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# An Expert's Guide to ERP Success



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# Chapter 5. Achieving Implementation

Once the initial euphoria of having finally selected a new ERP system wears off and your team realizes that the real work is about to begin, one of the first orders of business is to define your implementation phasing strategy. As we outlined in our ***2012 ERP Report*** (available at Panorama-Consulting.com), a large majority of organizations implement in phases, whether it be by module, geography and/or business process. Similarly, most clients we work with – especially large multi-nationals – are too complex to take the big bang approach, so they phase their ERP implementations to minimize the risk and operational disruption oftentimes inherent in a switchover.

Unfortunately, there is no black and white or canned phasing strategy that works for most organizations. Because there is a large number of variables that need to be considered, defining the proper ERP implementation phasing strategy can be difficult for those that haven't been through the process before. Add to the mix the fact that most software consultants have a very myopic view of how software should be implemented, and an organization is frequently left with a difficult puzzle to solve.

The first step to a successful ERP implementation strategy is to understand the key variables that need to be considered. Below are three factors that must be woven into your strategy:

1. **Technical and software considerations.** Most ERP consultants understand the architecture and limitations of the ERP systems in which they have their expertise, so they generally have a very consistent view of how software should be implemented based on their technical knowledge of the software. In addition, most of these technically-focused phasing opinions are consistent whether you are implementing SAP, Oracle, Microsoft Dynamics or a Tier II ERP solution. For example, most ERP consultants would agree that core financials and accounting modules is a prerequisite to job costing and business intelligence. However, other examples may not be as cut and dry, meaning that advice from consultants is often based on the modules that *they're* the most experienced and comfortable implementing rather than what makes the most sense to your business. This is where independent and business-focused expertise can and will help.

2. **Potential business benefits and low-hanging fruit.** Potential business benefits and operational improvements can and should be a key determining factor in your phasing strategy. After all, chances are that you're implementing ERP software to alleviate some sort of operational pain and/or deliver measurable business benefits and return on investment, so your phasing strategy should take these factors into account. While it may not make sense to implement your manufacturing functionality without first having your financials in place from a technical perspective, there may be other phasing decisions that are more driven by your business than by the software itself. For example, if order entry is currently a very inefficient process but warehouse management is manageable as-is in the short-term, it may make sense to develop a strategy that calls for order entry and customer service to be included in Phase One, but defer warehouse management, logistics and shipping to a later phase.

3. **Organizational change management considerations.** Just as operational pain points may drive your desired phasing strategy, so too may organizational change management considerations. During your organizational readiness assessment, which should be completed prior to the start of any ERP implementation, you will have identified both pockets of resistance and pockets of support in the organization. For example, we find that sales employees can be more resistant to ERP implementations than finance or accounting types that are more impacted by a lack of a good enterprise system, so we often recommend to these clients that they defer sales processes and modules to later phases of the project. You obviously don't want to avoid areas that are resistant to



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change, but it is generally easier to build early momentum with groups that are more open to the new processes and system. As a side note, it is important to keep in mind that assessing organizational readiness requires finesse to discover underlying symptoms of employee resistance. Even if the employees are saying they accept the changes on the surface, there nearly always is fear, resistance and even anger lurking under the surface.

When it comes to determining a phasing strategy, the above three variables are typically the most critical strategic considerations that we discuss with our clients. It is important to realize, however, that assessing potential phasing strategies with these three variables may deliver three entirely different conclusions, which means your business will have to determine which criteria are most necessary to make *your* implementation successful.

**Hint: The first, more software-focused variable is typically the least important to most clients, even though most ERP consultants will tell you that it is the most important.**

On the other hand, assessing your options with these three variables may also identify the "easy" answers to your phasing strategy. For example, if assessing your implementation needs from all three perspectives points to finance and accounting as a clear Phase One need, then you have at least defined one of the steps of your phasing strategy. Working through the trade-offs and pros and cons of each possible phasing strategy with people that have the appropriate business process, organizational and technical competencies will eventually lead you to conclusions in the other areas as well.

## Top ERP Implementation Challenges

The world of technology and business consulting is tainted by horror stories of ERP projects gone wrong. While many companies have experienced unsuccessful ERP projects, some have had brought widely publicized lawsuits against ERP software vendors because of failed ERP implementations. In a few extreme cases, these companies sue because the software's malfunction caused a complete disruption to their business operations.

