

7 ERP implementation mistakes and tips for avoiding them

Whilst no one likes to envision their project going awry, the reality is that it could happen. Understanding the common mistakes that can occur during an ERP implementation is crucial for avoiding project derailment.

Gartner estimates that more than 70% of ERP initiatives will fail to fully meet their original business case goals, and as many as 25% of these will fail catastrophically.²

Before we delve into the common mistakes to avoid during ERP implementation, let's first take a moment to understand modern ERP solutions. Cloud-based ERP systems and AI-driven analytics are not just buzzwords, they are reshaping how companies approach ERP implementations.

[Gartner](#) predicts that by 2028, cloud computing will shift from being disruptive to essential for business competitiveness, amplifying Cloud ERP's crucial role in today's dynamic landscape.¹ The need for innovative business models and revenue streams, along with the ability to adapt quickly to business needs, has increased. Cloud ERP is the quickest way to achieve a comprehensive digital transformation and develop advanced business capabilities that impact all areas of a company.

Gartner also reports that the strategic adoption of advanced Business AI-powered analytics within Cloud ERP will be crucial for proactive planning and informed decision-making, as well as driving improved efficiency.

It's evident that embracing modern ERP solutions is a priority.

Keeping these trends in mind, let's explore how to avoid the ERP mistakes that can derail your project.



1. Lack of leadership buy-in

Project sponsorship and executive-level buy-in are absolutely critical to the success of an ERP system implementation. Leaders provide the vision and direction, aligning the ERP implementation with the organisation's strategic goals. When the C-suite visibly support ERP adoption, it sends a clear message to the workforce that this is a priority.

A common ERP implementation mistake is failing to designate one person in leadership to serve as the official project sponsor. This person should be a strong communicator and have the ability to inspire employees to accept the upcoming changes. Leadership involvement and advocacy create a culture of accountability, where employees understand the significance of the transformation and are more likely to embrace it. They will act as the main contact for the project and provide clear communication from senior management about the reasons for the ERP implementation and its benefits.





2. ERP strategies are not strongly aligned with the overall business strategy

ERP adoption is not a standalone project. It should be aligned with the organisation's strategic goals. Aligning ERP initiatives to strategic goals is a top predictor of success. Gartner reports that 75% of ERP strategies are not strongly aligned with overall business strategy, leading to confusion and lacklustre results.³

Leaders in charge of setting the organisation's strategic direction play a crucial role in ensuring that ERP strategy is in line with the larger vision. It's not just about choosing software; it's about changing business processes and systems to support overall business objectives.

Your business needs should drive your ERP decision not technology.



3. Not setting clear objectives

A critical mistake often made is failing to establish clear objectives from the outset. A well-defined ERP strategy is the backbone of any successful ERP implementation.

The strategy must cover your entire organisation to make sure that the chosen ERP system effectively serves all key business areas. Think of it like a tiered approach – you have company goals you want to achieve however, each department will have specific goals that contribute to the company's overall objective. Likewise, each individual will have goals that contribute to their department's objective and, in turn, to the company's objective.

Your project team should clearly define how you will measure project success. This includes setting parameters around the project budget and timeline, as well as establishing key performance indicators (KPIs) to track post-live outcomes.

Have clearly defined and measurable goals for the new ERP and put numbers to it – if your goal is to speed up invoicing, by how much? If it is to reduce costs, what amount of cost reduction constitutes a success? Define your measurements of success.

Don't forget that some objectives may not have a measurable contribution. Factors such as increased visibility and reduced business risk may not be easily quantifiable in terms of money, but they still play a crucial role in the company's overall success and ERP implementation.

The more accurately you define the areas you expect to see improvements the better equipped you'll be to review and qualify solutions.



