Introduction

If you're in the market for ERP software, you generally have two main options on the companies who are tasked with putting the software into action—vendors and value-added resellers. Alongside independent software vendors (ISVs), business process outsourcing specialists, and referral partners—many of whom play a unique yet non-implementation-focused role—the channel exists in relative harmony.

A Somewhat Harmonious Ecosystem

For the most part, this harmony exists for a reason: Each of these players delivers a unique benefit that the other may not have the skills, size, or success doing the other's role.

For example, an ISV may have incredible success building a unique solution for an ERP vendor that allows said vendor to achieve better fit with an industry. A BPO specialist may be able to position its client for an international expansion. A vendor spends years or decades researching, building, and refining a product and a VAR spends decades implementing one or more solutions.

However, that same ISV may find it more lucrative to focus specifically on development rather than delivery and rely on a limited or nonexistent implementation practice. A BPO usually has a unique focus and spreads it across hundreds of clients, but might not have the time or resources to focus on configuration. Added to this, the vendor is focused on one product, and may not be as product-agnostic or focused as a VAR.

The VAR, on the other hand, may be great at implementation, configuration, training and support, but rarely steps on the toes of others. For instance, a VAR usually doesn't have the size of a BPO provider who manages core operational processes across hundreds or thousands of different clients. They might not have the development teams of the ISV, and if that's the case, they definitely don't have the size, scale, or scope to develop a fully-fledged ERP product.

"Don't Cross the Streams"

Understandably, that's why we said somewhat harmonious. Just because each of these plays a vital role in the channel doesn't mean they are going to stay in their lanes. Driven by profit motive, investor pressure, or ROI expectations, it's relatively common for some companies—often vendors, sometimes ISVs—to cross the streams and move into the implementation partner space.

That said, if you've seen the original *Ghostbusters* movie, you know that it's generally bad to cross the streams. While crossing the streams in the ERP world may not result in "all life as you know it stopping instantaneously and every molecule in your body exploding at the speed of light" and probably can't help close an interdimensional gateway, it may have some unwanted effects.

But whether you downloaded this guide to have your beliefs confirmed or are simply looking for some reasons why it pays to work with an implementation partner instead of directly with the vendor, you're in the right place. In the coming pages, we hope to explore the risks that come from working directly with a vendor and discuss some best practices for selecting an ERP partner who puts your business first.

A Decision You Can't Take Lightly: Why Do ERP Projects Fail?

It's likely that you've seen a few of the morbid-sounding ERP implementation statistics. Whether it's 60 percent or 75 percent failure rate among ERP implementations, the idea of an ERP implementation may sound like a scary prospect for those in the market. Whether these result in damaged reputation, damaged relationships, or legal battles, the media is all too happy to highlight high-profile ERP failures.

Pair this with other challenges or lowlights in the ERP space—a third of executives and workers are unsatisfied with ERP, more than half of projects exceed time and budget constraints, and a full nine in ten projects fail to deliver measurable ROI[1]—and you may be a bit skeptical.

In fact, one may ask, "why would a company actively pursue a project that's bound to fail more than half the time?" The reason is simple—most don't have a choice. Much like a heart transplant, an ERP implementation isn't exactly an elective surgery—it's often completed by necessity.

Maybe it's due to rapid growth being limited by the software, maybe it's the end of a legacy license, or maybe it's simply a decision made to ensure your company has room to grow, but no matter how you get to the decision, it's not a decision that you took lightly. "So," you may be wondering, "it's not like those failures were the result of hasty decisions; why did so many other projects fail?"

From mismatched partners to mismanaged expectations, the following are some of the most common reasons that an implementation project goes off the rails:

Poor Software Fit

The most obvious of the ERP failures is poor selection. Sometimes this is a result of faulty research, other times it's the result of overzealous sales teams at unscrupulous vendors. Either way, this is a common concern for businesses looking at ERP software, as a lack of due diligence can leave you spending money on a product that doesn't work for you or that will need intense customization to implement.

Mismatched Client/Partner

While the software is one part of the equation, the team you work with is another. These are the individuals who will be guiding the process, and it's important that you're getting the right people from your partner.

For example, it's very easy to work with a partner who is way too large for you and end up with their B- or C-Team. It's easy to end up working with a partner who says they handle your industry, only to find out they don't understand the nuances of your business.

It's just as easy to work with a partner who is too small for you, who despite their best efforts, simply don't have the workforce to support you. Small, inexperienced teams can save you money on a vanilla implementation, but start adding customization, integration, and intense configuration, and the project can begin to fall apart at the seams.

