

Best Practices in Software Selection and Business Process Improvement



Government Finance Officers Association

Mike Mucha

Deputy Executive Director / Director, Research and Consulting

GFOA

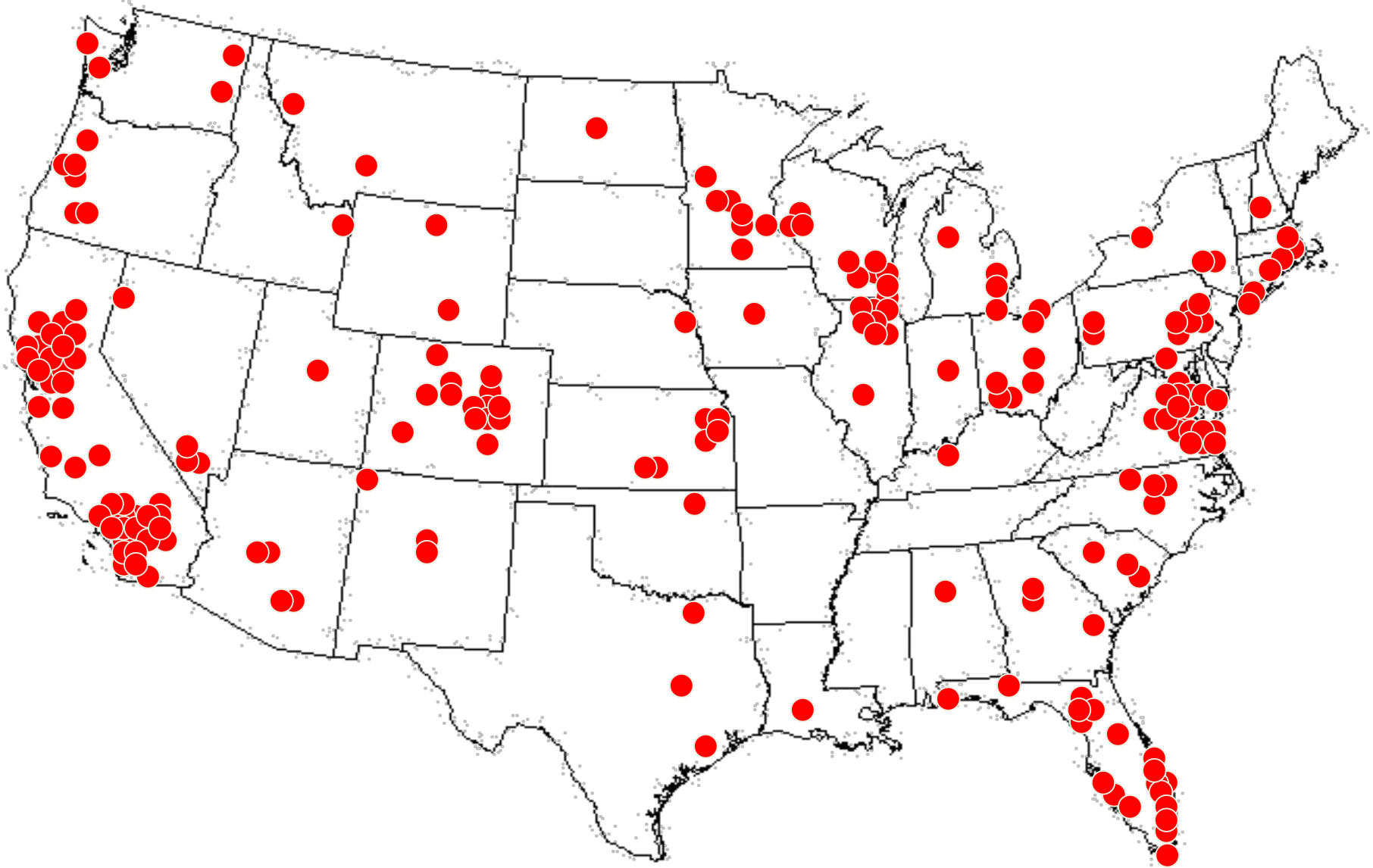
GFOA is a non-profit association focused on the professional management of governments

