4 ERP Implementation Strategies

There are several proven strategies for transitioning to a new ERP system, each with advantages and disadvantages. Implementing an ERP solution is all about stakeholders working together toward a single goal: business success.

Here are four of the most common approaches.

1. Big bang

In this approach, also referred to as the "single-step method," all users move to the new system at the same time. You'll need to have completed all configuration and testing of the new system, as well as training, by the go-live date.

The advantage here is that you quickly start realizing ERP benefits, such as higher productivity, better insights and lower operating costs. However, once you've rolled out the system it's hard to go back, so it's critical to get things right. Any error or glitch—even a relatively minor one— can impact employees, business partners and customers. There may also be a temporary productivity drop as employees get used to the new system.

2. Phased rollout

Under a phased approach, the deployment of features, tools and components is done over an extended period, which may cover weeks or months. This more measured approach can be less risky than the big-bang strategy. It also enables the company to focus first on "quick wins"—the functions that deliver the most immediate benefits—and to apply learnings from the initial deployment phases to improve the process for subsequent phases.

But there are drawbacks: It takes longer to get the full benefits of the new ERP, and your company will need to support, and pay for, two systems at the same time.

There are three primary approaches. Organizations may switch on one ERP module, iron out bugs and process issues, and then tackle another phase. Most organizations start with core functions and expand from there. Another possibility is to deploy by business unit, such as HR, finance or logistics, and then move forward based on needs and hierarchies.

The third approach is to phase the rollout by geography. A company might test and perfect the system at one location before moving on to other offices, factories or facilities.

3. Parallel adoption

With this strategy, the organization keeps using its legacy systems in parallel with the new ERP for a specific length of time. This is generally considered the least risky approach because it's possible to revert to the legacy system if you run into problems. Because of this safety net, some

organizations use this strategy for critical functions that absolutely must always continue operating.

This approach can also make it easier for some users to gradually adjust to the new system. However, parallel adoption can be an expensive approach because it requires more staff time and resources to keep two systems running at the same time. And parallel adoption can create its own risks: Entering data twice into two different systems doubles the chance of errors.

Still, this might be the best bet for companies using a two-tier ERP architecture, a setup often found in firms that have expanded, whether organically or through mergers and acquisitions.

4. Hybrid

As the name implies, this approach combines elements of the strategies above. For example, an organization might switch on core ERP modules using a big-bang strategy, then roll out other modules in phases to specific locations or departments.