



You Need a New Battery: Recharging a Growing Global Business's ERP System

Most businesses use an enterprise resource planning (ERP) system to improve decision making, customer service, and business processes by centralizing information from across the organization. But what happens when a company outgrows a legacy system to the point that it becomes a liability?

That was the case at Midtronics Inc., the world leader in battery management technology for the transportation and stationary power industries, with a client list that includes vehicle manufacturers, battery manufacturers, automotive service providers and tool retailers, telecommunications, data centers, and power utility companies.

In the 15 years since implementing its first ERP system, Midtronics had tripled its annual revenues and expanded beyond its corporate headquarters in suburban Chicago, adding global offices in Houten, The Netherlands and Shenzhen, China. But the Midtronics legacy system hadn't kept up with that growth. System unreliability, lack of global capabilities and support, and access to information were the major shortfalls. Bad data, generated in the system and pulled into the company's other software programs, magnified the errors. And because the system didn't support Chinese characters, employees at the Shenzhen office had to re-enter data just to keep the ERP system functional.

*Michael Kringsman, 2013 ERP Research: Compelling Advice for the CFO, Feb. 22, 2013, ZDNet

Midtronics Chief Financial Officer Walter Yonkaitis recognized that the company needed a new ERP system, but he knew from extensive research that the process could be treacherous. Studies show* that 53 percent of ERP implementation projects take longer than expected, and 61 percent exceed budget. Worse, 60 percent of companies fail to realize even half the purported benefits of their new ERP systems.

To avoid these pitfalls, Midtronics "decided to invest upfront to do it right," Yonkaitis said.

Midtronics selected Integrated Project Management Company, Inc. (IPM) to help:

- » Navigate the potential pitfalls and mitigate the risks associated with a project of this magnitude
- » Lead cross-functional teams in selecting and implementing a system that would work for end users across all business units in all countries
- » Map out and manage the resulting changes to core business processes
- » Manage the software vendor, including 20 consultants globally.

By partnering with IPM, Midtronics successfully selected and rolled out a new ERP software system in 24 months (four months early and 25 percent under budget) while also undergoing a major office renovation and achieving a record sales year.

A COLLABORATIVE JOURNEY

To jump-start the project, IPM and Midtronics assembled a team of more than 70 representatives selected from all departments across the global organization, including finance, sales and customer service, shipping and receiving, distribution, purchasing and planning, engineering, production, quality, and service.

“The key to our success was getting as many people involved as early as possible, and empowering those people to make decisions,” Yonkaitis said.

From the start, IPM’s Project Management Consultant was embedded in the team, onsite each day and working closely with the Midtronics Business Systems Manager. The IPM Consultant “fit right into our organization and became an extension of myself and the Business System Manager in managing the project,” Yonkaitis said. “He became one of us and integrated into the organization like an employee.”

GATHERING REQUIREMENTS

Through collaborative workshops with process owners, the team, led by IPM and the Business System Manager, identified more than 250 business requirements for the new system, including multilingual and financial conversion capabilities to reflect the company’s global presence.

This process also helped the team to identify existing time-consuming work-arounds, process duplications, and areas of unreliable data with the current ERP system. Although a root cause analysis showed multiple reasons for these inefficiencies, a new system could potentially resolve each issue.

SELECTING THE SYSTEM

Based on the requirements assessment, the team evaluated nine ERP systems and test-drove three. The IPM Consultant created scoring processes and facilitated the vendor evaluations, leading the process to drive the team to a decision. More than 40 end users participated in role-based “day in the life” demonstrations for each system, and then provided usability ratings



IMPACT TO THE BUSINESS

- Real-time, electronic inventory management led to more efficient material handling, production, and shipping.
- Customer service and order entry now have more power at their fingertips and are able to give customers instant feedback and set realistic expectations.
- Faster and more accurate financial reporting provides enhanced business intelligence for executives.

on each. After careful evaluation and detailed reviews — on functional and technical requirements, maintenance support, quality, references, and general comfort level — the team unanimously agreed on a system that would best fit both the organization’s current needs and grow with the business in the future.

IMPLEMENTATION AND PLANNING FOR CHANGING REQUIREMENTS

With the system selected, the team had to strike a balance between enhancing existing processes, customizing the new system’s core functionality, and maintaining system flexibility to meet current and future customer demands.

The task was formidable. Data migration alone involved more than 40,000 global customer records and more than 15,000 global parts records. The IPM Consultant partnered with the Midtronics core team and subject matter experts through several iterations of testing, thoroughly documenting the results.

IPM also managed the relationship with the software vendor, providing objective third-party oversight to ensure the new product was meeting the team’s project schedule, budget, and satisfaction metrics. For more than seven months, the IPM Consultant partnered with the Business System Manager to supervise more than 20 vendor consultants in three countries. Within six months, the IPM Consultant “knew the system as well as the vendor’s consultants,” Yonkaitis said.

Throughout the process, frequent organization-wide communication helped build excitement for the new system, motivating users by focusing on critical items and keeping them from being overwhelmed with the myriad of tasks associated with a new system launch.

STABILIZATION AND THE FUTURE

Being prepared is the key to a successful launch. Because the launch involved multiple global locations, coverage on the ground was important. The IPM Consultant traveled to the Netherlands for the launch, while the Midtronics Business System Manager provided support stateside.

To ensure a successful cutover and to minimize the risk of disrupting the business, the team conducted numerous iterations of data cleansing, loading, validating, and testing and focused additional efforts on training. And while the team

The IPM Consultant assigned to Midtronics “fit our organization like an employee. We hire not only for technical competencies, but for cultural fit. IPM and Midtronics have similar cultures, so our values and commitment to leadership mirror one another. This was very important for his integration into our corporate culture. Some business relationships can be cold, but not this one. Any relationship starts with trust. Trust and integrity are huge at Midtronics, and we had that with IPM.”

~Walter Yonkaitis, Vice President and Chief Financial Officer, Midtronics

encountered some setbacks, the end-to-end project was still completed ahead of schedule.

With the use of project tracking tools, the team was able to resolve issues quickly and keep customers happy. After a few weeks, everyone was up to speed and the system was hitting on all cylinders, Yonkaitis said.

Since the launch, Midtronics has seen improvements in material handling, shipping, and production. System reports for accounting and finance have replaced manipulating manual data in spreadsheets outside the system. Finding parts — once a paper-and-pencil process — is now done with hand-held infrared bar code scanners, which transmit inventory directly into the system in real time. Shipping orders that once required a full day's work can now be completed in an afternoon.

The transition to a new ERP system could have been traumatic for Midtronics. Instead, IPM's experts helped guide the process to include and engage employees across the organization while troubleshooting inefficiencies and fine-tuning improvements, ultimately positioning Midtronics for sustained success. ■