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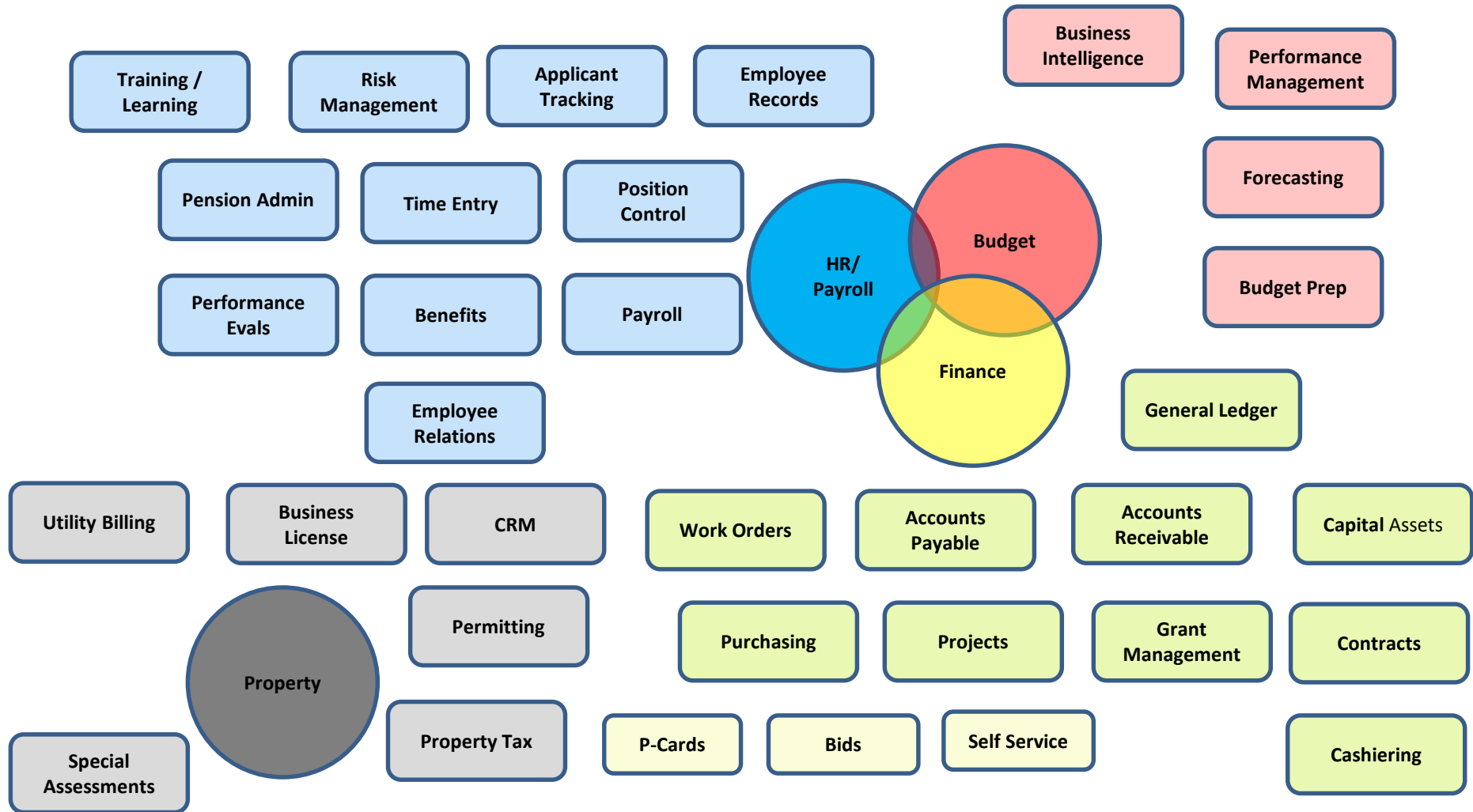
- Established in 1906
- 19,200 Members
 - Offices in Chicago and Washington DC
- GFOA offers resources, publications, training, networking/conferences, award programs, and consulting services.
- GFOA has become a nationally recognized leader in the ERP system market generating value for clients through:
 - Reducing costs
 - Reducing risk during implementation
 - Providing best practice recommendations
 - Focus on improving business processes

GFOA has worked with over 500 local governments

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ERP projects are large



GFOA Recommended Approach to ERP

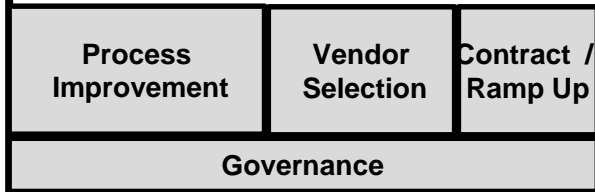
- Governance
 - Identify goals
 - Focus on process / outcomes (not software)
- Structured process for change
 - Business process focus
 - Organizational change (change management)
 - Documentation
 - Track decisions
 - Define process
 - Define policies
- Competitive Vendor Selection
 - Requirements
 - Interviews