Following are the top challenges companies face during the ERP implementation process (as reported in Panorama's ***2012 ERP Report***):

**Challenge:** *ERP Implementations take longer than expected*
**Fact:** 54-percent of ERP implementations take longer than expected
**Key Reasons:**

- Unrealistic expectations of implementation duration
- Inadequate accounting for business-oriented activities
- Software customization and/or mismanagement of project scope
- Lack of resources

**Challenge:** *ERP projects go over-budget*
**Fact:** Only 43-percent of ERP projects are completed on- or under-budget
**Key reasons:**

- Unrealistic project plan and cost expectation
- Hidden costs associated with ERP
- Underestimated project complexity
- Rushed ERP project and/or mismanagement of scope



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**Challenge:** ERP projects fail to deliver expected business benefits
**Fact:** 44-percent of companies realize less than half of the business benefits they expected from ERP
**Key reasons:**

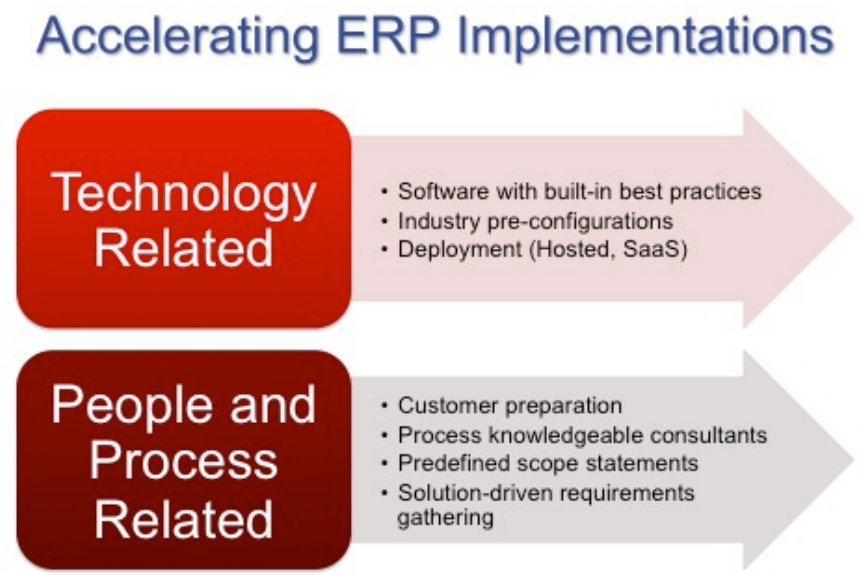
- Failure to manage the software vendor and project scope
- Inadequate definition of functional requirements
- Misalignment of ERP business software with business processes
- Unrealistic ROI expectations

It is critical to ensure that the executive level has its “eyes wide open” to the reality of an ERP implementation. Although they are fraught with challenges, and often cost more, take longer and deliver less business benefits than anticipated, organizations who manage the project correctly, devote the appropriate amount of resources, focus on business process reengineering and organizational change management, and hire consultants when necessary to provide expertise, end up with a software system that revolutionizes their business. It’s a long road, but a worthy destination.

**ERP Software Accelerators**

If there’s one thing that most executives want, it’s to speed up an ERP implementation. Thus, their attention often becomes focused on ERP software accelerators. Accelerators are pre-configured versions of an ERP software solution, usually based on specific industry verticals. Some vendors also accelerate the configuration process by providing lists of standard questions that their functional consultants use to configure the software to meet a client's business requirements. Vendors such as SAP and Oracle market these accelerators in their push to appeal to those small- and mid-size businesses that are particularly sensitive to implementation time, cost and risk.

Accelerating ERP implementations has been an elusive goal of ERP vendors, implementation partners and customers. If you did a search on accelerated or rapid implementation you would most likely find the following enablers for rapid implementations:



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But let's get real: are accelerators truly the silver bullet a company needs to implement ERP quickly and painlessly? Not exactly. Here are three common misconceptions about ERP software accelerators:

1. **People and business processes are the challenge, not the software.** Our research indicates that less than 25-percent of an average ERP implementation's duration and cost is related to installing and configuring software. In other words, setting up the software is a relatively simple part of an implementation. The other 75-percent is related to defining business processes and workflows, creating or reassigning organizational roles and responsibilities, determining process-based user documentation, conducting training, and accomplishing dozens of other critical implementation activities. Software accelerators do not now – and will never – provide shortcuts for any of these key activities.