Unenthused Leadership

Without an executive sponsor and a motivated leadership team, the rest of your staff will follow. A great general is out on the battlefield, leading the troops and keeping morale high. Without total leadership

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[1] https://www.erpfocus.com/ten-erp-failure-statistics.html

commitment, purse strings may be tightened and leaders may be all too willing to pull the plug on a project that would otherwise put your business in a better position. ERP Focus recommends postponement over taking a gamble with the hopes leaders come around.

Poorly Allocated Resources

You know your team, and with the right research, you can understand your project team. However, a lack of commitment to either could end with a lack of technical or functional skills needed to do the job. Ensure that you're ready to invest, put your top people on the job, and get the best from your partner.

In addition to this, you also need to establish a chain of command and chain of communication early on in the process to establish accountability both from your own people and your partner.

Bad Cultural and Managerial Fit

You're going to spend a lot of time on an implementation project, give a lot of access to a third party, and work closely with the implementation team over the course of a project. Depending on the internal resources committed to the project and the scope of an implementation, you need to ensure that your people are going to get along with your partner. A bad cultural fit between internal and external resources can result in people butting heads, morale drains, or other unfortunate results.

Lack of Partner Depth or Experience

Throughout the process, your ERP partner is going to spend a lot of time migrating data, moving it around to fit into the new solution, and running cleansing and preparation in anticipation of go-live. Much like the challenge that comes from poor size fit, a lack of depth can result in your partner failing to understand the nuances of your business and their effect on the implementation.

Insufficient Training and Change Management

ERP implementations are significant changes to your business. In fact, many of these projects can push you towards a larger business transformation if handled properly. However, if you're not investing in the larger change management aspect of the business, people won't be ready or willing to adapt as the implementation takes place. Training—both in the software and the processes—is critical and needs to be invested in.

Additionally, know what you're getting from the training process. 100 hours of training from a knowledgeable trainer who understands your business is a lot better than 200 hours of training from a generalist.

When Do ERP Projects Go Awry?

With failure being so common, the topic has been well-researched, making it reasonably easy to document the challenges that companies face throughout the process that lead to the project falling apart. From the earliest research stages to the day you go live with your new ERP, the reasons mentioned above can be ironed out with the right planning and partner.

The Selection Process

The first and most obvious reason that ERP can fail is that you chose the wrong product for your needs. While many things can be adapted during the process, if you start with the wrong ERP, you're essentially putting diesel into your gas tank. The only difference, however, is that instead of a binary diesel vs.

gasoline decision or even a selection between the different octane ratings, you have dozens of options that all sound plausible—until you start to drive.

In turn, selection process failure accounts for up to ten percent of projects. Considered the "first stage" of ERP by independent ERP consultant Third Stage Consulting, this makes up for ten percent of projects and occurs after the software and partners are selected[2]. However, this is about as far as the project goes, with the project starting but getting scrapped partway through.

From poor cultural fit to poorly documented needs, it's easy to back yourself into a corner and see your initiatives falter.

Pre-Selection Mistakes
As discussed in a recent whitepaper on navigating the ERP selection and implementation process, the selection process begins long before you even start talking to vendors and partners. Here are just a couple mistakes you can make before you begin to whittle down your list.

Cause	Challenge Created	Result
Lack of End User Involvement	Uninformed Selection	Poorly documented needs set you up to pick the wrong functionality, leading to lack of value and lack of adoption.
Poorly Communicated Decisions	Decreased Morale	End users fight back against the implementation, resulting in increased stress and employee turnover
Lack of Executive Buy-In	Unmotivated Leadership	Executives who are unconvinced that the ERP will provide a reasonable and achievable benefit will pull the plug at the first challenge.
Unrealistic Goals	Unmeetable Expectations	Employees and executives believe project will do more than it actually can, resulting in unachievable ROI
Poorly Documented Needs	Unfocused Decisions	Without a clear picture of what you need now, what would be nice to have, and what you might need in the coming years, your request for information may not allow you to get the information you need.

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[2] https://cdn2.hubspot.net/hubfs/4559297/Lessons from 12c000 implementations.pdf

The early stages are critical to your long-term success. Executives need to be able to communicate that a decision needs to be made and will be made. End user teams or department representatives need to document the challenges they hope to address and the benefits they hope to receive, and early-stage ROI analyses need to present the financial benefits of moving to a new system.

Selection Process Mistakes

Even if you have the internal buy-in, the teams in place to lead the selection process, and the communications initiatives in place, the selection process is yet another area where things can go wrong. Though interest, morale, and excitement may be high, many decision makers can fall into a trap set by unscrupulous partners or vendors that lead them into a decision that ultimately fails.

