process standardization is a key enabler of this strategy

A VISION FOR FASTER ERP IMPLEMENTATIONS

Columbus has a strong belief in the value of business processes in ERP implementation, based on over 1000 successful implementations of Microsoft Dynamics ERP software. The issue we realized was that on many projects we were re-inventing the wheel by developing business processes from scratch. Granted, there could be re-use but this depended on an individual consultant's experience and knowledge rather than any systematic approach.

A strategic project was launched to address this issue and the concept of *RapidValue* was adopted. *RapidValue* would be focussed on a specific industry vertical (eg Discrete Manufacturing) and would contain common methods and tools combined with industry specific content:-

RAPIDVALUE BUSINESS PROCESS MODELLING

- Developed specifically to support ERP implementations
- Fully integrated with Microsoft Dynamics
- Flexible across all sectors
- Designed to maximize business model re-use
- Includes the value chain and business process modelling often lacking in the low end tools which focus largely on user procedures
- Avoids the cost and complexity of high end tools designed for bespoke software development

FULL SET OF APPLICATIONS TO ADDRESS THE INDUSTRY SECTOR

- Microsoft Dynamics AX at the core
- Microsoft approved third party applications to extend the functionality to give good out of the box fit
- Fully integrated and tested
- Supporting automation tools for interface development and data migration

INDUSTRY MODELS HELD WITHIN RAPIDVALUE BPM

- Value Chain for the sector or sub-sector
- Business Process Hierarchy relating the business processes to the Value Chain
- End-to-end set of business processes both value adding and enabling
- Complete set of Microsoft Dynamics AX user procedures supporting the process model

SURESTEP+ IMPLEMENTATION METHODOLOGY

- Enhanced version of Microsoft SureStep standard
- Faster and more consistent ERP implementations
- Tailored to support *RapidValue* projects with business process modelling at the heart of the implementation

Engineer To Order (ETO)



Source: based on Michael Porter's value chain

THE BENEFITS OF A BUSINESS PROCESS CENTRIC APPROACH

80% of your industry requirements can be met right out of the box.

RapidValue is designed to give up to 80% fit out of the box:

- ✓ Business processes
- ✓ User procedures
- ✓ Application functionality
- ✓ User roles and profiles
- ✓ System set-up and base data

As a result, the focus of the implementation can be on the 10-20% of processes which are the competitive differentiators, rather than the core processes which are relatively standard. Additionally, the *RapidValue* tool accelerates the modelling and development of these competitive processes.

In summary, the business benefits of this approach are:

1. Faster implementation:

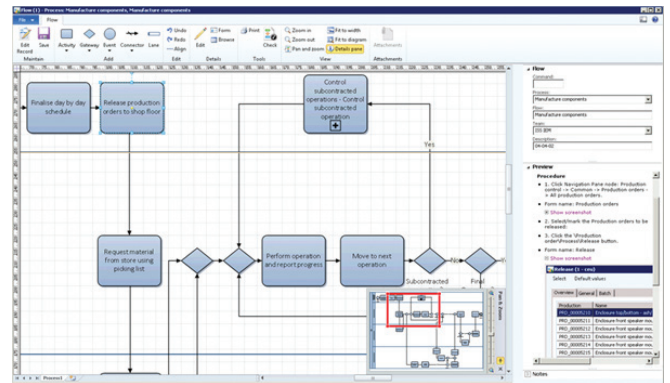
- ✓ Lower overall cost
- ✓ Reduced diversion of key personnel
- ✓ Faster ROI payback

2. Greater business value:

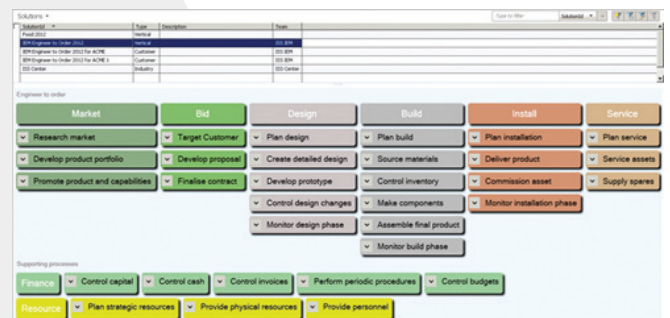
- ✓ Best practice business processes
- ✓ More easily maintained processes and procedures beyond go-live

3. Increased business agility:

- ✓ Quicker rollout across business units
- ✓ Ability to modify/develop business processes more rapidly
- ✓ Faster deployment of new business capabilities



Example of the Business Process Management



Example of the Business Process Hierarchy

WANT TO KNOW MORE?

For more information on Columbus*Manufacturing*,
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