Algorithm

The Algorithm Implementation Methodology

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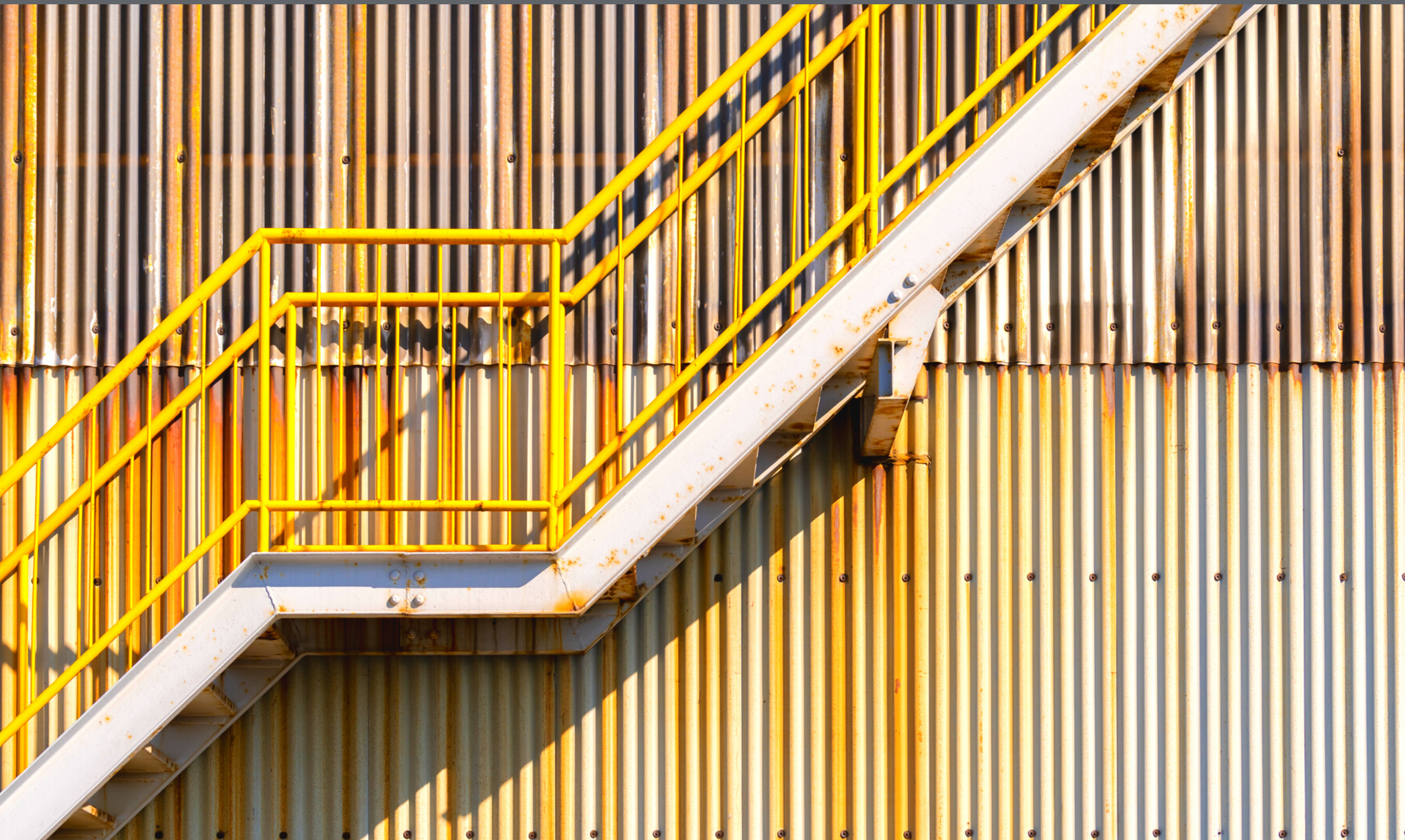
The Steps Towards Innovation



Take Aim: The Algorithm Implementation Methodology - Part I

01

Tried and true, "Practice makes Perfect". Pick your favorite axiom and the fact remains the same. When you do something over and over again a few powerful things happen:

- You get really good at it
- Every time you do it you improve upon how you do it
- Your incidence of failure or substandard outcomes drops like a rock

And with a process as critical as the implementation of your new enterprise resource planning (ERP) system, all three are very, very important to you. After all, half to three-quarters of such projects are completed late, go over budget, or aren't adopted readily by users, resulting in project failure. This is why you want to work with someone who has implemented your ERP many times for many clients, and who has a clearly established, meticulously detailed, and thoroughly documented methodology to assure success.