Cause	Challenge	Result
Overpromised Functionality	Overestimated ROI	Underwhelming results and lower than expected returns, longer payback periods, and disappointed leadership.
Nonexistent Functionality Promises	Unexpected Customization Costs or Third-Party Support Costs.	Sometimes, you will be told bold-faced lies in order to secure a sale. "Yeah, we can do that" can become "Yeah, we need to bring on additional resources or put hundreds of hours of labor to make it work."
Unclear Communications	Unprepared Partners	As you send out RFPs and RFQs, any lack of communication could result in customization costs or unexpected lack of functionality.
Tunnel Vision	Cornered Decisions	The path to ERP is rarely a one-horse race. Many options can provide you value, but it's easy to fall into the trap that occurs when your partner only has one solution.
Casting Too Wide of a Net	Analysis Paralysis	It is possible to spend too much time and money on the selection process or cast too wide of a net, leaving your people forgetting which product they like.

One of the most important lessons to learn is that a strong implementation is going to do a whole lot more than an overzealous research process—but only if you can work to get what works. The selection process requires you to walk a tightrope with your resources. Momentum matters, and if you're spending months in meetings, you're wasting productivity and losing momentum.

As noted by Kimberling, "A perfect software selection with an imperfect implementation is much less effective than a very strong implementation after an accelerated selection process."

The Implementation Process

Much like the selection process, the implementation process is critical—and often can be risky without the right partner to get you there. From the planning meetings to the implementation to the go-live, an ERP implementation is going to take time and resources, require incredible focus, and need to have open lines of communication.

Your project team, your executive leadership, and the partner you choose to work with need to be on the same page regarding responsibilities, expectations, and plans of attack.

Why Directly Working with Vendors Is a Strategy Bound for Failure

So, now that the risks are well-known, what does this have to do with crossing streams and why does it pay to work with partners instead of vendors? Simple. Nearly everything mentioned above is much more likely to take place when you work directly with the company who makes the product.

It may sound counterintuitive—after all, they built the product, so they should be the best equipped for the job, right? Surprisingly, no. Nearly every problem listed above is exacerbated when you work directly with a vendor. Here's why.

One Provider—One Solution

You've probably heard the idiom, "If all you have is a hammer, everything looks like a nail." Well… for the sales staff at an ERP vendor, all they have available to sell is hammers.

Fine for Hitting the Nail on the Head—But Maybe Not for Everything

Do you work in a niche industry that has never exactly had specific functionality designed for it? Still just a nail for the salesperson with the hammer. Do you have a unique business process that wouldn't exactly fit into the product? Same hammer and nail.

What's the best way to end up with a poor software fit? Rely on a company who only sells one product. Salespeople are trained to understand that the hammer isn't just the best tool, it's the only tool. Not only could this result in a bit of exaggeration in the sales process, it could result in promises that a vendor's engineers can't keep.

Normally, this wouldn't be a major problem—there are a few ERP partners who have done quite well with one product or niche. But as you'll learn in a second, it's not just a hammer and nail problem, it's a 'carpentry' problem too.

The Implementation Partner Advantage

For many implementation partners, reputation is key, and word travels fast. One failure often results in a missed opportunity from some other end. While it's much easier for a vendor-side implementation failure to get buried in NDAs and settlements, a partner puts their reputation on the line any time they take on a project.

If you're about to set aside money for a five- or six-figure project, you need to know that you can rely on that partner to get the job done.

In this, many ERP implementation partners who care about their own business will take care of you. The right partner will put significant effort getting to know about you and your business before they even tough your software. Their goal is to know whether or not they will be a fit before the project starts, and many will back out or recommend a product that represents a better fit.

Right Size? Probably Not.

As noted above, finding the right partner for your business often requires you to find a partner with the right size and focus who's able to put their A team on the job. Often, if you work with a firm that's too big for you, you'll end up getting the second-string team.

This isn't to berate large partners who do great work for giant clients—but implementation partners are no different than you. Just as you'd probably put a bit more effort into serving a customer who represents a significant portion of potential business than one who doesn't, a mid-sized partner is going to mesh better with your needs than a giant one.

Now, say you're looking at the largest reseller in existence. Now multiply their annual revenue by a few hundred. Though not much of the vendor's business is focused on implementation, even if their implementation staff payroll is 5% of their budget, it still represents an expenditure larger than most resellers.

A Disconnected Sales and Implementation Process

ERP is pitched as a solution that allows you to connect disjointed processes. Unfortunately, ERP vendors don't exactly have the same connection between their sales teams and engineers as a reseller. If an reseller's implementation team misses the mark set by the sales staff, they are still going to have to share a water cooler with that person. If the salesperson makes an unattainable promise, you can be certain that issue will come up in a meeting.

However, with a vendor, the sales staff and implementation teams exist in separate bubbles. Less accountability means less feedback, less feedback means more unattainable goals.