Recommended ERP Project Schedule

Readiness/Procurement

★ = Go Live



Core Financials



Core HR/Payroll



0

1

2

3

Four Elements of Readiness

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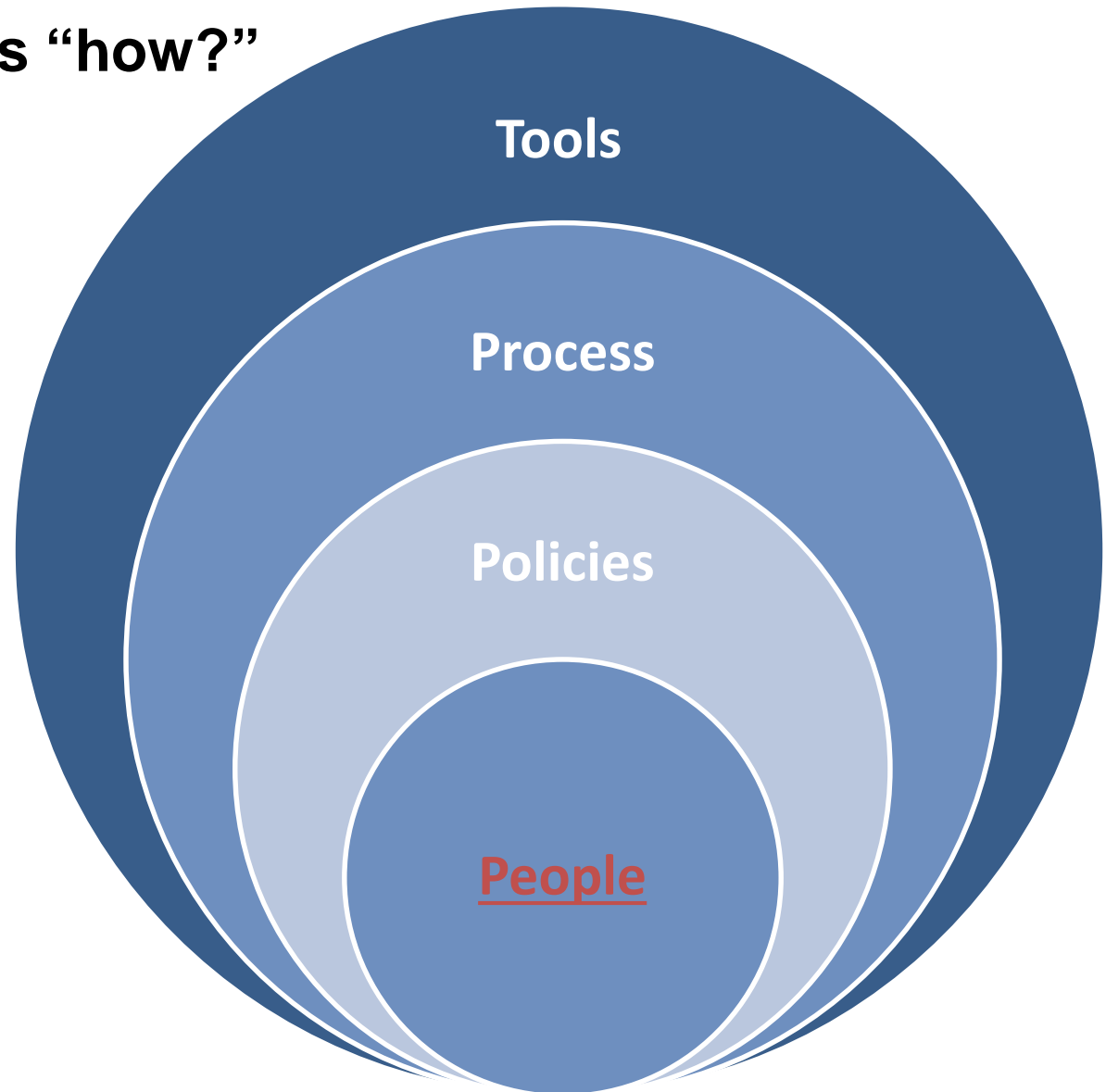
1. Governance
2. Business Process
3. Vendor Selection
4. Contract Finalization

1. Governance

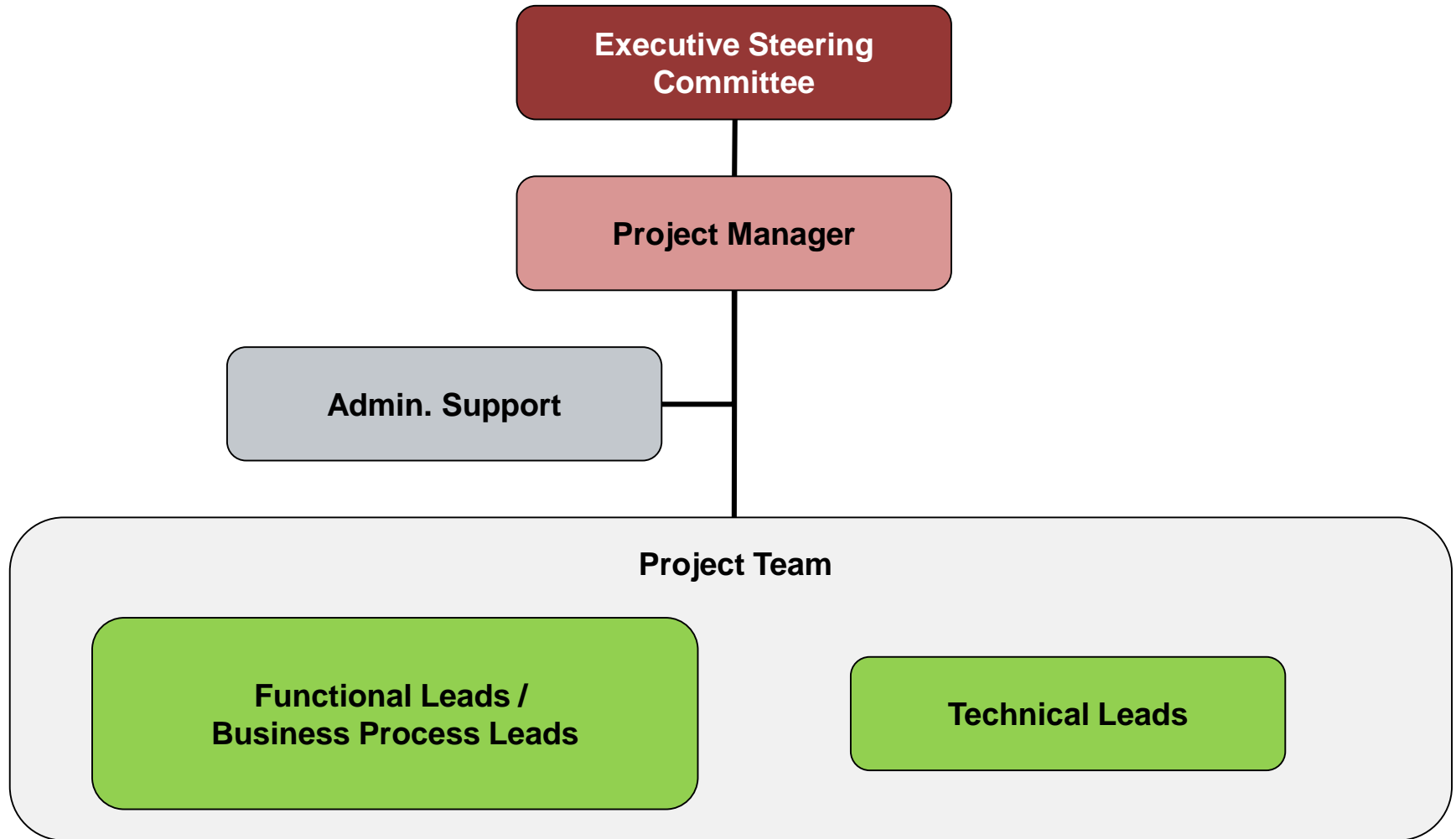
ERP governance is the structure for achieving goals

