



WEEK 20 PUBLICATION

# Why is master data so important in an ERP project?

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## Why is master data so important in an ERP project?

ERP projects are complex projects that often determine the success of entire companies. One of the often underestimated success factors is the quality of the Master data. Master data – i.e. basic company data such as customers, suppliers, items, parts lists or employee data – form the foundation of every ERP system. The following applies right from the start of the project: Without clean and consistent master data, even the best ERP software will not achieve its potential.

Achieve according to industry analysis Up to 70% of ERP projects do not achieve the set goals – A key risk here is poor data quality. In this article we explain why high-quality master data is crucial, especially in the go-live phase, how to achieve this quality and what kind measurable benefit offers a solid master data concept.

We want to encourage you to think about your master data concept, ask questions and check the maturity level of your own master data.

### Master data quality as a key factor when going live

The Go-Live-Phase of an ERP project is the moment of truth: all processes are converted to the new system and there is no longer any room for data errors. This shows whether the preparatory work on the master data was successful. High master data quality is the key to a smooth system transition. Are e.g. For example, if product data is incomplete or customer addresses are duplicated, this immediately leads to problems in day-to-day business – from incorrectly generated receipts to delivery delays. A study found that over 51% of companies experience disruptions during go-live. The reasons for this often lie in incorrect or incomplete master data that was migrated to the new ERP. Such risks can be avoided with a well-thought-out master data concept reduce significantly: The new software can play to its strengths because it is based on reliable data builds. Processes run according to plan, users can work efficiently from day one, and the company avoids costly ones Rework or system interruptions immediately after startup.

Why go-live? In the hot phase of ERP implementation, all master and transaction data must be migrated, checked and released. Any inconsistency – be it an incorrect key in the item structure or a missing customer classification – can lead to errors in the new system. In the worst case, the go-live has to be postponed, which causes enormous additional costs and reduces user acceptance.

**High-quality master data counteracts this:** You make sure that Transactions go through correctly, reports the correct metrics deliver and connected peripheral systems (e.g. CRM, e-commerce or production control) communicate smoothly with the ERP. The investment in clean master data pays off immediately – through one trouble-free start without unnecessary fire service operations.

## Time-consuming but indispensable: The path to high-quality master data - a checklist:

The path to excellent master data quality is not a sure-fire success – it requires time, disciplined work and often cultural change. Many companies underestimate the effort required to... Clean and harmonize data. But this effort is essential, because the quality of the master data largely determines the quality of the ERP processes.

Typical steps on the way to high-quality master data are: (we have put together some important points from our consulting experience below, whereby the individual approach tailored to your company is crucial)

- **Data Audit & Analysis:** At the start of the project, the current status of the existing data is collected. Which data objects (customers, items, parts lists, etc.) exist? Where are there duplicates, outdated entries or inconsistencies? This audit creates transparency and priorities.
- **Cleanup & Harmonization:** In detailed work that often takes months, duplicates are eliminated, formats are standardized (e.g. address spellings, units of measurement), gaps are filled, and Data errors corrected. If necessary, specialist departments have to update missing information. This step is complex, but forms the basis for everything else. (Our project experience at Dreher Consulting shows that this work can be carried out in parallel to all project activities. The decisive factor is the concept to be determined and then the implementation.
- **Definition von Standards & Governance:** It will be clear Data standards and guidelines defined: How should new master data be created? What mandatory fields are there? Who checks the quality (keyword: *Four-eyes principle*)? At the same time the Data ownership defined – e.g. B. which department is responsible for which data fields.
- **Process integration & testing:** High-quality master data alone is not enough - it must also be included Business processes fit. Tests and test runs (e.g. integration and acceptance tests) check whether the processes run smoothly with the cleaned data. Any anomalies will be resolved before go-live.
- **Training & Change Management:** We strongly recommend involving employees at an early stage in order to create awareness of the importance of master data. Through training, key users and master data managers learn new procedures for data entry and maintenance. This ensures that the data quality is also after go-live remains high.

**These steps show: Master data management is an investment**, which, however, pays for itself many times over. Every data issue identified and resolved before system boot potentially prevents dozens of ongoing issues. In addition, over time one develops data culture in the company that ensures sustainability - employees understand the value of correct data and act accordingly. It is crucial not to view the effort for master data as a secondary issue, but rather as an issue integral part of the ERP project with your own resources, schedules and quality goals. Companies that consistently follow this path not only avoid errors and delays, but create the basis for more efficient processes in the new system.

## Tools and methods: Efficient support from Dreher Consulting

Given the complexity and volume of master data in ERP projects, manual approaches alone are often not sufficient. Come here special software tools and proven consulting methods used to effectively support the transition. Dreher Consulting, for example, uses modern Data profiling and migration tools, which automatically analyze large amounts of data and point out quality problems. Tools like these can be used Duplicate detection, Plausibility checks (e.g. whether item numbers correspond to valid rules) and even semi-automated cleanups perform faster. This speeds up the cleanup process significantly and minimizes the error rate.