The Vendor's Job is Development, Not Implementation

One of the first things we mentioned when introducing this guide is that we're never going to build a fully fledged ERP system ourselves. We know our own limitations, and don't have a few billion dollars sitting around to hire a development staff to build a massive enterprise-grade system.

We do, however, know a thing or two about implementing software, and in our three decades in business, have learned a few things. As one of the companies who has developed a bit of a reputation for saving failed implementations, we know what ERP failure looks like. We also know the warning signs and the steps to address and fix a red flag before it derails the process.

Vendors are great at development. They put a lot of money into R&D, hire the best developers to create products, and continue to improve the product at least twice a year. However, more often than not, they are not skilled in implementation. While software vendors develop great software, believe it or not, they don't always know the nuances of implementing the technology nor do they truly understand if the software is the right fit for the buyer.

What Goes into Selecting the Right Partner?

As we've said, vendors make incredible software, but as they say, don't quit your day job. If you're in the market for an ERP product, you're preparing to install a product that affects nearly all of your employees and nearly every aspect of your business.

ERP is such an important part of your company's management structure, the implementation and use of the system has to be done right. That's why you need to look for a partner—not a provider. The right partner can help you get through the selection process, prepare your business for the implementation, train your employees, and support you for years. Your success is their success, and if you're looking for a company who can put you in a position to succeed, here are just a few of the things to look for.

Are They Honest? The Importance of Managed Expectations

With the risks of standing still nearly as painful as the risks of hastily jumping to a solution and partner, it's important to be practical, pragmatic, and prepared. One of the many reasons that ERP implementations fail: Poorly managed expectations.

You can have an internal team ready to lead the project, a project sponsor who can get everyone on board, and communications initiatives in place, but if your implementation partner hasn't given you all of the information you need, your implementation project may be progressing—in the wrong direction.

Just as there are very few doctors in the world who can complete a successful heart transplant, there are very few "ERP implementation experts" in the world who align with your needs. The right ERP implementation partner will prepare you for the challenges that can and will arise during deployment and implementation and brief you on additional concerns that may appear during ongoing operation of a software. They will not give you false hope or lofty expectations, and will be honest about options, risks, and challenges you will need to overcome.

Have They Had Success with Similar Customers?

One of the easiest ways to know if a project will succeed is to ask for references. The candidate partner should have a track record of successful projects similar to yours and should mention them throughout the sales process. If you do not hear any names, beware. Also listen for (and ask for) background and references for the specific consultants that will be working on your project.

Are They Going to Show You the Lineup Card before the Game Starts?

Before any baseball game, the managers hand the lineup card to the umpire and the other team. Switches need to be documented, and any change without notice is going to result in an automatic out. Just ask the Mets, who had it happen to them in 2018.

Similarly, you need to expect your partner to hand over their own lineup card before they get to work on the implementation. Unless you are dealing with a small firm (only one or a few consultants), you may meet their "star" consultants who might not be assigned to your project.

Be sure to get (in writing) a roster of consultants who will be working on your project and vet their length and diversity of experience. Meet them or conduct phone interviews just as you would with a potential employee. Does the partner firm have a "bench" of consultants that can provide back-up and assistance if needed?

Do They Understand Your Business?

Something you will likely find out when you ask for references or look at the size of the firm is whether they had success in your industry and are able to handle the project. A partner should have well-documented success in your industry, and should be able to discuss your business no differently than if you were talking to someone from within the field.

Think of it like this—a firm can focus on distribution, deliver results in distribution, and talk about distribution—but what if you're a food distributor, metals provider, or have a retail aspect? Do they know how the process differs? This will go a long way in understanding whether they know how to meet your needs.

The Right Partner for Your Business: Meet MIBAR

We'd love to say that the ERP implementation process is failsafe—but then we'd be lying. We know that the wrong partner can ruin a client's experience with the right software, because we've fixed "failed" implementations.

At MIBAR, we want you to find the right vendor and the right partner. This is why we want to provide you honest, straightforward advice about the selection and implementation process—because we're confident in our work and confident that one of the ERP options we provide will provide minimal risk and maximum reward. Get to know more about our successes with NetSuite, Acumatica, Dynamics, and more by reading the following case studies:

- [Getting JAM Paper and Envelope out of a Bind: MIBAR Delivers Invoice Automation and Marketplace Reconciliation for Leading Paper Distributor](#) (NetSuite)
- [Global Beauty Care Connects Their International Business with MIBAR and Acumatica](#)
- [John F. Kennedy International Airport's Terminal 1 Connects More than Flights—MIBAR Empowers Airport Terminal with NetSuite Terminal Management](#)
- [High Profile Real Estate Private Equity Firm Sees Huge Benefits from NetSuite Implementation](#)