The ABCs of Selecting an ERP System for Your Business

Choosing an Enterprise Resource Planning (ERP) system is one of the biggest technology decisions a business will make. It touches finance, operations, inventory, HR, and customer relationships all at once — and getting it wrong is expensive, disruptive, and hard to undo. Unlike swapping out a single point solution, an ERP replacement (or first-time implementation) tends to ripple through every department's daily routine, which is exactly why so many organizations approach it with a mix of excitement and dread.

The good news is that most ERP failures aren't really software failures. They're process failures — the result of rushing past the groundwork in favor of demos, feature comparisons, and pricing spreadsheets. The vendors matter, but by the time you're deep in demos, you've often already made the decisions that determine whether the project succeeds: whether you understood your own processes well enough, whether you budgeted for reality instead of best-case assumptions, and whether the people who'll actually use the system had a seat at the table.

Rather than another generic checklist, here's the process broken down alphabetically. Consider it a field guide to keep you grounded from your first vendor call to go-live day — three foundational fundamentals that, if you get them right, make everything downstream in the selection process significantly easier.

A — Assess Your Current Processes

Before you look at a single vendor, map out how your business actually runs today — not how you assume it runs, and not how it's described in an org chart. Walk the floor. Sit with the people entering orders, closing the books, and managing inventory. The gap between "official process" and "how things actually get done" is exactly where ERP projects run into trouble later.

A few things worth digging into during this stage:

- **Bottlenecks** — Where do things slow down or get stuck waiting on approvals, handoffs, or someone's personal spreadsheet?
- **Manual workarounds** — What's being done in spreadsheets, email, or sticky notes that shouldn't be? These are often the clearest signals of where an ERP can add immediate value.

- **Redundant data entry** — Are the same numbers being typed into three different systems by three different people? That's wasted labor and a data-integrity risk.
- **Process ownership** — Who actually owns each process today, and will they be part of defining how it should work in the new system?

This assessment becomes the foundation for your requirements. Skip it, and you risk buying a shiny new system that simply automates a broken process — which is often worse than not automating it at all. You can't fix what you haven't diagnosed, and you can't diagnose what you haven't actually looked at closely.

It's also worth documenting this assessment formally rather than keeping it as tribal knowledge in a few people's heads. A simple process map for each core function — order-to-cash, procure-to-pay, hire-to-retire — gives you something concrete to hand to vendors and something to measure their proposed solutions against. It also becomes an invaluable reference during implementation, when the team configuring the new system needs to understand not just what the old process was, but why it existed in the first place.

Clients First authored an [ERP Readiness Guide]for your use. Download it now.

B — Budget Realistically

Look past the sticker price. The software license or subscription fee is often just the opening line item on a much longer invoice. A realistic ERP budget accounts for the full lifecycle of the system, not just the moment you sign the contract.

Costs to include in the plan:

- **Implementation services** — Consulting, configuration, and project management, typically billed by the implementation partner rather than the software vendor.
- **Data migration** — Cleaning, mapping, and transferring existing data into the new system. This is consistently one of the most underestimated line items in ERP projects.
- **Customization and integrations** — Any development work needed to adapt the system to your workflows or connect it to other tools you rely on.
- **Training** — Both the initial rollout training and ongoing training as new employees join or new modules are adopted.

- **Ongoing support and maintenance** — Vendor support fees, internal IT overhead, and the cost of periodic upgrades.
- **Internal time** — The hours your own team spends on the project. This is real cost, even though it never appears on a vendor's invoice.

Build a total cost of ownership (TCO) view spanning at least three to five years, and stress-test it against a few "what if" scenarios — What if the rollout takes twice as long as planned? What if you need more customization than expected? A budget that only survives the best-case scenario isn't really a budget — it's a hope.

It's also worth building contingency directly into the number you bring to leadership, rather than treating contingency as a private buffer only you know about. A common rule of thumb is to add 15–20% on top of your best estimate for unplanned costs. Presenting a budget with contingency built in — and explaining why — tends to land better with stakeholders than quietly padding the number or, worse, coming back later asking for more.

C — Cross-Functional Buy-In

An ERP touches nearly every department, which means it can't be selected in a silo. A finance-led selection that ignores operations, or an IT-led selection that ignores the people on the sales floor, tends to produce a system that technically works but that half the company quietly routes around.

Practical ways to build real cross-functional buy-in:

- **Form a selection committee early** — Include representatives from finance, operations, sales, HR, and IT from the very first vendor conversation, not just at final sign-off.
- **Give each function a voice in requirements** — The features that matter most to a warehouse manager are rarely the same ones that matter to a controller. Both are valid, and both need to shape the shortlist.
- **Involve end users, not just leadership** — The people entering transactions daily will spot usability issues that executives in a polished demo will never notice.
- **Communicate the "why" broadly** — Buy-in isn't just about having people in the room; it's about people understanding why the change is happening and what problem it solves for them specifically.

- **Identify champions in each department** — These are the people who will help troubleshoot, encourage adoption, and answer questions once the system goes live — often more effectively than a formal help desk.

A system that only works well for one team will fail the business as a whole. The strongest ERP selections treat cross-functional input not as a courtesy, but as a core part of the due-diligence process.

This matters just as much after go-live as it does during selection. Cross-functional buy-in built during the selection phase tends to carry forward into implementation and adoption — the same committee that helped choose the system often becomes the group that helps troubleshoot it, advocate for it, and keep momentum going during the inevitable rough patches of a rollout. Skip this step during selection, and you'll likely find yourself trying to build that same buy-in later, under pressure, after people have already formed opinions about a system they had no hand in choosing.

The bottom line

ERP selection isn't a single decision — it's a series of smaller, deliberate ones. Assess honestly, budget realistically, and get buy-in from the people who'll actually use the system every day. Get those three fundamentals right, and the rest of the selection process gets a lot easier.

FAQs

1. **Do you need to find a partner to help decide on ERP Implementation?** No, but it helps. If you work through the ABCs of the decision with people that have done it successfully for years (like CFBS), it will be clearer, faster, and easier.

2. **What happens to an ERP decision if buy-in is difficult?** The best way to ensure buy-in is to have the company's top executives promote and support the project. This is important throughout the project, not just at the beginning.

3. **How often does the cost of an ERP implementation run over plan?** That depends on the initial estimate including all the elements described above, disciplined attention to the timeline, and the consistent participation of all departments involved in prioritizing the project. However, It often happens that surprises pop up during the project – finding out that a business process isn't what it was thought to be, experienced personnel leave the company, etc. Surprises almost always affect the timeline and cost.