

CEO's Briefing



Solving Integration Problems

Systems and technologies that don't talk to each other turn a simple business into a complicated business...

Integration problems are as old as IT itself. Systems that don't talk to each other create manual work, errors and issues, and make reporting difficult or impossible.

Over time individuals create workarounds and ways to bypass these problems. So their own ways of working are overlaid on top of the systems which creates an increasingly complicated and fragmented business operation.

Gradually a simple business becomes a complicated business with everyone just struggling to keep up. Good morale and a positive culture can be undermined and innovation and growth are gradually submerged!

These problems can be very damaging to your business, but can be very difficult to understand in detail, and very difficult to untangle.

The common problems

We most often see the following problems:

1. Inefficient processes cost money and take time; this erodes margins and makes good service difficult or expensive. Put simply, the bottom line is suffering. But errors and delays also cause arguments and affects everyone's morale (including yours!).
2. Reporting is very difficult or requires major manual effort. Creating simple dashboards for managers around the business is very difficult, so delegating authority is hit and miss. Good, modern business management requires accurate and timely data – companies without this are stuck in the past.
3. Servicing customers is difficult if up to date information on products, stock or delivery is not available. Your people should put the customer first, but their energy is consumed by dealing with system problems.
4. Marketing and sales ideas run aground due to lack of data. The sales director



CEO's Briefing

“
At one end of the spectrum is a long series of fixes to individual issues; and at the other end is a major transformation project.”

has a great idea for a new campaign but gathering sales or customer data is too onerous. Or new plans for intelligent cross-selling or upselling are not practical because purchasing habits can't be analysed effectively.

5. Your online strategy is impossible if your back-end systems can't provide a simple platform. Seamless back office processes are necessary to allow you to present product, stock, sales data and to allow simple "must-haves" like effective product searches.
6. The business becomes reliant on individuals. This happens as people keep their own vital lists and information to workaround system problems, so they become individually critical to the operation. When these key people are on holiday or sick then the whole business is affected – if they leave it's a major problem!

Why is it so hard?

The reason integration problems are often hard to deal with is that they are accumulations of small problems, each can be intricate and complicated. These problems may be a combination of technical issues, process issues and people issues as well – and, sometimes, these situations are further complicated by history and habits.

Any attempt to understand the situation rapidly gets bogged down in detailed explanations...ask anyone in the business why a problem exists and the story may well start many decades ago!

Busy directors just don't have time to get to the bottom of all this. Put simply, there is no-one in your business who has the skills, time, resources and authority to solve these problems.

Instead, well intentioned people create workarounds ... special spreadsheets, trackers, databases and arrangements of their own. Each one solves an individual problem, but adds further layers of complexity and small new tasks.

Over time, more people are employed to deal with these tasks and, of course, they see it as their job. No one thinks of smart ways to eliminate their own job!

A strategy for solving these problems

There is a spectrum of options for how to deal with these problems. At one end of the spectrum is a long series of fixes to individual issues; and at the other end is a major transformation project.

None of these options are easy solutions. But, first, a strategy is needed based on:

- Your ambition for growth – how much do you intend to grow and change the business in the coming years; do you need a platform for growth and acquisition, or can you continue to cope?
- The availability of resources – are you prepared to invest significant resources in projects, or would you rather minimise change and try to tackle problems piecemeal?
- How serious are the problems – how much is this really affecting (or in danger of affecting) the business commercially? Is there a major opportunity to reinvent your business, or just an opportunity to remove some irritations?

So, first step back and consider these questions with your Board.

In most cases, systems that don't integrate will reflect departments that are not well integrated – so this kind of discussion can be quite stormy as departments blame



CEO's Briefing

“ Solving these problems needs focused efforts and this starts with a competent team with resources and authority. ”

each other. There should be an acceptance of the current realities and the need for change all round before any constructive steps forwards are possible.

Quantifying the seriousness of the problems might help you bite the bullet and realise that focus and investment are worthwhile.