One Size Does Not Fit All
In one M.A.S.H. episode, "Hawkeye" Pierce tells "Hot Lips" Houlihan, "Margaret, you're looking for a custom fit in an off-the-rack world."

ERP cannot be an off-the-rack implementation. One size does not fit all. At Algorithm, we've helped countless manufacturers, distributors and wholesalers upgrade their business processes and ERP systems and we can confidently say that there are no consistent and uniform "best practices" that apply to every implementation project equally. No two businesses are identically alike, and so it is with ERP implementations. They're different for every business.

That does not mean we don't establish guidelines for moving through all the customary steps required of a quality implementation project, and that's just what we've done.

Discovery & Discovery
Algorithm clients experience two rounds of discovery. In the first round, as part of the sales process, we conduct discovery about their business's current state, that is, what are their processes? Where are their problems or pain points? What is the data they need and appreciate, and where can we provide even more value? This is vital to our preparation of a meaningful proposal for them.

Here's a hint. If an ERP specialist company proposes that they implement any system for you and they start telling you about it before they conduct any kind of discovery, thank them and wish them a fond farewell. They're not so concerned about solving your issues as they are about solving their own.

Getting to the First "Why"
The purpose of the sales discovery process is to discover the big "why." Why do you want or need a new ERP? Why are current processes and systems insufficient to help you realize your goals and achieve your objectives? Successful sales discovery enables us to produce a proposal including an overall scope of the work we will perform for you, and the value you will enjoy from our work.

Next We Focus on "How"
Once you accept our proposal and we go to kick off the project, the first step will be another, much deeper round of discovery.

The purpose of discovery in the implementation process is for us to learn everything we need to know about the foundation of your current processes and practices. How you do what you do so we know best how to integrate your chosen ERP into it, and how you can extract maximum value from that ERP. We also work to figure out what our constraints are. Uncover issues that could possibly engender delay during the process so we can eliminate them or mitigate them in advance.

Then we identify the quick wins, the low hanging fruit. Things we can improve for you early in the process. You want your team to see rapid improvements even during the implementation process to build their enthusiasm for the new system. Their eager and rapid adoption when it goes live is critical to the success of the project. It has been estimated that upward of 75% of implementation projects fail due to users' failure to adopt. Remember, your users are the most important ingredient in the success recipe for your systems.

If the sales discovery process is said to have been conducted at 10,000 feet, implementation discovery is the total opposite. Here we dig down deep for the details. We collect everything related to your business operations. This includes where all the data sets are, where all applications are run, who uses them, and the purpose, capacity, and structure of each workload.

You'll find we ask why a lot. Often we get the worst possible response, which is some variation of "that's how I was trained to do it" or "that's the way it's always been done." Our job is to create efficient repeatable, value-generating processes, so we never accept those answers. We dig down deeper to develop an understanding of what each process really produces. Many were created to prevent repeating a problem that only happened once. When we're done, there won't be any of those left. Many businesses are run based on decades of inherited knowledge passed down from one manager to the next.

We watch papers being passed from one department to the next to learn what is done with them at each step. If we're going to need it during the rest of implementation you can bet we're going to find it here, well in advance, so we're totally prepared. This is how you guarantee the success of every implementation.