2. **"Pre-configuration" may or may not meet your specific requirements.** Although pre-configured accelerators are usually created for specific industry verticals, any particular company in a given industry has unique differentiators and competitive advantages that are not going to be addressed by a vanilla configuration. Companies that successfully leverage ERP software for a competitive advantage do so by using the system to either create or capitalize on a competitive advantage that is different from other industry competitors. While it is true that certain functions are standard non-differentiators (think accounting, general ledger or payroll processes), a big challenge is leveraging enterprise software to address unique areas such as customer relationship management (CRM), manufacturing or business intelligence. Effectively addressing these key areas are what tend to extend the software implementation process.

3. **Decision-making and executive alignment cannot be automated or accelerated.** While accelerators may speed the technical configuration process, they are not going to speed up an organization's decision-making process. ERP implementations are full of strategic, operational, organizational and business process decisions that need to be defined before customization can begin. As we've discovered in our experience and research, most ERP delays are related not to software installation or configuration, but to issues surrounding client decisions, testing workflows, training employees and the like.

In our experience with implementations of all stripes and sizes, Panorama has found that ERP software accelerators can be of use to implementation teams. After all, anything that helps reduce the complexity of an enterprise software implementation is more than welcome to everyone on the team. But they are not the magical solution that some vendors claim them to be and are often more effective as a vendor sales tool than a practical way to materially reduce implementation durations. It is also important to understand that even with accelerators, ERP software implementations still require a great deal of hard work, tough decisions, and time-consuming activities.

***The Customer's Role in Acceleration***

The customer should – and must – play a vital role in any accelerated implementation. After all, the customer needs to provide the right resources (business, IT, etc.) with deep knowledge and experience with the existing business solution in order to provide the project governance, answer the outstanding questions, determine priorities and so forth to move the implementation along. The unfortunate fact is that many vendors fail to prepare the customers for their role in rapid implementation. If the implementation partner and ERP software vendor are truly serious about accelerating implementations then they need to – at the very least – provide customers with a preparation checklist that enables the ERP implementation partner to "hit the ground running" with the customer.



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At a minimum the customer should ensure the following tasks are completed prior to embarking on a rapid implementation:

- **Take all required software training before the implementation partner arrives.** This activity enables the customer to effectively and clearly communicate with the implementation partner.

- **Document existing business processes.** For effective collaboration with the ERP implementation partner, the customer needs to educate the implementation partner on its current business solution.

- **Determine resource allocation and team make-up.** No implementation is successful without the right amount of people dedicated to the project. Implementing companies need to make these decisions early on to ensure that their best and brightest have the opportunity to contribute their knowledge and skill to the project.

**Areas to Focus on When Implementing New ERP Systems**

Regardless of whether a company is trying to accelerate an ERP implementation or whether it's taking it slow, there are a number of areas that both need attention during implementation and are easy to overlook. ERP projects can be very complex, and losing sight of these details can lead to unplanned costs, time delays and intense frustration.

- **Reporting.** Many companies assume that their chosen ERP system is going to have the reporting functionality required to meet their business requirements. The fact of the matter is that most companies spend very little time evaluating reporting capabilities when reviewing software options. The irony here, of course, is that systems are only as good as the data you can get out of them, and it can be very frustrating to management if they aren't able to immediately access the key operating and financial information that they need. Therefore, it is very important to address reporting not only as part of the software evaluation process, but also as part of the early project planning activities. Many of our larger clients have entire teams devoted to developing reporting requirements. A project focused on effective business reporting also enables successful ERP benefits realization.

- **Business Process Development.** Many of our research reports and white papers highlight the importance of change management and training, but there is more to it than teaching employees how to use the new system. Employees also have to be educated in how the new business processes will function and how their jobs will change in the new software environment. Perhaps even more importantly, ERP project teams need to map out future business processes to ensure that they have addressed gaps between the current environment and the new ERP environment. This will ensure that either the processes are changed to meet the software's functionality or vice versa.

- **Software Security.** Despite the impact Sarbanes-Oxley (SOX) has had on large, public, US-based companies, many companies that are required to comply with SOX still overlook the importance of defining, developing and testing security profiles in their new ERP systems. At some point, whether it be during functional or integration test, user profiles need to be tested to ensure employees have the appropriate level of access. It is also recommended that your internal audit group be involved in defining and testing these security roles.