How to take small steps forwards

Solving these problems needs focused efforts and this starts with a competent team with resources and authority. Appoint a member of your Board to be accountable and give them a 12 week timeframe within which solving integration problems is their priority.

The time period needs to be long enough to actually make a difference, but short enough that business as usual issues can be put on hold so this project can genuinely be their priority.

The initial focus should be on creating a list of issues with an estimate of the 3 year business impact of each, and an assessment of how readily solvable the problem is. From this list you can select, say, the top 3 or 4 problems with a commitment to solve or substantially reduce them in the 12 weeks.

For each issue, consider the following:

- a) Can processes be changed to eliminate the problem? Perhaps small process and system amendments are necessary which could significantly streamline activities.
- b) Are there people issues that are contributing? Does training need to be improved? Are there incentives, e.g. sales commissions, or other priorities that are skewing behaviours? Are there individuals whose roles need to be changed?
- c) Are there incompatible or obsolete technologies that need to be upgraded or replaced to enable steps forwards?
- d) If workarounds are necessary, can they be automated? For example, using Excel macros or templates, small bespoke programs, or other data processing or reporting tools.

More serious redesign projects

Where more serious redesigns are necessary then a more strategic approach is needed. To what extent is your business organised around the limitations of systems or established ways of working that should now be overhauled?

Start again and think about how your business should be organised to suit the needs of your customers. Manual activities should be automated whenever possible unless it makes commercial sense or provides enhanced service that your customers will value.

From this design for the business, start thinking through the main processes, key performance indicators and options for back-end systems.

Naturally, if you reduce the number of different back-end systems within your business then there will be fewer technical integrations, so there should be fewer sources of potential problems.

But - a word of warning - some systems vendors present their solutions to the market under a single brand when, under the covers, they actually provide multiple products which are not fully integrated. So one 'product' may actually be composed of many partly integrated pieces of software.



CEO's Briefing

“ Well implemented and maintained systems should fit together well. Making this happen and keeping it that way requires focus and resources - but it's worth it. ”

Fewer systems means less to integrate

So from the point of view of integration there are inherent advantages to choosing a small number of solutions, or a single solution, able to support your entire business. Though this needs to be weighed against the fact that your processes (or proposed processes) may not fit exactly with the product's built in capabilities. You can always fit a product to your company's processes by bespokeing it. But bespokeing projects carry greater risk and potential issues of their own.

Ultimately if you design a highly distinct business operation you may need an entirely bespoke back-end system which would be a serious decision. Although in theory this offers a fully integrated solution, the cost and timescale risks are pretty daunting.

Seeing demos of possible options for possible ERP systems can help inform you but these kinds of demos should simply help you formulate your own list of requirements. Don't be seduced into a decision to buy anything – retreat to a safe distance and create your own brief and ask vendors to quote against this. That way you have a level playing field and basis for a considered and rational decision.

How to avoid integration problems creeping back

Your business will change and problems can creep back in. A well-integrated and smooth running business can deteriorate again if a few key steps aren't taken.

Most companies we see suffer integration problems get here because their business has evolved whilst their systems have not. So the key step is to recognise that go live of a new system project is not the end – a member of the senior team needs to continue to own the system and to continue to keep it in step with the changing needs of the business. The ongoing cost of these changes needs to be recognised up front in the business case.

In order to make small changes possible, a good relationship needs to be maintained with the vendor. It may be that some internal experts need to be “superusers” so they can help define new small changes and oversee their adoption.

Simple metrics should be used to track the effectiveness of the internal systems (for example cost per invoice raised, shipment errors per month, manual hours required to process month end) so that creeping issues are made evident.

Integration issues do not need to be a fact of life. Well implemented and maintained systems should fit together well. Making this happen and keeping it that way requires focus and resources - but it's worth it.

Freeman Clarke: The UK's largest and most experienced team of fractional IT directors, CIOs and CTOs.

 **Phone**
0203 020 1865

 **Email**
contact@freemanclarke.co.uk

 **Locations**
London & South East; Thames Valley; Southern Home Counties;
West Midlands; East Midlands; North West; North East; Singapore