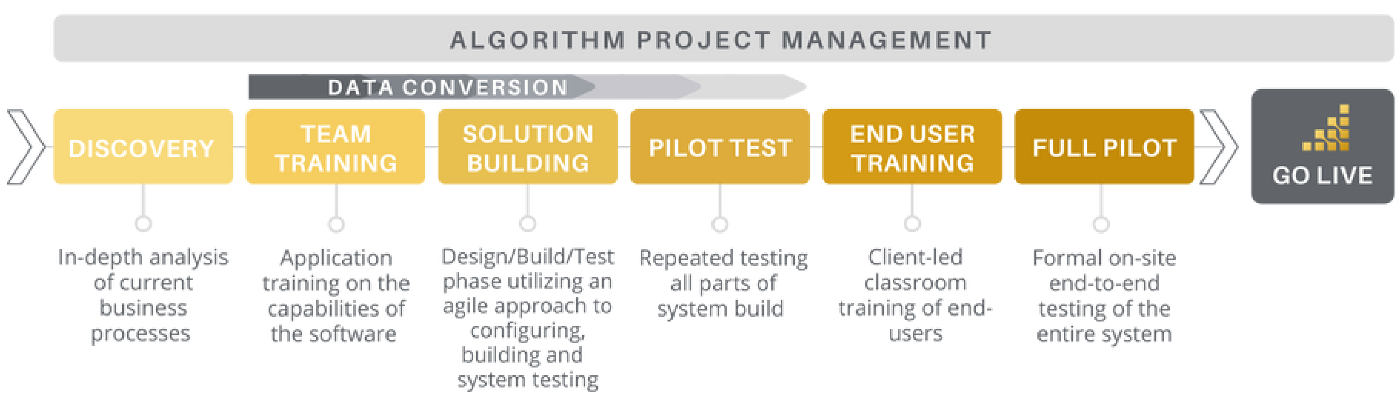
"What" You Can Expect

Once all the necessary "whys" are collected along with the data and the process detail, we construct the project plan, which expands upon the original scope of work providing explicit detail at every step required to successfully complete the implementation on time and within budget. We'll also define the important "whats," detailing what you will be able to do with your system at the end of each phase of implementation, and what you should be able to observe that demonstrates successful completion of each phase. These acceptance criteria provide you with good reason to be confident that we're proceeding according to plan every step of the way.

Occasionally, during implementation discovery, we'll uncover something completely unexpected, that wasn't shared with us during preliminary sales discovery, and is not included in the original scope provided in our proposal. In the majority of these cases, we will simply incorporate it into the scope and project plan. If the magnitude of what we've found is significant we may submit a change order request that will modify the original scope and fee. While such occasions are rare, some companies simply have forgotten skeletons in their operational closet that we will need to dig up and dispose of.

Take Aim: The Algorithm Implementation Methodology - Part II

02



Implementation Based on Partnering with the Customer

In many implementations, the step directly following Discovery requires the implementor to step back and develop a configuration and deployment plan based on the information gathered. This usually results in a series of submissions to the customer, along with explanations and presentations, followed by requests for revision, after that re-submission and then a recurrence of the entire cycle.

This can be very time consuming.

The Algorithm Implementation Methodology is instead based on a collaborative approach between the Algorithm team bringing deep knowledge of the ERP system, and the customer Project Team who are decision-makers from each functional area of the client company. Both teams are well-versed in the stated goals and objectives for the implementation.

Meeting in the Middle

Since the Discovery process has brought the Algorithm team closer to the customer's team in terms of understanding their unique business processes, the next step is to bring the customer's team up to speed with a better understanding of the ERP application: what it does, how it works, what is possible, what the potential design options are.

During the Project Team Training, an initial data conversion is done. This data conversion iteration will help validate some of the initial configuration decisions, as well as give the Project Team a better understanding of what their legacy data will look and act like in its new environment. Subsequent data conversions and how they help to validate and inform processes as the project team moves through them are also described.

Implementation Team Training

The primary goal in the Project Team Training phase is to "train-the-trainers" to enable the Project Team Leaders to conduct end-user training in their areas in the future. Each will be responsible as the "process owner" for a specific role in the company that performs specific activities using the ERP. Examples would include:

- Customer Service
- Order Entry
- Purchasing
- Inventory Management
- Production
- Accounting

These Project Team Leaders will designate the appropriate Subject Matter Experts (SME) for the processes in their departments. These are the employees who are the most well-versed in any given process, the "boots on the ground" people who will be doing the actual work. Although the SME's will not participate in the actual Project Team Training, they will assume an advisory role later in the Solution Building phase. By using management personnel for these functions our effort benefits from their experience and input, and the company's managers benefit from deeper level training on the functionality of the ERP solution.

As we train on the various functional roles, such as entering an order, we discuss how each might be applied to their operations and the specific way in which they now perform their processes to identify best opportunities for automation. This deep-dive into the ERP platform and the customer's operations consistently produces very customer-specific solutions that truly meet the unique needs of the customer. It also builds a deep understanding of how the ERP connects the various parts and functions of the company. This informs the creation of all ERP operations in the context of how they will interact with each other.