- **Cash.** As we detailed in our ***2012 ERP Report***, 56-percent of ERP implementations cost more than expected, and the average cost overrun is more than 20-percent. When we dove into that data and coupled it with our extensive ERP expert witness and ERP implementation experience, we found that a



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big driver of those cost overruns is mismanaged expectations and a lack of budget invested in making the project succeed. Without the right experience and support, organizations most often fail to budget for the "hidden costs" that software vendors and system integrators didn't advise them of, such as infrastructure upgrade costs, third-party implementation costs, customization and a variety of other items that the untrained eye won't catch or plan for. If organizations simply budgeted an appropriate amount for their ERP software, this 56-percent metric would likely decrease dramatically.

- **Controls.** ERP implementations can get out of control very quickly if they are not managed appropriately. An experienced ERP project manager should be able to provide project governance and controls to ensure that a project stays on track, in scope, on budget and on time. For example, we work with our clients to manage a robust project governance framework surrounding escalation and decision processes related to customization requests. Every ERP implementation will include internal stakeholders that want to customize something in the software, so it is very important to have the controls in place to ensure that only customizations that are absolutely necessary to the operations are made. Organizations that over-customize their software typically begin with the "we're not going to customize a single thing" mantra, but most lose that discipline as the project wears on.

- **Change.** One of the biggest failure points for each and every ERP failure and lawsuit that we've been asked to advise on as part of our ERP expert witness work is a lack of proper organizational change management. It's amazing how many CIOs and CFOs think that organizational change entails delivering some canned end-user training right before go-live and calling it a day. This is a strategy that literally never works. Successful organizations instead implement much more effective organizational change management activities, such as process-based training that is tailored to the unique operations of the organization, change discussions, change impact analyses, employee communications, stakeholder alignment projects and a host of other activities. Organizational change may seem like an expensive or even optional investment, but in the end, it will always be less expensive to invest heavily in organizational change to ensure that your organization and operations effectively adopts the software.

**Considerations for a Global ERP Implementation**

As might be expected, ERP implementation projects for large, multinational organizations are much different from those of smaller, domestic companies. Although any ERP software project is full of challenges, global roll-outs require focus on a number of additional variables.

Below are five areas to consider when managing a global ERP implementation:

1. **Global vs. Localized Business Processes.** Companies with global offices, particularly those acquired from another company, often have non-standardized business processes. A global ERP software implementation provides an opportunity to standardize processes across locations, such as in a global shared services ERP model, but such changes can be understandably difficult. A global ERP implementation needs to find the right balance between standardized and localized business processes and system. Often times, these decisions boil down to identifying processes that are crucial to staying close to the customer vs. those that are not adding as much value.

2. **Big Bang vs. Phased Implementation.** As discussed earlier, once the system and corresponding business processes have been defined, it is important to define how to roll out to end-users. For example, do you go-live with all functions and geographies at one time? Do you roll out in multiple phases based on region and/or function? Or is it some combination of both? Most of our clients take



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a version of a hybrid approach, largely based on their tolerance for risk, resource availability, and legacy system constraints.

3. **Global vs. Localized ERP Support Structure.** The actual ERP implementation is only one step in a longer-term ERP process. Before the first go-live is completed, it is important to define how and where your ERP software is going to be managed going forward. Many companies look to centralize ERP support and help desk functions, while others choose to offer decentralized support to cater to a diverse end-user base. The sooner this support structure is defined and established, the sooner end-users will fully adopt the business software and the organization will start realizing the expected business benefits.

4. **Language and Currency.** One of the key business benefits of ERP software for global organizations is the ability to standardize business processes and provide global visibility into operations. However, local requirements often create a competing force to allow for flexibility to manage data and transactions in local languages and currencies. An important decision point is finding the right balance between standardizing to English and U.S. dollars across the globe vs. allowing multiple languages and currencies.

5. **Master Data Management.** Master data is an important but often overlooked aspect of an effective ERP initiative. Not only does master data need to be cleansed and migrated to the new system, but global companies need to define how it will be managed going forward. For example, will local entities have the flexibility to manage their own local chart of accounts, or will changes require centralized and global governance? The same needs to be decided for other types of master data, including customer, supplier and inventory master records.

Most of the above considerations are not particularly clear at the outset and require the organization to choose where it plans to fall on a spectrum of options. What is more clear, however, is that companies need to start making decisions related to the above issues sooner rather than later to provide direction and focus to their global ERP implementation.

**ERP Risk Mitigation: Planning For Success**

Regardless of the size of the implementing organization, ensuring a smooth ERP migration is complex and every implementation entails a certain level of business and technical risk. There are a number of factors that affect an ERP implementation's level of risk, including the number of sites that an organization brings live, how many legacy systems are being replaced, and how many users will be affected.

