A SilverLeaf ebook:

A 6-Step Guide to ERP Implementations for Cannabis Operators

SilverLeaf
AGRIBUSINESS SOLUTIONS

Velosio®

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One of our goals at Velosio is to empower cannabis operators to make profitable business decisions, and ultimately, scale their business to generate more revenue. A key factor in achieving these objectives is **Enterprise Resource Planning (ERP)**. The leading ERP solutions streamline cultivation, production, inventory, fulfillment processes, and financial management while also providing accurate data in real time—so cannabis operators can run their businesses more efficiently and free up their internal teams to focus more time on customers.

Although an ERP implementation is no simple undertaking, this six-step guide helps you discover the benefits of ERP and what you need to know before the implementation begins. In addition to assisting you in determining if your business is ready for an ERP system, you will also know the features to look for as you search for a solution and a partner to collaborate with to facilitate the deployment.

What Is Enterprise Resource Planning?

An Enterprise Resource Planning (ERP) solution improves the efficiency and effectiveness of your business processes while also providing real-time data and reporting capabilities. The leading solutions offer modules you can deploy all at once or one-at-a-time, depending on your business needs. The modules can drive functions for every aspect of cannabis operations—from cultivation to production, supply chain, inventory, fulfillment, accounting, and financial management.

The ERP implementation process typically includes a series of phases, such as analysis, design, testing, deployment, maintenance, and ongoing support for end-users. This also includes the integration of various external systems and migration of data into a single system.

Depending on the size of your organization and how long you have been in business, the ERP implementation process can be complex and time-consuming. But in the long run, a well-designed system will greatly reduce the amount of time your team spends running day-to-day business workflows.

In addition to increasing productivity—by providing improved data accuracy that accelerates decision-making—the ERP system will help you identify cost savings opportunities that enable you to increase the margins of your cannabis products.

Assess Your Current Situation:
What's Motivating the Need to Change?

Before planning your ERP implementation, take a comprehensive look at your current systems for managing cultivation, production, inventory, fulfillment, and finances.

Do employees get frustrated using the tools you are providing?

Are customers able to get the products they want when they want them?

It's also a good idea to look at your sales, marketing, and customer service systems. Although these functions are typically managed by a Customer Relationship Management (CRM) solution, your ERP solution will need to integrate with these functions and can assist in streamlining those processes.

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During your assessment, identify any gaps in functionality that an ERP system can fill, such as reporting and analysis, automation, and data integration. Also ask your end-user for the spreadsheets they rely on. While spreadsheets can be useful for a single user or small teams, their purpose often points to where workflows have become inefficient as the business has grown. You will also get a good idea of the types of reports your users need in a new ERP system and how often they need those reports.

By taking stock of your current systems and identifying areas for improvement, you can make informed decisions about the functionality and features that are important to your organization and choose an ERP solution that aligns with your business needs.

Key Areas to Assess

- Accounting and budgeting processes

- Cultivation and production processes

- Inventory management

- Supply chain logistics

- Data management and reporting accuracy

- Data security and compliance

- The speed of workflows to complete business processes

Identify the Business Goals:
Setting a Realistic Scope and Timeline

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Once you assess your current systems and identify areas for improvement, the next step is to define the goals, scope, and timeline of your ERP implementation project. This includes determining the specific tasks and processes the ERP system will drive, the data sources to integrate, and the business objectives the system needs to support.

To define the scope of your project, work with all the key stakeholders to consider these questions:

- Which business functions and processes will you automate?
- What are the data migration and integration requirements?
- What key performance indicators (KPIs) do you want to track and report on?
- What are the specific needs and requirements of each department?

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Given your answers to these questions and what you need the ERP system to accomplish, set a reasonable implementation timeline. Keep in mind that everyone involved in the implementation has their regular job responsibilities to manage. You may need to assign someone full-time to the project or give the implementation team a longer timeline to go live with the new solution.

By defining the scope and goals of your ERP project, you can create a clear roadmap for the implementation process and communicate the objectives and expected outcomes of the project to all stakeholders, which helps with employee buy-in. Additionally, by setting specific goals and objectives, you can measure the success of the project once it's complete.