But technology alone is not enough – it is just as important structured consulting method. Our consultants at Dreher Consulting rely on proven solutions Best Practices back to control master data projects. This includes a clearly defined process model that has been tested in many projects and extends from the conception of a master data concept to operational implementation.

### Essential elements:

- **Master data concept workshop:** At the start of the project, goals, requirements and framework conditions for master data quality are defined together with the customer. Which data is critical? Where are the largest construction sites? A viable one Master data concept is created that serves as a guide.
- **Iterative cleanup sprints:** Instead of endlessly postponing data cleansing, Dreher Consulting relies on iterative sprints. In clearly defined periods of time (e.g. 2-4 weeks), defined data areas are cleaned and qualitatively improved. Progress is so measurable and visible.
- **Regular monitoring:** Special monitoring tools monitor the Progress in data quality. Dashboards show e.g. B. the proportion of error-free data sets or the number of duplicates that have been removed. This objective monitoring creates transparency for management and helps to identify bottlenecks early.
- **Testing and acceptance:** Before going live, Dreher Consulting, together with the project team, carries out strict tests of the master data in the new system. All important scenarios (from order to delivery, from booking to reporting) are run through with the real, cleaned data. Only qualitatively flawless data will be released for go-live.

Thanks to this Combination of tool support and methodical approach Our customers can be sure that their master data will be available on go-live at its best are. Experience shows that professionally managed master data management not only saves time and nerves, but also makes financial sense: on the one hand, the risk of expensive project delays or system downtimes is reduced, on the other hand Long-term resources saved in data maintenance. This creates a double benefit – A successful ERP start in the short term, efficient data organization in the long term.

## Industry diversity: master data project success in production, services and trade

Every industry has its own challenges when it comes to master data and ERP systems. The Requirements differ – a production company has different requirements than a service provider or trading company. Dreher Consulting has successfully implemented ERP and master data projects in all of these industries. A few examples illustrate the differences and common success factors:

### Manufacturing company – complex parts lists and product data

In the manufacturing industry, ERP success and master data quality are particularly closely related. Stand here Production master data in focus: parts lists, work plans, material master data, machine and maintenance data. In a production company that we supported, a comprehensive master data project ensured that All parts lists checked for topicality and completeness became.

Errors such as incorrect part assignments or outdated versions could be corrected before the ERP implementation. The result: The production planning process went live error-free, the employees in production found correct work plans, and the subsequent calculations were also correct straight away. Without this master data foundation, production stops would have been inevitable due to missing or incorrect material information. The master data concept also made it possible Process times in work preparation reduced because fewer manual corrections were necessary.

### Service companies – customer-oriented data and projects

In the service sector (e.g. consulting companies, maintenance service providers or IT service providers) there is a lot going on Customer and project data. Before implementing ERP, a service company we support had difficulties with inconsistent customer data across different systems. Through uniform master data management – included central customer database and clear responsibilities for data maintenance – became a 360 degree view of the customer enabled.

When the new ERP system went live, all customer master data was consolidated: duplicates were eliminated, historical data was cleaned up and current contact and contract information was completely transferred to the new system. This led to that Sales and service work immediately with reliable information could. Service orders could be created without delay, and customer satisfaction evaluations were based on consistent data. The higher master data quality resulted in improved customer loyalty and more efficient processes, as the team had to spend less time searching for correct information.



## Trading company – article data and supplier data in focus

In trade (wholesale and retail as well as e-commerce) the maintenance of Item master data, categories, prices and supplier data business critical. In a trading company that we supported with the ERP go-live, the particular challenge was Amount of data: Tens of thousands of items with different attributes, plus supplier data from all over the world. A structured master data concept paid off massively here.

Through the use of automatic import and validation routines, the item master data could be imported from old systems efficiently migrated to the new ERP - including checking price lists, units and stocks. Without this approach, the company would have been at risk of starting with outdated prices or incorrect inventory levels.

Thanks to consolidated supplier data, purchasing was possible in the new system work optimally immediately: Orders were sent to correct addresses and conditions were assigned correctly. Overall, the improved master data situation led to fewer delivery bottlenecks and lower storage costs, as stocks were now monitored and replenished more closely.

Despite the different focuses in these sectors, there is a common thread: Good master data pays off. We have observed across industries that consistent master data management Approximately 15% of the ongoing costs for master data maintenance are saved could be.

This saving results from: less manual rework, automated data processes and lower error rates that would tie up resources. In addition, arise soft benefits such as higher employee satisfaction (because they can work with proper data) and better decision-making basis for management. The following applies in manufacturing, service and trading companies alike: A early investment in master data quality leads to sustainable improvements in efficiency and cost structure.



