How to Select Supply Chain Planning Software: Focusing in on the right SCP solution quickly ©

There are numerous SCP software tools on the market. There are many factors to consider while shopping for this type of capability. It reminds me of shopping for a cellphone. There I was looking at walls full of phones with different prices, functionality, memory, options, service plans, etc. How do I know what to buy? On one hand, I am tempted to buy the newest, most expensive model there because you can never have too much power, right? On the other hand, I am tempted to buy the most basic, cheap model there so I can save money. Which phone is right for me?

These questions are the same questions that should be asked when shopping for a Supply Chain Planning (SCP) software tool. What I run into most often is that businesses want to buy the big, fancy tool so that they only have one implementation and will never outgrowing it. Unfortunately, this usually does not work. To use the cell phone metaphor, they want a Smart Phone versus a basic phone. Then reality sets in! "Hey, I don't even know how to use all of the functionality of a basic phone, yet I am considering the purchase of a Smart Phone!"

Here are the questions you should be pondering, and discussing the answers to with stakeholders, when buying a cell phone or an SCP software tool:
1. **What is our organization's level of supply chain maturity / skill / experience?** This is the most important question to answer. Just like education, you would be foolish to try to attend college unless you first get your elementary and secondary schooling. Yes, it may cost more in terms of software purchases to step up through the maturity levels of SCP tools over the years. However, this cost will be offset by the risk of the tools not being used due to complexity and the frustration of trying to implement and sustain the "large" tool with little experience. Buying and attempting to implement the 'large' increases your risk of a failed implementation, which has no value and may even make the organization resistive to trying again with a smaller tool in the future.
2. **What is our budget?** Just like cell phones, SCP tools have different price points. These price points are generally proportional to their functionality and capability. Look at solutions that are in your budget range. Be aware that the software cost is only half of the total cost. The other half is the expertise to properly design, install, configure, train, and deploy the system.
3. **How soon do we need to launch?** The purchase and 'time-to-benefit' is typically driven by the annual budgeting process. The CFO needs to show the ROI within the year. Generally, 'small' SCP tools take 2-4 months to launch. 'Large' tools can take 9-14 months to launch. Tip: Design the processes and select the software in the last fiscal quarter. Buy and implement the solution (people, processes, technology) starting in the first month of the next fiscal year. This will give you the longest duration to achieve your ROI targets for the first year.
4. **What are we trying to accomplish (our mission)?** As mentioned previously, since people do not know what capabilities they will need a couple of years from now, most people want to buy the option with all of the bells and whistles to be ready for anything. Another reason for wanting lots of functionality is the idea that this functionality will allow us to shave just a little more cost out of the supply chain. What they do not consider is the labor hours to design, configure, and maintain that functionality or the lack of data quality that will be used as inputs to that functionality. Now that you have the functionality, will you really be able to use it. (I ask the same question of my cell phone purchase.)
5. **What type of supply chain are you trying to manage?** Some SCP tools are better at discrete manufacturing while others are better at continuous production. Some SCP software vendors actually have niche markets where they have become experts.

CAUTION: Selecting and implementing a tool alone will not fix the problems. There needs to be a healthy balance of 'people' and 'process' improvements supported / enabled by the tool. (This article is only addressing software selection … when you get to that point.)

Use the answers to the questions above to hone in on the "short list" of likely solutions for your application. Using a "short list" helps to avoid long, pointless software evaluations and demos that waste time and money for you and the software vendors.