

Order Management Systems

eBook Part 1



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Company-Wide Input for Selecting Order Management Systems

Here's the picture: A multichannel company with sales of \$20 million has an aging order management system that has been in place for over 20 years. While there are some things that the users like about the order management system, they have basically outgrown it. They need far better marketing information, e-commerce site to business systems interfaces, forecasting and inventory management, and the ability to deal better with light manufacturing and tracking sets and kits, which are a major part of their business.

The company president authorizes a project to investigate replacing the order management system. Immediately a turf battle ensues. IT is already researching the Internet for the most technically up-to-date IT platform. The users' comments are predictable: "They'll pick the most expensive, technology-driven order management system out there regardless of whether it fits our business." There is a proverbial glass wall between the two groups in many companies.

The outcome: After months of no progress, the company president shrinks from his responsibility and says, "We'll keep the current order management system."

Unfortunately, this scene is played out on a daily basis in many companies both large and small. In defense of the IT department, they are often given responsibility for everything from telephone systems, to help desk, to advanced warehouse management systems, e-commerce systems and e-mail management systems. Most often they are under-budgeted. Management backs into a percent to net sales that the company can afford to spend. Additionally, the technology is diverse, complex and represents generations of different languages, databases and standards.

But in defense of the users, IT more and more takes a technological point of view rather than a business perspective. By a "business perspective" I mean that in many cases IT no longer knows the company's business - not the mechanical things like how to enter an order. They lack knowledge of the industry overall. And they lack the understanding of how to help you grow and manage your business. Examples include details about what will make your marketing more effective; what do the merchants need to plan, grow and evaluate their merchandise selection; and how to help supply chain logistics become more efficient. In many companies, IT often looks at application function as secondary to technology. Additionally, they hide behind a lot of technical jargon that pushes users away from them.

And order management system vendor salesmen are no better off. Gone is the day when talented sales and support people really understood the industry. Many barely know their company's system, and many can't even demonstrate their order management system without the aid of a support analyst.

The result of all this is a collection of negatives.

A technically advanced order management system or a system that fits the IT standard is selected. It may be a weak system from a business perspective. Technology by itself rarely gives an ROI.

The IT department's lack of a business focus means that users don't ever make high-level use of the systems in place, because they don't know what applications and capabilities exist in commercial order management systems or in previous generations of in-house developed systems.

Another result is that there isn't a partnership between the user departments and IT, which optimizes the full, untapped potential of IT. The company suffers because the rather large investments in critical applications don't materialize or they are years off of the projection.

Tear Down the Wall

You will have to start thinking differently in order to change things.

- Is there failure to recognize problems with IT? This amounts to costly neglect. Ask; is IT an expensive utility or a necessity in your company? Your management team and IT need to have a clear understanding of the mission and charter of IT, to provide information systems that assist in company profit and growth.
- Is there failure to get IT to realize it's role in the future of the business? Put IT management in place that understands the bigger picture of your business and the information that is required to manage and grow it.
- Is there failure to make your IT director an equal partner in your strategic planning process? There must be exposure to the company's direction and an understanding of where IT plays the crucial role. Get IT buy-in earlier rather than just handing them a list of requests after many months of meetings.
- Is there failure to fully utilize IT resources? Develop internally, or hire business analysts who are interested and dedicated to maximizing the user community's use of the systems.
- Is there failure to hold users accountable? Don't let the users hide behind IT flaws and shortcomings. They should know the business and they need to take responsibility for understanding the applications with which they've been provided.

Outside resources can help your company make this transition. In our order management system and warehouse management system consulting projects, we have successfully assisted companies in making these types of sea changes.

We believe that IT "for good or bad (and ineffectiveness is certainly bad)" governs the productivity and profitability of this industry. How well is your company tapping its potential?

The Role of Scripted Demos in the Order Management System Selection Process

We continually see clients dealing with the following scenario. “We have been investigating replacing our order management system, and we have had vendors in to demonstrate their systems. While we have spent a lot of time, we don’t ever seem to see the whole system or the particular features that are critical to our business.”

We tell them there is only one way to resolve this issue. Two words: scripted demos.

First, there are two types of demos. The first type, lasting one to two hours, is used to get the general feel for a system early in the search process. What you get is a high-level overview of a couple of system functions. The second type of demonstration, which lasts six-to-eight hours, is the kind we'll focus on. This longer demo is used to select the finalists after vendors have responded to your request for proposal.

Remember, the job of the salesman is to show you the strengths of the system he’s selling. Your job is to make sure that you have done your due diligence to determine which system fits your business best. In working with our clients on hundreds of order management and warehouse management systems projects, we have found the most effective way to make that determination is to literally script what it is that you want the vendor to demonstrate.

By scripting the demo we mean getting the vendors to show you the features and functions of the software at a level of detail that allows you understand how it would fit your business. You take control of the demo content, the agenda, the data to be presented, and the amount of time the vendor will spend on various subsystems.