As you go through this step, prioritize your must-have attributes and your nice-to-have attributes. Consider achieving the nice-to-have attributes in the later phase of your ERP implementation. There's no need to hit a home run your first time at bat. Strive for small, attainable wins to start and then move on to bigger things. If you take on too much all at once, you may unintentionally put the overall project at risk of never getting off the ground.

Choose the Right Implementation Partner

Given the complexity of ERP technology, collaborating with an implementation partner is critical to reduce the risk of a failed deployment. A partner can also help you ensure your business generates the full value of an ERP solution while also earning a sufficient return on your investment.

Implementation partners have handled many deployments, giving them the ability to apply best practices and avoid the common pitfalls. Knowledge like this is simply impossible to find among your internal teams. Even if someone has managed an ERP implementation in the past, technology and best practices are always evolving.

The partner can also eliminate the time burden on your internal team. In addition to configuring the system faster, they can handle the project management aspects and interact with other technology vendors on your behalf to iron out any integration issues.

On top of providing experts to design and deploy your ERP solution, check to see if the partner offers ongoing support. Like any other enterprise software implementation, ERP is a journey, and your system will need to evolve as your business grows and your needs change. You want a partner who has your back—not only today but also well into the future.

Another key consideration is cannabis industry experience. It's not enough to know ERP technologies; your partner must also understand the nuances of how your business functions. Look for one that can provide customer references for how they have helped other cannabis businesses like yours.

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Select the Right Solution

If you were diligent in choosing the right implementation partner, they will prove to be a big help in helping you select the right solution. This involves researching and evaluating your ERP options to determine which one best aligns with your requirements.

As you collaborate with your implementation partner, consider whether each of your options includes these key high-level solution attributes:

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- Does the software meet the specific functional requirements of your business—such as cultivation, production, accounting, and inventory management?
- Does the software integrate with your current systems?
- Can you easily migrate your current data to the ERP solution?
- Can the software provide the necessary reporting and analytics capabilities? (i.e., financial reporting, inventory management and sales analysis).
- Is the software scalable and flexible to accommodate future growth?

As you answer these questions, work with your implementation partner to identify the total cost of ownership. In addition to the software licensing fees, this will include implementation, customization, and ongoing support.

Also consider how much these costs will increase after a year or two. Some software licensing and support plans start out low to lure you in, but then jump sharply down the road—when it would be cost-prohibitive to switch to another solution.

After these high-level considerations, you and your implementation partner can delve into the specific functionality the ERP software options provide. Consider your needs in each of these areas:

- Financial management—accounting, budgeting, reporting
- Supply chain management—procurement, inventory, shipping logistics
- Production management—resource scheduling, work order management, cultivation
- Sales – customer management, quoting, sales order processing
- Compliance – state track and trace, product tracking, qualtity control
- Data management and reporting—production management and production execution aligned to customer demand forecasts
- Data security and compliance

Also remember your users. Will the ERP software be easy to access and use so you can trust employees they will adopt the new solution? The last thing you want is to roll out a new ERP system that nobody uses but instead reverts to using old spreadsheets.

Another important consideration is the IT infrastructure that's needed for your ERP solution—including servers and networking gear. Ideally, you will choose a system that operates in the cloud so you won't have to worry about managing hardware and software.

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Apply Implementation Best Practices

An ERP implementation is complex. It's important to apply these common best practices so you can avoid extending the deadline and increasing the budget:

GET LEADERSHIP SUPPORT—The leadership team must buy-in completely to the need for a new ERP solution and support the implementation team by promoting the value of the project to the entire business. Daily routines will change, and employees will need to devote time to helping with the implementation and learning the new system. Without support from the leadership team, it will be difficult to motivate employees about the importance of making positive contributions.

INVOLVE ALL KEY STAKEHOLDERS—Failing to involve all key stakeholders in the ERP implementation process leads to a lack of buy-in and support for the project. Including stakeholders from different departments and all levels of the organization in the planning and implementation process ensures the system meets the needs of all users.