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Governance answers “how?”



Example Project Structure

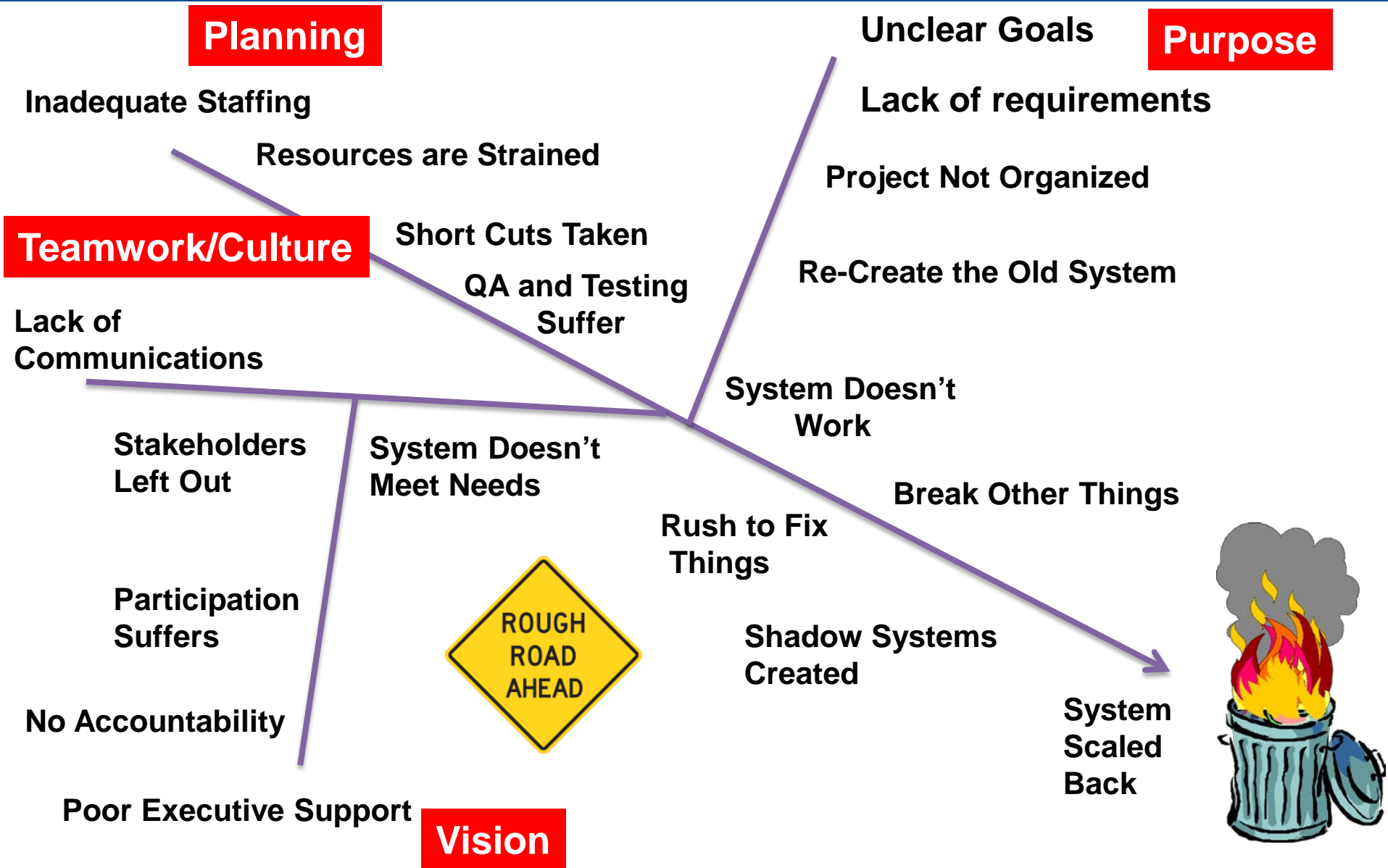


Why are we doing this?

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- Need direction for the project?
 - What are we trying to accomplish?
 - Why?
 - How will we measure success?
 - Who determines if success was achieved?
- Need to set expectations and communicate
 - Formal communications
 - Informal communications

What does a failed project look like?

