

Commentary: ERP -- Five Things Every Municipal CIO Needs to Know

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Selecting a technology solution -- enterprise application -- that meets your organization's unique requirements is a complex process, and one of the most mission-critical decisions today's municipal executives will face. It is a decision that impacts internal and external operations of the entire enterprise. If implemented properly enterprise applications are tools that can help municipal governments operate more efficiently and effectively. But an enterprise application alone is not the answer. To produce a positive predictable return on investment (ROI), enterprise resource planning (ERP) strategy, more so than price or methodology, should be the priority.

Success Hinges on Executive Buy In and Leadership

Enterprise solutions were designed to bring organizations into line with best practices, integrate different software solutions, and yield substantial savings to an enterprise. These goals are both achievable and predictable. For an oversight body, the sobering reality is that ultimate responsibility for success or failure must rest on a single senior executive's shoulders who is put in charge of the enterprise solution initiative -- often times the CIO. Though chief responsibility must rest in the hands of one person, due to the broad impact of enterprise solutions on an organization and the need for the buy-in of the entire executive team, accountability and reward should be shared with the other senior executives who comprise the executive team. Empowered with the support of fellow executives, a CIO can champion the enterprise solution as part of a greater executive-led move to change an enterprise to be more effective and efficient.

A Short-Term View Limits Your ROI

Over the short term, a switch to an enterprise system will provide immediate advantages and achieve immediate objectives, but it will rarely provide an instant ROI that justifies such an investment. The cost to an organization -- implementation, business process disruption, internal resource re-allocation -- is too great to offset the short-term wins of the technology shift. To successfully lead such an effort, the executive's perspective and stakeholder's expectation must be that ERP will provide short-term contributions to ROI, but its true return is best measured over time as a key component of the overall change being brought to the organization.

Mediocre Consultants Are Not Part of the Plan

Whether implementing a new solution or re-architecting an existing one, an enterprise investment should be seen as part of an overall strategic move forward by the executive team. Because the stakes are high the skills of your hired consultants must likewise be high. Industry examples show that hiring average consultants will, at best, deliver mediocre results, increase the risk of failure, and limit your ability to achieve long-term ROI. To gain the value from your enterprise solution investment and to adequately support your executive initiatives, the hired solution architects/consultants should be intimately familiar with a) the product(s) to be implemented and b) their best-practice application to your business. The team should be led by at least one key person who understands: how to get ROI from enterprise solutions, how to support

the CIO's long-term vision for strategic change, and how the organization, culture and process must change within the enterprise to achieve that vision.

Expect Return on Investment

With the many reported failures from enterprise solutions, executives may not realize that ROI can be assessed up-front and the expected value from enterprise solutions can be reasonably assured. To embrace a new technology and to make that technology part of the overall process, organization, and culture takes time -- an organization must evolve. Gaining ROI requires an upfront, long-term organizational commitment of people and resources. This can be planned out from the beginning -- the vast majority of enterprise solution issues are predictable and can be mitigated. With a good plan, the executive can achieve short-term objectives and gradually realize the intended long-term ROI to support the overall strategic initiative.

Enterprise Solutions Are Tied to Survival

Enterprise solutions are a necessary leap that every government organization must eventually make -- those that don't will fall behind and be outpaced by their peers. Those that implement these solutions poorly are in a similar, or worse, position. Regardless of the economy or market, organizations with less resource-intensive, more automated business processes will ultimately have the upper hand when it comes to returning value from their limited resources (e.g., appropriation/budget). An enterprise solution alone is not the endgame, but it is a vital component of the executive's strategic move to gain an edge that will yield a consistent, ongoing value from their efforts to achieve an agency's mission. Administrators and oversight bodies alike will note that such executives and their agencies consistently exceed their expectations and their peers in government.

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