In general, the variables that are most likely to reduce the business risk of a migration include:

- **Phased ERP Implementation Instead of a "Big Bang" Approach.** Cutting over all systems at once generally increases risk, particularly on large projects across multiple geographies/countries. See the beginning of this chapter for more information on a phased approach.

- **Sufficient Training.** The better training you provide users, the less problems you will see.

- **Legacy System Planning.** What are you going to do with your systems after go-live? Will you run them in parallel for a short period until you know the new ERP system is functional? If so, have you budgeted for these costs? Failure to answer these questions before go-live will create significant problems at cut-over.



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- **Thorough Testing.** Unit and integration testing is very important; you significantly reduce your implementation risk if you have thoroughly tested the solution with real data and real user profiles before go-live.

- **Plenty of IT Support.** Increase support center staff during go-live. You will also want to make sure you have clearly defined escalation procedures in place for ERP issues that your support staff isn't able to handle.

- **Development of a Contingency Plan.** What will you do if your system does go down? Do you have manual processes you can revert to if needed? By expecting and preparing for the worst-case scenario, no matter how unlikely, you will reduce the risk of a massive business failure.

It all boils down to ERP risk mitigation, and addressing the above issues will help minimize the level of risk exposed to your business. It is important to ensure that your project plan, budget and staffing all consider these items.

**Risk Management Planning**

Panorama consultants develop a Risk Management Plan with each client at the very beginning of each project. We insist on it as part of our PERFECT methodology.

We begin by identifying the risk categories that the organization believes will impact the project and then fill in the gaps based on our collective experience. Typical risk categories include:

- Resources
- Data Migration
- Infrastructure Stability
- Software Reliability
- External Impacts (mergers, acquisitions, divestitures, etc.)

Next we develop a list of all the risks for each category. We describe each one in detail, give it a Business Impact Consequence rating and Likelihood rating from the list below:

***Consequence***
- Insignificant
- Minor
- Moderate
- Major
- Catastrophic

***Likelihood***
- Rare
- Unlikely
- Possible
- Likely
- Almost Certain

From these we create Risk Index by multiplying the Consequence by the Likelihood. We create a Risk Index Grid so we can prioritize Risk Mitigation. A Risk with an Insignificant Consequence and an Unlikely Likelihood



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would merit a lower priority than a Risk with a Major Consequence and an Almost Certain Likelihood.

A Mitigation Action Plan is developed for each risk with Responsibility Assignment, Required Actions and new Mitigation Index reflecting the anticipated result of the mitigation. The project team reviews these monthly to refresh the progress. This plan can do wonders in helping alleviate the inherent risk in ERP implementations, taking back control and managing the situation via tangible metrics.

**Calling in for Back-up: Hiring an ERP System Integrator vs. Hiring an ERP Consultant**

Our mid- to large-size clients frequently ask us to help them find the best system integrator or partner to help with their implementation. In some cases, our clients will choose their ERP software at least partially based on the competencies of the implementation partner that they are considering. For example, if we assume that functional fit are roughly equivalent, choosing SAP All-in-One or ECC 6.0 with a great implementation partner can be the deciding factor when compared against a mediocre Oracle E-Business Suite consulting firm, or vice versa. The same can be said when considering Microsoft Dynamics, Epicor, Infor or any other ERP system for that matter.

The bigger question is: what exactly constitutes a “good” system integrator or implementation partner? For some of our clients, it equates to local presence. To others, it has to do with the number of certifications that the average consultant has or perhaps just a general comfort level or feel they get when meeting with the company. However, we have found that many organizations choose their system integrator for the wrong reasons. While the number of installations, certifications, and referenceable customers are all-important factors, they are just a handful of the many variables that should be considered. It gets down to one simple question: do you want to hire a systems integrator to help you implement software, or do you want a higher-value ERP consultant that will help you translate the implementation in a way that improves your business? Those are two very different approaches to implementing ERP systems and can be the difference between ERP success and failure.

For example, in all of our ERP expert witness and project recovery experience, ERP challenges, failures and lawsuits are rarely (if ever) caused by lack of software knowledge. While understanding the software is the price of admission in any large-scale implementation, it is hardly a differentiator and is certainly not difficult to find in the market. Instead, it is the other things that make or break a system integrator or ERP consultant’s level of success.