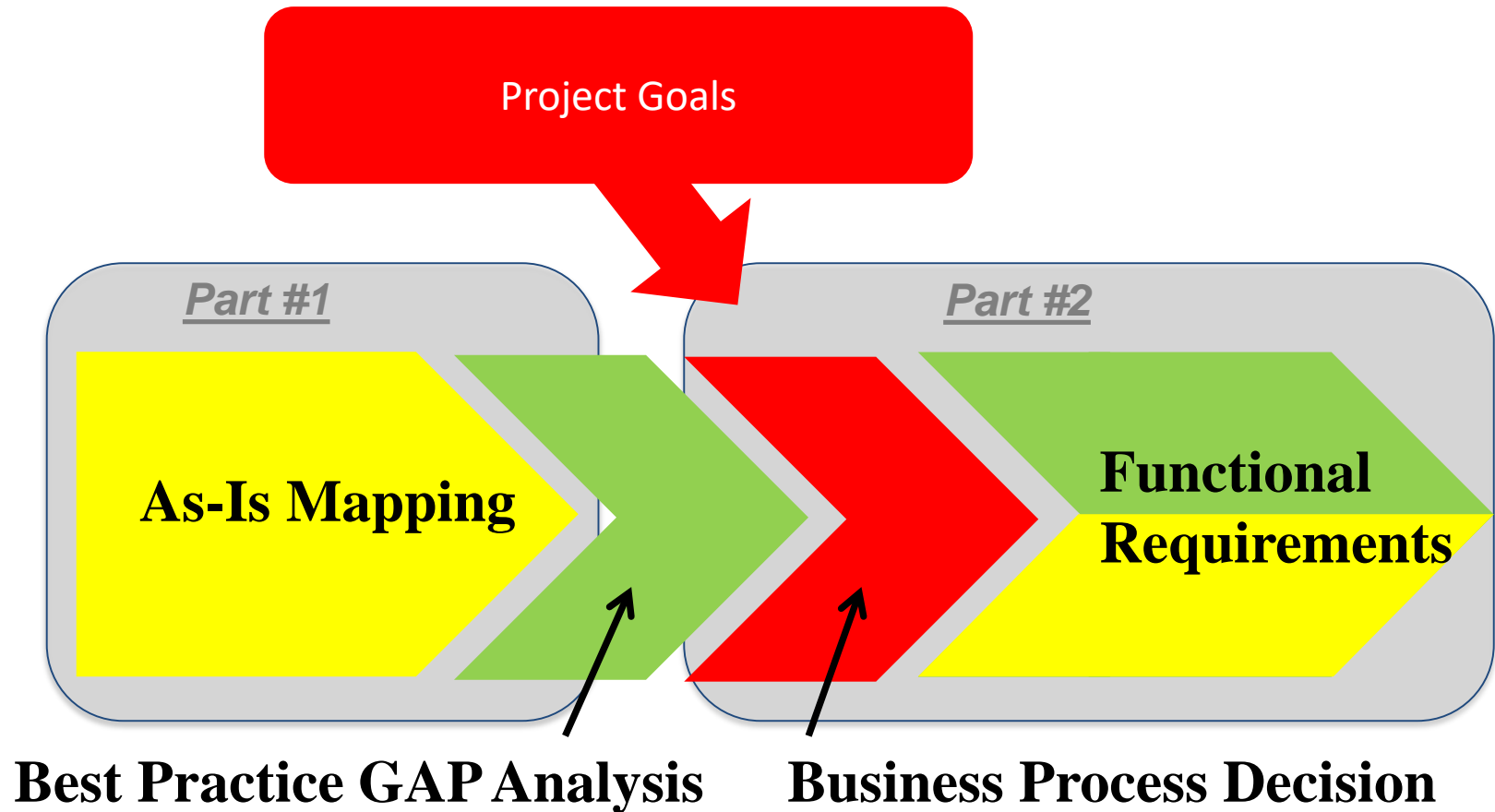


Governance Check

- Are goals clear?
- Are common assumptions clear?
- Are roles defined?
 - Do roles overlap?
 - Are roles understood?
 - Do members understand all roles
- How are decisions made?
 - What is escalation path?
 - How to handle conflicts

2. Business Process

Business Process Improvement



Why? Why? Why? Why? Why? Why? Why? Why? Why? Why?

“We’ve always done
it this way”

