

Seven Strategic Mistakes Clients Make Implementing SRM (and How to Avoid Them)

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For our first piece on Supplier Relationship Management, we asked SRM expert Jim Stewart to move beyond the SRM buzz and write about actual SRM project mistakes and how to avoid them. He put together a guide that should help both new and mature SRM projects and divides SRM project miscues into three different categories: strategic mistakes, HR and staffing mistakes, and implementation-related missteps. More importantly, he explains how to avoid these problems. One key point we took away from this piece: implementing SRM is not going to work if you use “SOS,” or “same old sourcing” methods. The good news: the change in business processes req

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Mistake #5 – Not Getting Change Management Under Control

I've said this before, but SRM is a different sort of beast than R/3. Here's one concrete reason why. SRM is different because there are dozens of critical configuration and development items that are client and system specific, and as such are *non-transportable*. I've seen large enterprises struggle to keep any sort of change management systems in place with the SRM product, and they have suffered in maintenance. The mistake here is not to validate that all configuration and development artifacts are kept consistent throughout your system landscape for each and every change. It's a mistake to keep different org plans in DEV, QA, and PROD, and it's a mistake to have to test your code in production after you've gone live.

How to avoid this mistake:

The change management strategy should account for one very important difference in all SRM implementations – the client specific configuration that needs to be completed for each system. It is a mistake to set your consultants off configuring, and not keep tabs on DEV, QA, and PRODUCTION. SRM can require a fair amount of client-specific configuration and master data maintenance. You should devise a plan and make an employee responsible for keeping each system and client in synch. Pay careful attention to your org plan. It makes sense to put one person in charge of the org plan, and also make that person responsible for keeping and changing each applicable system.

Making something a priority in your implementation means that your resources have enough time to do things the right way. Make sure there is enough time built into your plan to come up with and enforce a proper change management process.

III. Implementation Mistakes

Mistake #6 -- Not Leveraging External Catalogs.

One of the most forward-thinking capabilities of the SAP SRM system is also one of the most overlooked. Allowing your vendors to maintain a special view of their catalog for use by you and only you can save your company mountains of work in keeping vendor catalogs coherent with current pricing. Not letting your vendors maintain their own data is a mistake.

How to avoid this mistake:

Start early and decide on several key vendors to form preferred relationships with. You will negotiate a contract with each vendor. One particularly successful SRM implementation offloaded the quite considerable master data maintenance task associated with maintaining an internal catalog to about a dozen key external vendors who agreed to maintain external catalogs.

External, or so-called "punch out" catalogs, are catalogs maintained outside of your control. "How do we maintain control?" you might ask? . You can keep control by implementing a business process change – you will now negotiate a contract with each vendor, something to the tune of, "You will offer us 20% off of your best published Web rate," or some similar contract.



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Mistake #7 – Not Using the Standard SAP Approval Processes for Purchasing Document Approvals.

As a management consultant, I see these procurement document approval processes as an opportunity to change your corporate finance policy. Too often, companies get tied up in the “this is what we do today” game, and think that they need to replicate their manual or outdated approval processes in the SRM system. This is a bad idea – the idea behind implementing an integrated electronic procurement system is to accelerate your business and make your administrative tasks easier and less time consuming, so that your time is freed up to focus on strategic purchasing initiatives, rather than chasing down a level-three asset manager for a rubber stamp. See Figure 3 for an example of how SRM automates the approval process.

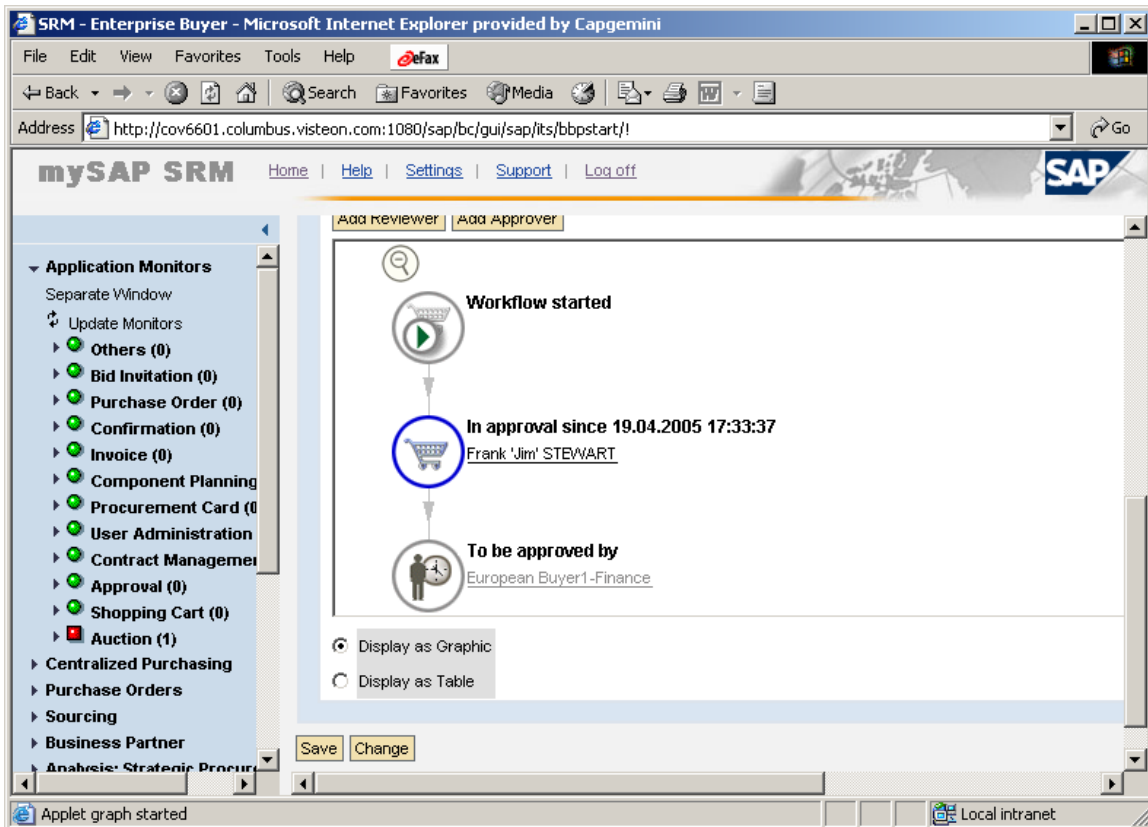


Figure 3: Graphical Approval Preview, a Popular Standard Feature of SRM.

I've had the opportunity to lead several SRM projects, and usually end up focusing a very large amount of my attention in the area of helping accelerate the purchasing document approval processes. SAP SRM implements standard approval workflows that are very easy to implement, use, and maintain. SAP has really outdone itself with their standard approval workflow in SRM 5.0, and my hat is off to their entire development and consulting team that supports these approval processes. You can capture an extremely rich set of approvals for a very matrix-like organization without writing a single line of code.