# With and without master data concept: Comparison of typical ERP requirements

How specifically does a well-thought-out master data concept have an impact? The following table compares ten typical requirements and scenarios in ERP projects - each side by side with solid master data concept and without master data concept, as well as the foreseeable Effects:

| ERP requirement/scenario  | With master data concept – result  | Without master data concept – impact   |
|---|--|--|
| <b>Termingerechter Go-Live</b><br><i>(adhere to project schedule)</i> | Go-live as planned thanks to early data cleansing; no delays due to data problems.   | Go-live has to be postponed or is bumpy because data errors have to be fixed at the last minute (project delay, additional costs).                         |
| <b>Data migration</b> <i>(transfer old data)</i>                      | Data transfer to the new system runs smoothly; Data is consistent and complete, migration tools catch errors.                      | Frequent import errors and crashes when loading legacy data; Manual rework necessary, increased risk of errors with live data.                             |
| <b>System integration</b><br><i>(Interfaces e.g. to CRM, shop)</i>    | Smooth integration because common master data (e.g. customer numbers, item numbers) are coordinated and unique.                    | Interface problems because different systems operate with diverging master data; duplication of work and inconsistencies between systems occur.            |
| <b>Process efficiency</b> <i>(Level of automation of processes)</i>   | High level of automation: Workflows run error-free because all reference data is correct (e.g. correct parts lists, valid prices). | Automated processes fail or require manual intervention because necessary master data is missing or incorrectly stored; Process interruptions occur.       |
| <b>Reporting &amp; Analytics</b><br><i>(Meaningful reports)</i>       | Reliable reports and metrics based on clean data; Management decisions can be made based on valid information.                     | Falsified evaluations due to incorrect data; Reports have to be laboriously corrected manually or are viewed with suspicion by management (decision risk). |

**Customer satisfaction***(e.g. correct order processing)*

High customer satisfaction: Orders, deliveries and invoices are correct because customer data and product information are correct - the customer receives what he expects.

Customer complaints about incorrect delivery addresses, incorrect invoices or incorrect products; Damage to your image and potential loss of sales due to the departure of dissatisfied customers.

**Compliance & Risiko***(Compliance with regulatory requirements)*

Compliance with compliance requirements is easy because master data (e.g. certificates, customs tariff numbers, reporting) is completely and up-to-date in the system.

Risk of compliance violations: Missing or incorrect master data (e.g. dangerous goods labeling, data protection information) lead to audit findings or even fines.

**User Acceptance***(Motivation of users in everyday life)*

High acceptance: Users find correct information in the ERP, trust the system and enjoy using it as a single source of truth.

frustration among users because they constantly encounter incorrect data; Workarounds and shadow Excel lists arise because the ERP is considered unreliable.

**Scalability & Growth***(support company development)*

The ERP system can be easily expanded to new locations, products or business models because master data is maintained centrally and standardized - Growth without data chaos.

Every expansion (new branch, new product segment) causes enormous additional effort because master data first has to be laboriously harmonized; Growth goes hand in hand with data chaos and inefficient structures.

**Maintenance & operating***costs (permanent master data maintenance)*

Lower maintenance effort: Thanks to clear processes and high initial quality, around 15% fewer resources are required for ongoing master data maintenance; Employees can devote themselves to more value-adding tasks.

High ongoing effort: A considerable amount of IT and specialist department time goes into constantly correcting data errors and duplicate maintenance; correspondingly higher costs and loss of opportunity.

**(Legend:** *The master data concept means a systematic management of master data that is well thought out right from the start - including data quality processes, responsibilities and tools. Without a master data concept means that master data is transferred to the ERP without any special preparation or is neglected.*)

This comparison makes it clear: solid master data management has an impact consistently positive to all important ERP requirements. Of the Adherence to deadlines about the Process quality up to Customer satisfaction and cost efficiency - It brings advantages in every area, whereas a lack of data quality endangers the achievement of the project goals. Companies that invest in a master data concept early on create the conditions to... to take full advantage of your ERP solution.



## **Conclusion: Master data management – a worthwhile investment for sustainable ERP success**

Master data is often considered the “invisible heroes” of an ERP project. Their quality determines success or failure an ERP implementation, especially in the critical go-live phase. A common thread ran through this post: High-quality master data enable one smooth start, efficient processes and satisfied users – in short, they are one Competitive advantage. The effort that goes into cleaning and organizing data is not a chore, but a strategic investment in the future viability of your company. Companies that have recognized this value benefit from measurable savings, greater flexibility and a reliable basis for decision-making.

At the same time, it has become clear that implementation is demanding: without clear concepts, without tools and without experienced support, you quickly reach your limits. We are available as experts for questions regarding master data management. With our experience from numerous projects in production, services and trade, we know what is important with master data, and help you avoid typical stumbling blocks. The result is ERP systems that work from day one, as well as master data processes that are effective in the long term.

**Would you like to know more about it? what your master data is like? Or do you have questions about how you can ensure data quality in your current or upcoming ERP project?**

**Don't hesitate to get in touch. We will be happy to advise you – without obligation and on an equal footing – and we will support you in this Maturity level of your master data organization to check. Because one thing is clear: Master data quality is an ongoing task – and at the same time the foundation on which digital transformation and digital success are built.**