- Someone (and likely more than one) from every
organization

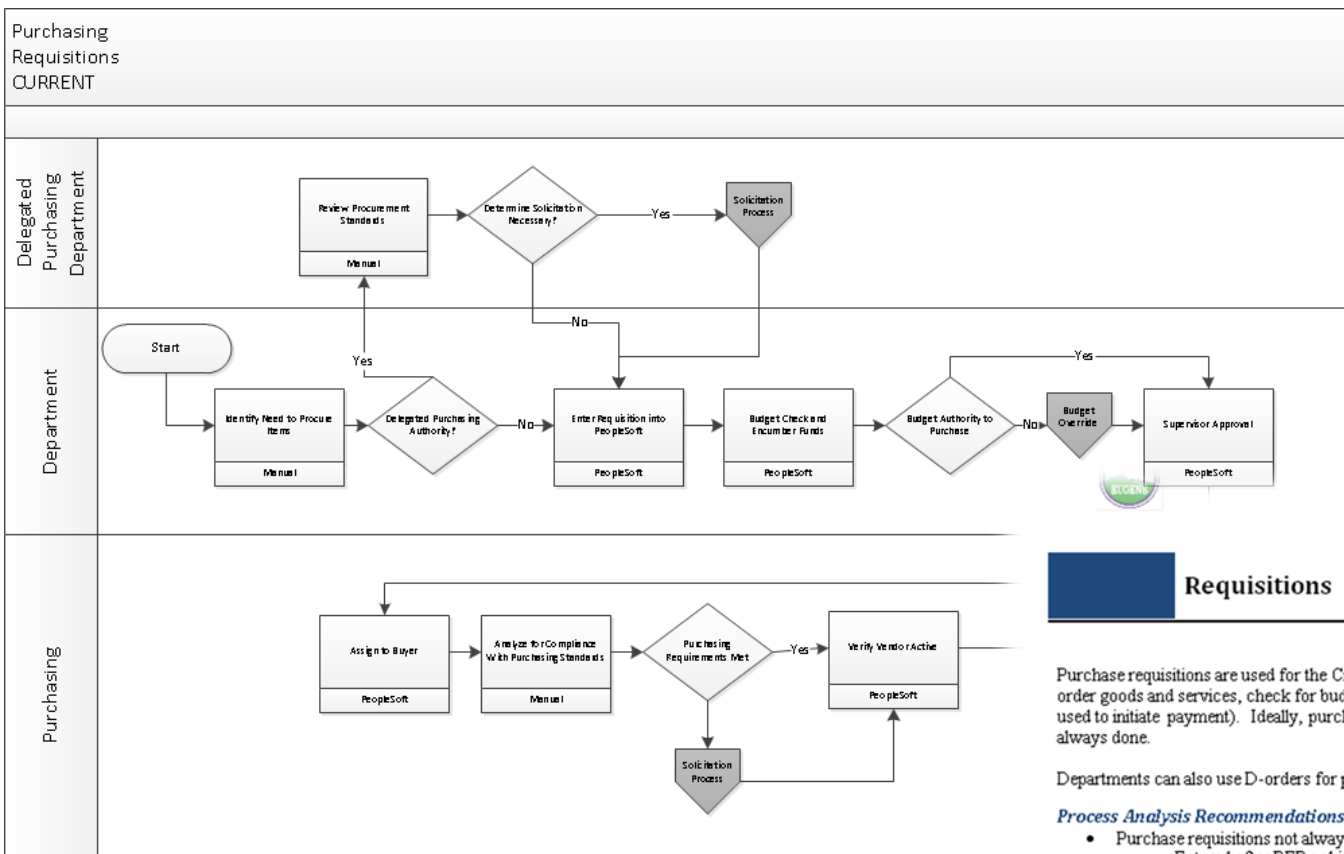
Process Improvement Teams

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- Empowered team made up of representatives from city departments
 - Tasked with managing process documentation
 - Challenging the status quo
 - Why? Why? Why? Why? Why?
 - Discussing improvements
 - Making recommendations



Documented processes are essential



Process Map

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Requisitions

Purchase requisitions are used for the City as a transactional document in PeopleSoft to gain approval to order goods and services, check for budget availability, and create purchase order (that is later can be used to initiate payment). Ideally, purchase requisitions are entered prior to the purchase, but that is not always done.

Departments can also use D-orders for purchases less than \$10,000. D-orders are explained more below.

- Process Analysis Recommendations**
- Purchase requisitions not always entered as a request to purchase (at times entered after purchase)
 - Entered after RFP or bid (lack of budget encumbrance)
 - Enforcement of purchasing policies is a manual task

Future Process
 The City should follow a consistent process for entering in purchases which then utilizes business rules in the system to enforce City policies on procurement tools, approvals, and budget availability. This would require:

- All purchase requests are entered into PeopleSoft at the beginning of the process.
- PeopleSoft will use workflow to monitor status (RFP, bid, approvals, etc)
- Departments having delegated purchasing authority will utilize different workflow approvals, but use PeopleSoft to track all purchasing activity
- Purchase requisitions should allow for suggested vendor, but not require one (in case of bids)

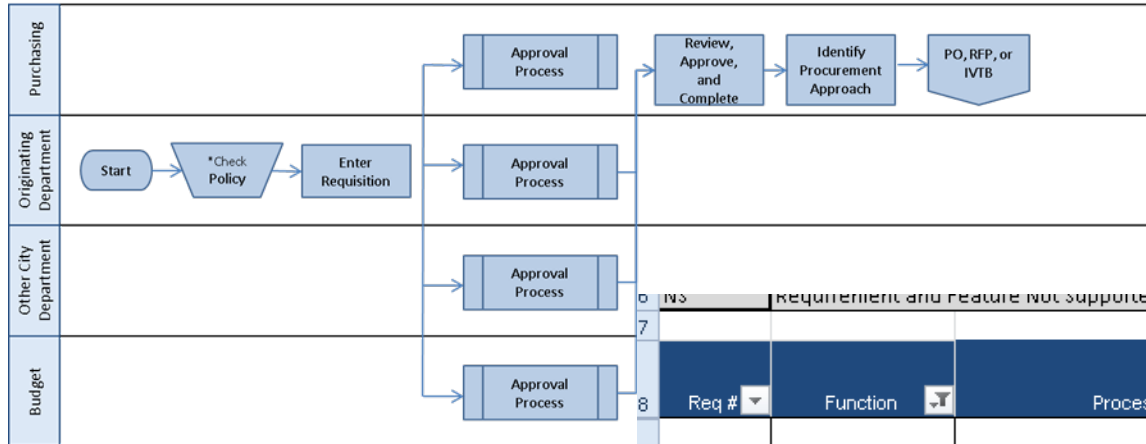
Issues / Follow Up Items

- Determine if revisions to purchasing policies are necessary
- Determine how p-card strategy will integrate with purchase requisitions