DEVELOP A CLEAR PLAN AND TIMELINE—Without a clear plan and timeline, the implementation process can become disorganized and chaotic. Develop a detailed plan and timeline to ensure the project stays on track.

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ASSIGN A DEDICATED IMPLEMENTATION TEAM—An ERP implementation requires a dedicated team of people with the necessary skills and expertise. Not having a dedicated implementation team can lead to delays and added costs. Engage team members at all levels of the organization so they can motivate their peers when the project goes live!

MONITOR FOR SCOPE CREEP—This occurs during the design phase or after an implementation has started and someone comes up with a new idea of what the ERP system should do. This could be adding new functionality or extending the system to include another operational area of the business to the original plan. Before committing to changes, carefully evaluate the need and how it will extend the timeline of the project. If it's not a must-have, consider adding it to your nice-to-have phase-two objectives.

PREPARE FOR CHANGE MANAGEMENT—If scope creep occurs, you may uncover a must-have need for the new ERP system that you can't put off to a later phase. To handle these occurrences efficiently, create a change-management protocol in advance so you can properly communicate the need for the change and immediately know how the change will impact the project timeline and the budget.

OFFER ADEQUATE TRAINING—Proper training is essential to ensure employees can effectively use the new ERP system. Not providing adequate training can lead to a lack of adoption and a failure to realize the full potential of the ERP system.

THOROUGHLY TEST THE SYSTEM—Do not rely only on your implementation partner to test the system! It is important that users from all functional areas test the system using representative data. Ideally a test environment with a snapshot of live data is used for this. Consider doing a 'conference room pilot' to test all processes end to end.

PROVIDE ONGOING SUPPORT AND MAINTENANCE—ERP systems require ongoing support and maintenance to ensure they continue to function correctly and meet your needs. A lack of ongoing support and maintenance can lead to a failure to realize the full potential of the ERP system.

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Measure Success

Measuring the success of your ERP implementation is crucial to determine whether the system provides the expected benefits and to identify areas for future improvement. Here are some key metrics to track:

COST SAVINGS—Compare the costs associated with your ERP system—software licensing, implementation, and ongoing maintenance—to the cost savings the system generates. These can include improved efficiencies, streamlined processes, and reduced errors.

PROCESS IMPROVEMENTS—Track improvements in business processes, such as inventory management, financial reporting, and customer service. For example, compare the time to complete a process before and after the ERP implementation to measure the improvement.

DATA ACCURACY—Track the accuracy of data automatically uploaded into the ERP system such as sales, inventory, and financials; then compare that level of accuracy to your previous system where data was entered manually.

USER ADOPTION—Measure the rate of employee adoption by the number of users logging in, the number of transactions processed, and the number of support requests. A high rate of adoption indicates employees find the system easy to use.

RETURN ON INVESTMENT (ROI)—Calculate the return on investment of the ERP system by comparing the benefits (revenue generation, cost savings, process improvements, and data accuracy) to the system costs.

In addition to determining the success of your ERP implementation, tracking these metrics helps you identify areas for improvement. Ongoing monitoring of the metrics will also ensure the system meets the evolving needs of your business.

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Introducing SilverLeaf:
An ERP Solution Designed for Cannabis Operators

Many businesses have successfully deployed an enterprise-class ERP solution by partnering with Velosio. Our solution set includes SilverLeaf, which runs on Microsoft Dynamics 365 Business Central in the cloud and enables growers and processors to meet the unique business needs of the cannabis industry.

As a comprehensive and user-friendly agribusiness solution, SilverLeaf Cannabis ERP delivers functionality for financials, production, inventory, shipping, and other vital workloads—so you can easily manage, measure, and track performance to keep your operation growing. SilverLeaf also integrates all the functions you need to optimize your business workflows.

At Velosio, we understand how every detail impacts your bottom line. Our team not only understands today's ERP software but also comes from a cannabis background. We bring industry experience and expertise, ensuring we know your business and can help you maximize success.

For help with your ERP implementation or to learn more about SilverLeaf Cannabis ERP, visit our website. You can also contact Velosio today to schedule a free demo.

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