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Research Paper MANAGEMENT

Effective Sales Cycle for Erp

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ABSTRACT *In this competitive world, every organization wants to be one up on their competitors. Enterprise Resource Planning (ERP) solution is playing a vital role in gaining this competitive edge. ERP has its own set of advantages and disadvantages. The only way to be able to sell an ERP is to first understand the end users and their requirements clubbed with the correct approach to implement the ERP. This paper gives an insight to an effective sales cycle for an ERP.*

KEYWORDS : enterprise resource planning, selling process, relationship marketing, sales cycle

Introduction

An Enterprise Resource Planning manages the three main resources of a company: people, cash, and assets. With a systematic implementation of ERP, a business can optimize its business activities for finance, human resources, and operations. But selling an ERP software can challenging task. The sales cycle of ERP is much longer as compared to any other product's sales cycle. There are numerous activities involved in selling ERP software at all levels of a customer's organization. Even arriving at the top of the organization doesn't guarantee a deal. A typical ERP sales cycle takes approximately 6-12 months before a client reaches a decision on an ERP vendor. During this period, client evaluates the available ERP vendors. The vendor that meets the expectations of the client in terms of features, functionality, costs, brand value and ease of implementation is chosen. It is during this period that client's expectations about his role and efforts required in the ERP implementation process are set.

Relationship Marketing

One of the most important steps is effective selling is examination of the process involved in attracting and keeping customers. The starting point is, keep a close eye on everyone who might possibly buy your ERP and implementations service. The vendor needs to look hard at the customers to determine who the most likely prospects are, i.e. the people who have a strong potential interest in the product and the ability to pay for it. The company discards customers because of poor credit or when they sense that the deal may be unprofitable. The company hopes to convert many of its qualified prospects into first-time customers and then convert those first-time satisfied customers into regular customers. The company then acts to convert repeat product categories. The next step is to turn clients into advertisers, customers who praise the company and encourage others to buy from it. In order to be able to reach out to the clients, we need to understand the people involved in the buying process.

Involvement in the ERP Buying Process

The buying centre is any part of the organization that plays any of the following roles in the purchase decision. The people involved in raising the request for buying an ERP or paying for it may include the ones, who have requested for an ERP to be purchased, or who have initiated the proposal in defining the ERP requirements or who will actually use the software. In most of the cases, the users define the specifications and also provide information for evaluating alternatives. The Technical personnel have to be involved for a smooth buying and implementation process. Then appears the role of top management, who decide on ERP requirements and/or on vendors, who authorize the proposed actions of deciders or buyers and who have formal authority to select the vendor and arrange the purchase terms.

The customers play a vital role in shaping up the product specifications, but they play a major role in selecting vendors and negotiating also. In more complex and expensive purchases, the buyers might include high-level managers participating in the negotiations. Within any organization, the buying centre will vary in the number and type for different classes of products. According to a Pentagon research survey, the average number of people involved in a buying decision ranges between three and four. There is a trend toward team-based buying. Another Pentagon survey found that 87% of purchasing executives at Fortune 1000 companies expect teams of people from departments and functions to be making buying decisions in the year to target their efforts properly, business marketers have to figure out who the major decision participants are.

Selection of prospective client

Before the start of any ERP selling process, the seller needs to find out the suitability of the ERP for a particular organization. The kind of organizations that are suitable are those that have a vision for leadership, which are customer-service driven, that are under tremendous pressure to be competitive because of fierce competition and are expected to perform above their level to sustain their position in the market place, that enter an already crowded market and the organizations in which the business processes are too complex and therefore, require the highest level of coordination among its employees.

Effective Sales cycle for an ERP

Based on the needs of the organization and understanding of the criteria that the customer will look at before buying an ERP system, the vendor should diligently follow the steps described below to ensure that the ERP product represented by their organization is considered.

Step 1: Critically Viewing. This step should be undertaken to generate a pipeline of probable sellers to assess the ERP automation needs of the organization. This pipeline should include the top 500 companies, companies which are willing to embrace the latest in technology and have the approved budget. Many of the companies seek the help of management consultants to identify the right ERP solution for their enterprise. Hence, it is important that the ERP vendor develop a relationship with these firms, so that they may ultimately recommend their ERP.

Step 2: Assessment of the seller. This is one of the important aspects of the entire selling process as identification and assessment of the seriousness of the buyer are carried out and understood at this point. If proper assessment is not done, then the salesperson may end up wasting their time talking to the wrong customer..

Step 3: Intrusive presentation. This is the chance for the vendor to prove its strength either in terms of the organization or in terms of the ERP product. The presentation should cover details about the company, its corporate mission, philosophy, culture, available infrastructure and an extensive list of customer organizations in which implementation has been successfully carried out. On the product side, the important features and functionalities, tools available for customization, the service and support available, upgrade policies, implementation support and specifically how the ERP under consideration can help the user to achieve a competitive edge in manufacturing methods and selling processes. Ultimately, an ERP is implemented for the organization to become or remain competitive and it is very important that the presentation expressly communicates to the senior management, the tangible and the intangible benefits of implementing an ERP.

Step 4: Prototype with key features. This is the most crucial process in the entire sales cycle as most of the decision-makers and user groups will participate in this demonstration. Its success is directly related to the ability of the sales/technical staff to effectively relate and map the business processes of the organization to the features available on the ERP software. This requires the technical consultants to understand the various business processes of an organization. This process could be a do-or-die situation for the vendor. Special care should be taken to ensure that the demonstration is a success.

Step 5: Replication of the company's business processes. After the demonstration is successfully carried out, it will be ideal on the part of the vendor to be more proactive by way of talking to various user groups and getting some of their business processes mapped onto the ERP software. This process of simulation should be followed by one more demonstration this time on the ERP being simulated. This will help in gaining confidence of the customer by proving that the ERP can deliver what is expected. Apart from such confidence building, the vendor will get to know how the company works which knowledge will come in handy for actual implementation, in case the vendor manages to close the sale of the ERP.

Step 6: Closing the sale. This is ultimate and most tricky step in the entire sales cycle. If the above-mentioned steps are successfully carried out, 80% of the selling is done. The final 20% depends on the price, the discounts offered, the track record of the organization in successful implementation of the ERP, and of course, on the impressive client list. Finally, the most natural choice will be an ERP which provides scalable architecture making it possible for all enterprises to cost-effectively implement the software. The software should have a client/server architecture, should run on most popular environments and be Internet enabled to provide customers with the operational flexibility they need to be the leaders in their chosen market. And above all, it must instill confidence in the mind of the prospective buyer that the solution they are deciding on is the right fit for their type of business and the service provider will take them through the pre- and post-implementation stages of the software.

Conclusion

The success of an ERP implementation lies not only from the vendor's point of view but it also lies in the customer's satisfaction in terms of the benefits/profits can be realized from the implementation. Hence an effective sales cycle cannot be restricted to only the vendor's perception. A successful and effective cycle will have to involve both e the parties, seller and the buyer equally.

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