



## **Shared Lessons from a "Seasoned" CIO in implementing an ERP system.**

**Lesson 2 of 5 - who should do implementation management and why it is critical to success.**

**By Babak Aghevli**

Contact Babak at [babak.aghevli@cognegy.com](mailto:babak.aghevli@cognegy.com)

Regardless of what your company's annual revenue and profitability, maybe an ERP system can help improve both of these critical business drivers. However; ERP implementations are often marred with cost and schedule overruns. In most cases Value Added Resellers, who are very familiar with the technology, ignore the importance of business processes and people's resistance to change. In these series of articles, we will outline five critical elements to ensure your ERP implementation is successful, and provides the efficiencies promised. Interestingly enough, none of these elements have much to do with technology. But they are directly tied to the information needed by your company to run its business efficiently and make solid decisions. And, a poorly planned or poorly executed ERP implementation can paralyze the company.

*In our previous issue we covered:*

### **Lesson 1 of 5 - Fitting the ERP Implementation Process to the Company**

<http://www.cognegy.com/articles/17.pdf>

## **Lesson 2 of 5 – Who should do implementation management and why it is critical to success.**

In this issue's article, we will cover the Second Success Factor - why proper implementation management is essential and how a corporation should go about covering this critical element. Full-time implementation management, which consists of both project management and vendor management, is essential to ensure the solution is implemented on time, within budget, and meets the needs of the organization.

**Profile of common business environment** – Typical implementations involve companies with explosive growth rates who have a very limited number of resources to implement the ERP solution. Everyone is already busy performing their daily jobs, and just trying to get the orders out the door. Fifty to sixty hour work weeks are the norm.

In such chaotic business environments, companies are dependent on their software solution provider, a Value Added Reseller (VAR) to play a significant role in their implementation. The VAR defines the tasks, sets the schedule, designs the software set-up parameters and supplies their resources in order to deliver the project within the time-line dictated by executive management.

The VAR delivers a plan that looks good on paper, and they usually have a technically correct approach. However, almost everyone forgets two very important factors: 1) the capacity of your people and 2) your company's business culture. The VAR is usually not educated about: the capacity constraints on the cross-functional team members required to make the implementation a success, or the culture of the company - which may have, for example, a very "driven" customer focus.

Often these types of culture do not always "hear" the voice of the other organizational units that are not a part of the customer interface point. The VAR, and therefore the implementation, can then get stuck. Because it is expeditious, they often listen to the people with the loudest voices and, for the most part, ignore those who are "quiet".

The result of not effectively listening to all constituents is that many issues become last minute crisis matters to be managed later in the project. Since these crisis matters are unanticipated in the schedule, the schedule slips, and more external resources are applied to hit the target go-live date.

In the end, the project is typically delivered at three times the original cost, and at least a few months late. Additionally, despite the delay and cost-overruns, the solution still does not meet all of your business needs.

**What the environment should look like** – The first thing is to ensure you have a stronger company buy-in for the project - from all organizations to help drive a realistic project time-line. Also, you should select an internal leader with a strong program management discipline and one who is respected across the various organizations to manage the implementation process. This will go along way in helping more effectively managing the user community's expectations and frustrations, as well as those of the other key stakeholders.

Here is the Business Environment feels like during the execution of a successful ERP system implementation:

- 1) Project Plan must be created considering both the organizations priorities and the growth oriented work-loads.
  - a. Set-up the project plan to address both IT internal coding and general executive management decision-making tasks during the heaviest production periods. Redesign the workflow and tasks that require extensive purchasing and production resources.
  - b. After understanding the nature and flow of the workload for all groups, try to identify peaks and valleys in the busiest work schedules, and sequence various departments, such as accounting and finance and production planning so that their specific work tasks fit the "valleys" in their respective schedules.

- 2) Ensure that line managers have buy-off on the implementation plan, and their respective tasks, by ensuring that they have adequate time to review the schedule and comment on who they want to assign to the project, the duration of the assignment and the calendar month that would be best for them.

While this may cause you to sometimes move away from the "logical order" of doing things, it also produces accountability and, because of this, all tasks are more likely to be completed on time and on budget.

- 3) Managing the executives is a critical part of success for a project of this size. This is accomplished by:

- a. Setting up pre-scheduled steering committee meetings at each milestone date in the project plan
- b. Clearly and honestly communicating issues and schedule constraints to them;
- c. Ensuring their support of the project by proactively resolving any conflicts between their line managers for both scope and expectations.

- 4) Managing the VAR resources is also a critical part of your success. Always ensure that:

- a. The VAR must have the right resources on the project; if their resources do not have the "right" skills, then quickly replace them;
- b. The VAR are held accountable to manages the effort to their initial estimates for the project, and you vigorously manage all change orders
- c. Identifying those tasks that the vendor could do better than your internal IT resources, and then use them as an additional resource if/when you fall behind on any of the IT work.

*In later series of this article we will outline three other elements to help ensure maximum efficiency is gained from your major investment in ERP software.*