The Project Team participates in the training on every function and the development of how the application will be configured for their specific need. This builds stronger, deeper understanding of the entire operation.

Solution Building
Implementation Team Training is the preparation for the Solution Building phase of the methodology. Here's where we get very focused on processes so we can develop the best way to configure the ERP to accomplish each one. The approach is very granular. We'll schedule time to develop the specific solution needed for creating each process. For example, drop-ship sales orders and the workflow they require, required fields for the actual order, settings for each inventory item to be included in each drop-ship, sales order specifics, purchasing requirements, order types, payment types, setting up merchant accounts for credit card processing, how prepaid orders are accounted for, and the entire process workflow.

We go through that same procedure for each process anyone at the company performs on the ERP.

Development and configuration activities don't wait for weeks of discussion, planning, or development and testing. As we make firm decisions, we develop them right into the test system in something resembling an adapted form of agile methodology. They are then tested both individually and holistically and approved before we move on to the next.

Pilot Testing

It's all about momentum. We build energy and keep that momentum going. Once all processes and procedures have been designed and developed, we have a complete platform ready for end-to-end testing. That's exactly what goes on in the Pilot Testing phase. The implementation team exercises the entire system using the end-to-end process working on the second, more refined, converted data set.

It's important to note that this is not classic user acceptance testing (UAT) in that we are not taking a small group of users to go live with. Instead, the implementation team, our group of process SMEs, will pilot each process to make sure that each process functions properly.

As such, a sales order will be created. If something needs to be purchased or produced, they'll go through that exercise. And once it's in stock, they'll create the shipment and that'll create the invoice. If they had to purchase something, they'll have an accounts payable bill to enter. So now they've got accounts receivable and accounts payable, they'll collect the cash, they'll pay the vendor, they'll run a financial statement.

During pilot testing we test end-to-end. We test the various scenarios to make sure that a dropship order, regular order, prepaid order, and even a customer return processes correctly. We test all the different variations of the process and consider the key issues. What is the outcome we want? What can happen to make things go bad?

Then we can focus on those areas to put governance and control systems in place to really tighten that up and build a sound system. We ensure that the data and the processes, including all forms, reports, dashboards, etc. are 100% accurate before proceeding to the next step.

End User Training
A few weeks before the scheduled "Go Live" date, we commence End-User Training. This training is conducted by the client Project Team Leaders to the users in their areas. They provide a comprehensive sequence of training classes having each user practice the functions they'll be performing on a daily basis to familiarize them with how those actions will look and feel on the new ERP platform. They confirm that each user understands each process and recognize when it's giving them their desired outcome.

We've found that users can be remarkably adept at finding ways to break the system that we didn't provide for during solution building. This gives us time to remediate those problems well in advance of go-live.

We ensure that the data and the processes, including all forms, reports, dashboards, etc. are 100% accurate before proceeding to the next step.

Testing
At this point every user is tested on the functions they will be performing on the system culminating in the "Conference Room Pilot" which is the go/no-go decision point to determine if the entire team is ready to go-live. Failure during this session will result in returning some users for more training preparing them for another cycle of testing.

Once every user has passed their test and the entire process has been approved in the "Conference Room Pilot", we are ready for the full pilot.

Full Pilot
This is the last step before Go-Live and is the client-led practice sessions for all users. The most important job of our piloting "proctors" is to help the end-users become rapidly adept at their new ERP processes. Minor fine-tuning of any part of the system is still acceptable at this point and is done at the discretion of the entire team.

Next, you are ready for the End Zone!

Take Aim: The Algorithm Implementation Methodology - Part III

03

In Stephen Covey's *7 Habits of Highly Effective People*, the first habit is "Be Proactive." When you decided it was time to upgrade, replace, or simply install your ERP system, you covered that one.

For those of you who are fans of Habit #2, "Begin with the End in Mind," you've arrived at the end of the implementation process and the beginning of a whole new level of being productive.

When to "Go Live"

This is an exciting time when the implementation team has given their approval and Algorithm has also given theirs. The executive team has been apprised and everyone is ready to go!

Scheduling the Go-Live date has become far simpler than it used to be. Back then, teams would wait for an end-of-financial-period. Over time people realized how busy a time that usually is, making it perhaps the worst time to add in a cutover to a new system. Now, Go-Live is best completed over a weekend when most companies are not active and time can be taken to do it right, with time left over to back it off and try again later if necessary.