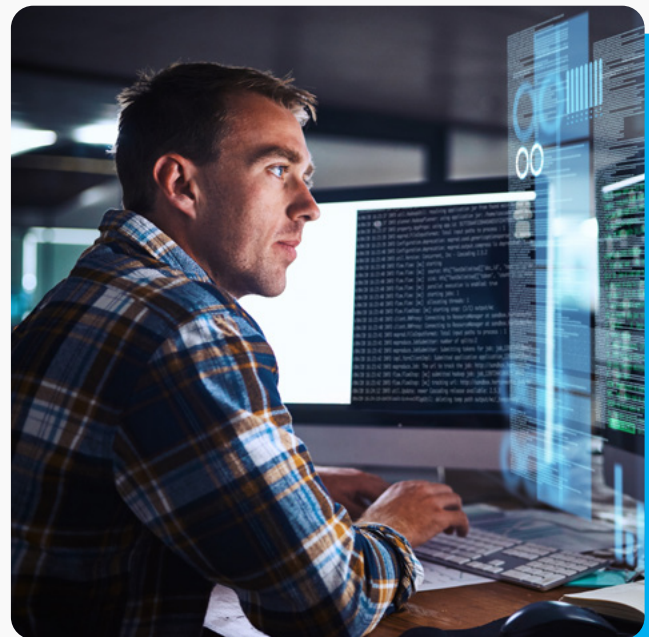
4. Over customising the ERP system

Customisation is all well and good, but there is such a thing as too much. Over-customisation simply brings on a new set of problems. Sometimes, businesses can get so focused on adding personalized features that the software becomes unrecognisable and no longer achieves its original objectives or becomes costly to maintain or buggy.

To the same end, if you are too focused on customising your ERP, you might overlook the core features and obscure them with unnecessary additions. This doesn't mean only relying on off-the-shelf ERP solutions, but a word of warning is to be cautious about excessive customisation. So strike a balance between customisation and adopting standard best practices within the ERP system.

It's also important to acknowledge the importance of data migration and system integration. A carefully planned migration and integration strategy can reduce the need for extensive customisations by making the most of the ERP system's built-in features. Focus on configurations that align with your industry's requirements and minimise complex customisations.

Establishing robust project governance is essential to prevent customisations from becoming unmanageable. Having competent project managers in place will help prevent scope creep and minimise the risk of cost overruns.





5. Underestimating the timeline and budget

One of the most challenging aspects organisations face is defining and adhering to a realistic budget. Unrealistic expectations and an incomplete view of project needs and complexities are some of the root causes.

When seeking executive support for your project, you might think you should oversell the benefits and underestimate the budget and timeline. While this tactic might work initially, it can backfire when your team faces unexpected challenges. It's better to be realistic from the beginning.

Consider that vendor proposals, designed to paint an overly optimistic picture, do not capture the full spectrum of expenses involved – ensure they include critical elements such as process changes, customisation, comprehensive data migration, and essential organisational change management. Vendors often assume that a client's data is ready for migration and that integrating the system into existing processes will be straightforward. These assumptions are rarely aligned with reality and set the stage for budget and timeline overruns.

Reference key benchmarks such as past integrations and industry estimates to calculate these metrics as accurately as possible.

In addition, you should consider how cloud-based ERP solutions can influence these factors. Cloud implementations can offer more predictable costs and potentially faster rollouts, altering traditional timelines and budget considerations.



6. Poor planning and project management

Without a clear project plan, that is actively used and well-managed, the implementation process can become disorganised and chaotic. Have a detailed plan and timeline in place to ensure that the project stays on track and is completed on time. Establish a well-defined project scope and change management process. Evaluate new requests carefully and assess their alignment with project objectives before incorporating them.

ERP implementation requires a dedicated team of people with the necessary skills and expertise. Not having the right team can lead to delays and added costs.

Your project manager should have the skills required to delegate tasks, resolve conflicts and prioritise resources. A successful project manager will also focus on organisational change management and ensure the workforce is ready to embrace digital transformation.



7. Improper resource allocation

What's the biggest ERP success factor? The make-or-break factor is often the project team. Can you assign the right team to the ERP project? What happens to their current, day-to-day workloads? Do you have backup resources capable of filling in during their absence? If people lack the time, support, or skills to do the job effectively, they will not be successful – and the project will likely suffer from delays, additional costs, and/or software that fails to meet the company's needs.

Then calculate the work hours – estimate the amount of time it takes for every single task. Do this by understanding the task and the work involved, and then assign the number of 'work hours' required. It can be a range of hours, but it needs to be accurate. Add up the work hours for each phase of the project and assign the person responsible for getting it done.

Make sure everyone understands the commitment before agreeing to participate. If you can't keep up with daily operations and the implementation, then you may require third-party support to offset the load.

Ensure that you have consistent expertise across all your locations. You need to consider implementation, training and support – often from a combination of management, consultants and your software partner.

During every ERP project, unexpected issues are likely to arise. But, by following best practices for a successful ERP implementation, you can identify and address issues as they arise to effectively manage your risks and costs.

We can help guide you through the process. Set up a call to discuss your needs.

[Book a consultation](#)