Process Analysis

Requirements relate to business process

Purchase Requisition



Req #	Function	Process	Requirement	Implementation Response
6	48 PO	Requisition	Budget control can be set to: Soft (Warn user but allow)	
7	49 PO	Requisition	Budget control can be set to: Hard (Do not allow)	
8	50 PO	Purchase Order	System tracks encumbrances (purchase orders)	
9	51 PO	Purchase Requisition	System allows for budgeting at one level and controlling at a different level (Example: budget by account/object butt conduct budget control at program level)	
0	52 PO	Purchase Requisition	System allows budget control at summary roll up of account/object	
77	159 PO	Purchase Requisition	Each department initiates purchasing process through requisition entry into the system	
78	160 PO	Purchase Requisition	System accommodates discrete purchase orders (purchase order for specific quantity of good or service)	
79	161 PO	Purchase Requisition	System accommodates blanket purchase order (purchase order with vendor for specified dollar amount)	
			Requestor can attach files to requisition at	

Process focus mitigates implementation risk

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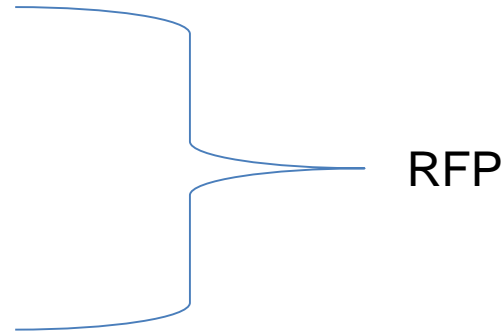
- Projects don't often fail because of issues with software
 - Implementation is a far greater risk in almost all projects
 - Many organizations do not have a vision for how the system will be used
 - Vendors can't help with vision (or want to)
- Most organizations do not deploy 100% of the software seen at demos
 - Many organizations don't come close
- **Many software vendors treat implementation as an afterthought**

3. Vendor Selection

Vendor Selection

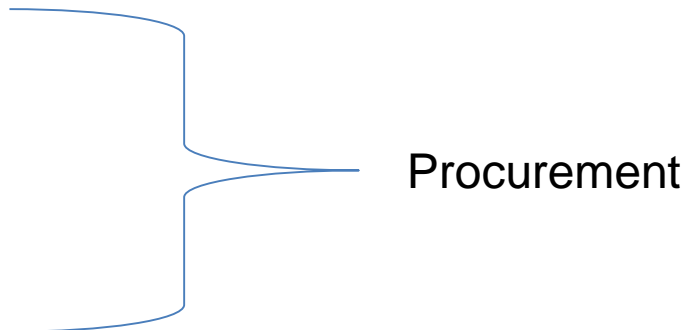
- Identify what you want

- Goals
- Scope
- Schedule
- Considerations



- Selection

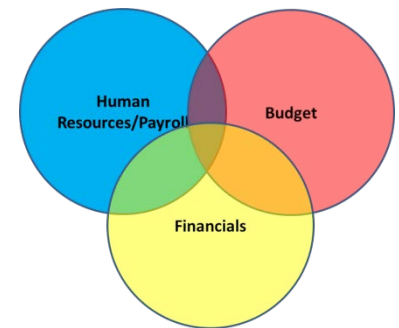
- Proposals
- Demos
- Interviews



- Decide

Finance System Components

- General ledger
- Project / grant accounting
- Purchasing / contracts
- Inventory
- Accounts payable (vendors)
- Billing / AR
- Asset tracking



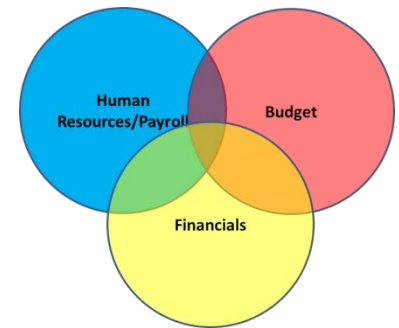
“Core”

-
- Work orders / Asset management
 - Advanced billing
 - Extended purchasing

“Extended”

HR/Payroll Components

- Human Resources
- Positions
- Benefits
- Leave
- Payroll
- Time Entry*



“Core”

-
- Recruiting
 - Professional development
 - Evaluations
 - Self-service
 - Time Entry* / Scheduling

“Extended”

Know the market know what you are buying

- Split procurement vs. one RFP
- Optional “scope”
- Cloud vs. hosting vs. on premise

- How attractive is your project?

Cloud bringing about major change in government

- Governments core competency is not server administration
- Change, resiliency, updates
- Managed risk
- Allow for more powerful products and sophistication in smaller governments

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RFP Roadmap



RFP

Vendor Proposal

RFC Documents

Final Agreement

Functional Requirements

Modules to Match Requirements

Decide on Modules

Final Software Scope

Preferences for Implementation

Standard Services

Right Size Scope

Final Implementation Scope

Gov. Essential Terms

Standard Terms

Discuss Major Issues

Terms and Conditions

Interview Project Team

Project Team

Software Demonstrations

- In-depth review of software
- Review of proposed implementation services
- Demos are scripted - requires that the vendors show what you want to see rather than what they want you to see
 - Allowing the vendor to control what you see allows them to control what you don't see as well
- Involve as many people as possible in the demos
- The purpose of the vendor demo should be on evaluating if the software will work (not on viewing the bells and whistles)
- You should leave the demos feeling confident it will accommodate all of your requirements

Implementation Interviews

- Demos should focus on both software and implementation
 - Software is worthless if you don't implement it
 - Majority of risks are with implementation
- What to cover
 - Implementation approach
 - Best practice definition
 - How would they handle a specific issue?
 - Staffing
 - Roles
 - Project management
 - Project culture / (What the project will be like)

Making a Decision

GFOA Score sheet

Instructions:

Score each category for each vendor by placing a number (0-5) in the cells below. The spreadsheet will automatically calculate the score using the appropriate criteria weights.