Typically the Algorithm Team arrives on a Friday morning on which the company has arranged to cut off system transactions at noon. They'll stop all ERP activities and post all transactions so their Accounting team can reconcile everything in the afternoon.

The team makes every effort to visit with as many users as possible to introduce themselves, shake hands, and explain exactly what will be going on. They answer any questions users may have about what to anticipate.

By mid-afternoon, around 3pm, they are finished using their legacy system and it is at this point that Algorithm begins the final conversion of the data. Having gone through several iterations of the conversion process and testing and validating all routines throughout the implementation process, you can expect completion by Friday evening. Algorithm has developed an automated utility for this conversion which accelerates the process. The extract files are then converted to the new data structure and migrated into the new system.

After a good night's rest, on Saturday morning, we'll meet with the Project Team who will then validate the data conversion, making sure that all of the balances, open transactions, quantities, etc. have arrived in the new ERP system as expected. It is intensive data reconciliation that fortunately usually goes off without a hitch, but the numbers must be checked.

Finally, the Algorithm technical team assures that everything is working properly, all printers and other devices work properly, and everything is setup correctly. Then everyone takes Sunday off.

The Go Live Celebration

Monday morning each person arrives rested and refreshed and ready to begin a new chapter. Algorithm makes this a celebration of all the months of work and commitment getting us to this point by bringing in refreshments and congratulatory charm (there may even be a Bloody Mary bar).

By this time, everyone has been trained, everyone is prepared, and they've learned how to perform all their processes. The data is clean having been completely validated. It's time to go to work.

Hurrah!

If anything, we prove that it should never be called "day zero support." Our team spends the day cheering users on, congratulating them on their mastery. We also answer whatever questions arise, hold some hands, tweak some reports, and work out the little things that may have slipped past our final testing.

It's also not "day zero" because its generally more than a day. For several days, our support team is available either on-site or remotely depending upon the issue. It provides great comfort to the users knowing there is someone there to fix their mistakes if they make any.

Why such a party? Because implementing a new system for our customers, to live and work on, is a personal thing. We become friendly with our users and they can always sense that we genuinely care about their getting the most out of what we do for them. It's a big event for them, and its big for us too, so we work to make it as big and memorable, and smooth, as possible.

But Wait! There's More!!!

Our implementation of a new ERP is almost always a "Phase One" activity because we know that user adoption is the key to a successful project. Your "time-to-value" is our highest objective. We deliver a sustainable system that at minimum fully replaces all the functionality of their previous one with better technology and more efficient operation, but there's just about always more the customer later discusses with us that they want.

They may have some manual spreadsheets and planning tools they've always used and are comfortable with. It's often decided early on not to remove and replace these in phase one. It creates too much disruption in their daily routines. Over time, as they become familiar with what their new ERP can do, we often find them asking us to upgrade them so they can eliminate those spreadsheets and other tools.

Even without much new functionality, they appreciate the new efficiency. They start to learn about more capabilities of their system and become enthusiastic about them. At that point, introduction of something new is far easier because it's something they want.

Many Algorithm clients have a Phase Three, Phase Four even. They want to integrate Customer Relationship Management (CRM). Some see real opportunity in using higher-order analytics, real-time dashboards, and other technologies. There's a popular term used by software developers and system operators called CI/CD, Continuous Improvement through Continuous Deployment. That's what we work to deliver.

The Why in Algorithm
In the most general sense of business standards, an algorithm is a series of instructions telling a computer how to transform sets of data into useful information. That is what we at Algorithm are all about. Not the technology. Not the code. Not the well-defined, rigorously tested methodologies. We're about providing our customers with the useful information they need to make better decisions, take more effective action and see better business outcomes.

We strive to earn a productive, long-term relationship with you in which we can continue to contribute to your ability to leverage more accurate, more robust information to achieve greater success. Our people are experts in our ERP's, in accounting, in finance, in technology, and in application management. Our programs are designed to be flexible and adaptable to your specific needs. We never attempt to replace our clients' capabilities, simply to augment, complement, and supplement them.

Our partnerships with the major ERP providers such as Acumatica and Epicor, are just as strong and personal. We're in this for the long-term, just like you.

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