Here are some guidelines:

- Who are the key department users? They should prepare a list of specific items or functionality they want the vendor to demonstrate from the RFP responses (e.g., promotion set-up, blanket purchase orders, item master, quantity price break discounts, etc.).
- Start with your user requirements. What were the essential functions that you needed? Which do you think are unique to your business? These may be loyalty clubs, discounting, carrier rate shopping, bill-me-later, product numbering schemes, etc.
- Make sure that the vendor has your media (catalogs, inserts, Website URL, etc.) and uses data that you have prepared to demo his system. Dummied-up customer records, products, and SKUs, different discount options (free freight; buy one, get one free), kitting/de-kitting, product numbering, length of fields (e.g., name, address, SKU).
- Write out a literal script and a time agenda, including the order of topics to be demonstrated. If you don’t conduct the demonstrations in the same way and following the same sequence, you won’t be able to compare one system to another. This is a major reason for taking control of the demo.

You should recognize that of course the vendor has his own agenda—ask for it in advance, view it, and only use that portion of it that benefits the system selection process. Let me give you an example. Vendors always want to start with a detailed background of their business. You do need to understand the company, its market, who the installed customer base is, and so on. But can't you do that over the phone or through Webinars? Remember that you are doing the demo after presenting your requirements and receiving a response back from the vendor. The vendors who are going to conduct these demos are already on the short list.

- Assign a “scribe” to document the key pluses and minuses of each system as well as vendor follow-up items. Department users should be responsible for keeping track of any changes, follow-up items, or feature/function that appears to be a strength or weakness. Don't rely on the vendor to take the notes. Don't think that you will remember or be able to recall what you saw after the fact.
- Use the demo to validate the vendor responses in the RFP. You should go through any major requirements that you questioned or didn't understand, or any for which you want to see how the function works.
- Update the RFP response with any changes or new impressions based on the demo.
- Mark results on a score card. After the vendor leaves, get the participants together to score their impressions on each functional area, A–F, and enter key observations on a form. For what functions do key users need more explanation? What are their concerns?
- Follow up with a memo to vendors of items they agreed to research, and include any outstanding concerns and questions. Some questions may require an additional demonstration of a specific function or functions, this should be easily accommodated by the vendors through a Webinar.

The better prepared you are and the more firmly you take control of the demo, the better you can ensure that the system fits your business.

How to Implement Your Order Management System On Time and Within Budget

Installing a new order management system (OMS) is a big financial investment and considerable work for the department managers in your company, in addition to their regular jobs.

Our experience in implementing OMS and from IT industry surveys shows that more than 50% of major IT projects are not installed on-time and within budget. I'm sure this isn't your management team's expectations. Here's what you can do to improve your success:

- Set realistic expectations for the project. OMS systems typically take 8 to 12 months to implement. It may take an additional 6 months for the users to fully absorb and gain the functions.
- Pricing. It's every vendor's intention to deliver the system at the quoted price. Professional services for modifications, training, file conversion and project management are on a time & material basis generally not fixed price. Being within budget can only happen if you have accurate estimates and efficient use of time.
- Share project management responsibilities. What are your project management skills? Interview the vendor's project manager and team. Together do you have the project management skills to be successful?
- Don't look at an OMS installation as solely an IT project and responsibility. The new OMS is how you're going to manage your company; improve people productivity; service the customer; gain key analysis, etc. It takes total buy-in and assigned responsibilities of the department managers not just IT.
- Detail planning required. Most conversion plans are at too high a level. The project bumps along dealing with tasks and problems as they come up. Insist that your staff and the vendor plan the project at a detailed level so that ALL project tasks are identified with estimates, dependencies and start/end dates. Additionally, what types of skills will be needed for the tasks, the number of hours and team member assignments. Each week, update the work performed, the percent complete and use it to manage the conversion and communicate successes and issues.
- Openness in communication between team, management and the vendor. It's not that people are deceptive. There will be issues like people being behind schedule; problems with modifications and interfaces; testing that is incomplete, etc. Open communication let's all stakeholders understand and help with solutions.
- Sign-off on key deliverables. Key milestones like programming specifications, testing results, conversion results, readiness for "Go Live", etc. should require formal check points for your company to review the written deliverables and results from the vendor and for you to sign-off. This establishes what the expectations are, the quality of what's accomplished and will make you aware early of faulty assumptions.

- Regular and frequent status reporting. Distribute the plans and updates to all stakeholders. Bi-monthly initially; weekly as you get closer to the “Go Live” timeframe.
- Project management tool. You will find it beneficial to manage the project with hundreds to thousands of tasks concurrently with a tool like Microsoft Office Project. However, these tools take time to use proficiently.

Many companies and vendors deliver on-time and within budget. Improving project management will greatly improve your success too.

F. Curtis Barry & Company, a national consulting firm for catalog, eCommerce, wholesale, and manufacturing businesses focusing on warehouse, systems, call center, inventory and benchmarking. For more information on our order management system consulting services, please contact Jeff Barry at 804-264-8040 or email at jbarry@fcbco.com. Learn more online at www.fcbco.com.