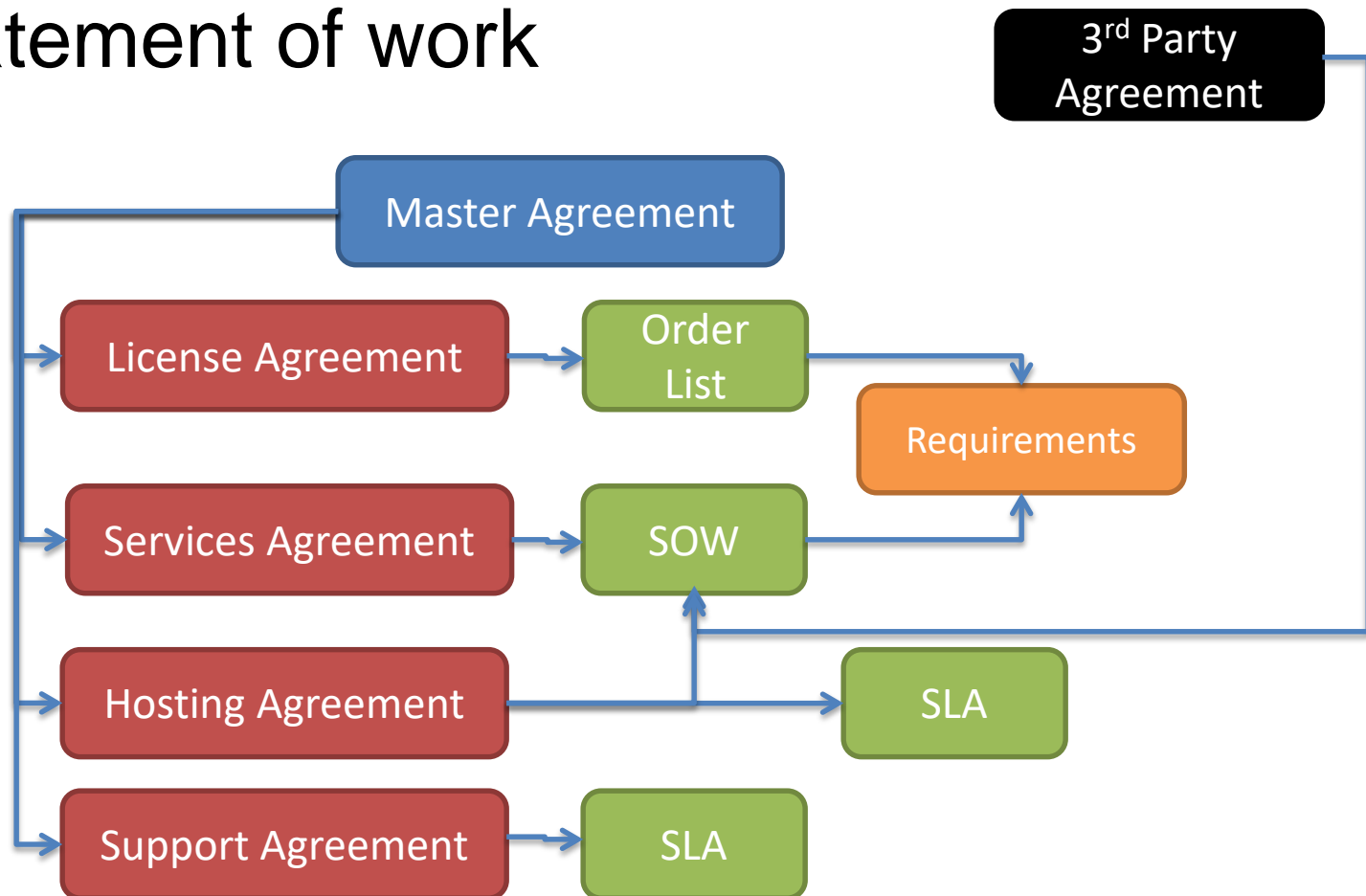
PROPOSAL TEAM	COST	REQMTS	IMP RISK	PROJ EXPER	TECH	SCOPE	SUSTAIN	Total	Total w/o Cost	Rank	Rank Without Cost
	25	20	15	10	10	10	10	100			
VENDOR 1	2	5	3	5	5	5	5	54.5%	46.0%	1	2
VENDOR 2	4	4	4	4	4	4	3	52.0%	52.7%	2	1

Agree on rules before going through the process!

4. Finalize Contract

Finalizing the Contract

- Master terms and conditions
- Third-party agreements
- Statement of work



The “Facts” of ERP Implementation

- *Software* selection is not anywhere as important as “*people*” selection
- Many organizations fail with ERP even before the project starts (no chance to succeed)
- ERP vendors do NOT share your goals
 - You need to watch them. You need to be prepared. You need tools to hold them accountable
- Software is worthless if your staff doesn't use it
- ERP projects are NOT impossible and can provide a great opportunity to transform your organization

GFOA Contact

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- Mike Mucha
Deputy Executive Director
Director, Research and Consulting
GFOA, Research and Consulting Center
- www.gfoa.org
- mmucha@gfoa.org
- 312.977.9700