Below are what we consider to generally be the most important criteria when selecting an ERP system integrator, implementation partner or consulting firm:

1. **Knowledge of the selected ERP system**. While it may seem fairly obvious, choosing a firm that has a good understanding of the most recent version of the software is critical. The firm and/or team you are considering should have strong implementation experience and certifications related to the specific product and version that you are implementing. For example, there is a big difference between understanding how to implement Oracle E-Business Suite and having experience implementing JD Edwards, even though they are both part of the Oracle portfolio of products. Similarly, you will want to find a firm that understands how to integrate your ERP system with any third-party build-ons you may be considering, such as Demantra advanced planning or Business Objects business intelligence.

2. **Consulting methodology and tool-set.** Although the team and system integrator’s track record and experience is important, it is not nearly as important as the toolset and methodology used to implement the software. Too many system integrators focus on staffing hired guns who are gurus in their



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respective products, but couldn't follow or replicate a process to save their lives. System integrators or consulting firms without methodologies typically equate to inconsistency and risk, regardless of how "experienced" the individuals are. We've seen some of the most talented and knowledgeable ERP consultants fail because they didn't have a proven process that equates implementation success and benefits realization.

3. **Focus on the non-technical (and more important) ERP implementation success factors**. When evaluating a system integrator or consultant's methodology, it is important to look for not only tools that pertain to how to configure the software and train the core team, but also the non-technical aspects of the implementation. **Technical activities are very rarely the cause of ERP failures.** Instead, failures are typically attributed to deficiencies in project management, organizational change, business process management and organizational change management. If you see an ERP consulting or system integrator methodology that relies too much on "best practices," "pre-configuration" and "business blueprint checklists" – and not enough on change management, job design, project governance and business process management – then your system integrator is probably focused on the wrong things. Again, all the software and technical knowledge in the world won't make a successful implementation without these more important non-technical factors.

The differences between traditional ERP system integrators and more business-focused consultants are subtle, but extremely important. Focusing too much evaluation time and importance on the former will expose your ERP implementation to significant risk, while focusing on the latter will ensure that you find a firm that will help you implement your chosen ERP system in a way that results in better user adoption, more efficient business processes and a higher percentage of realized business benefits.

**Implementing an ERP System In A Regulated Environment**

As if successfully implementing an ERP system wasn't difficult enough, doing so in a regulated environment is even more challenging.

As an outgrowth of its current good manufacturing practice (CGMP) initiative for human and animal drugs and biologics (any virus, therapeutic serum, toxin, antitoxin or analogous product applicable to the prevention, treatment or cure of diseases or injuries of man) the Food and Drug Administration has issued guidance on how electronic records and electronics signatures must be managed within systems. This guidance is affectionately known as 21 CFR Part 11. CFR is the Code of Federal Regulations.

21 CFR Part 11 covers the following controls and requirements:

- Limiting system access to authorized individuals
- Use of operational system checks
- Use of authority checks
- Use of device checks
- Determination that persons who develop, maintain or use electronic systems have the education, training and experience to perform their assigned tasks
- Establishment of and adherence to written policies that hold individuals accountable for actions initiated under their electronic signatures



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- Appropriate controls over systems documentation
- Controls for open systems corresponding to controls for closed systems
- Requirements related to electronics signatures

The FDA strictly enforces its “guidance” on compliance of 21 CFR Part 11. Many biotech and pharmaceutical companies have been fined and in some cases had operations ceased for not following this “guidance.”

So what does this mean for ERP implementations? It means that systems used for these purposes must be “validated.” Validation involves proving and documenting that the system complies with the above controls and requirements not only during implementation but also throughout the software’s lifespan. The implications on time and budget are staggering. Validation and documentation activities can add 50-percent to both.

Organizations operating in a regulated environment absolutely need to engage the services of third-party consultants to ensure that their ERP systems are not just appropriate for their business but also in step with their government regulations and requirements. The risks these organizations face from a poorly chosen, implemented or adopted enterprise solution are extreme.

**Overcoming ERP Project Fatigue**

Even in non-regulated environments, implementations take a long time. Further, they’re stressful for just about everybody involved. It’s inevitable that ERP project fatigue jeopardizes the quality and timeliness of deliverables. It also decreases job satisfaction for some of your best and brightest employees who have been selected for your project.

So what should an ERP project manager do to reduce project fatigue during implementation?

- **Expect Fatigue** - No matter how talented and experienced your team may be, plan for energy and enthusiasm to wane towards the middle of a project. The work seems endless, the end seems far away, and the progress that has already been made feels long forgotten. The tough lingering questions about business processes may be hindering progression, and the necessary battles for forward movement are often thankless. Fatigue is inevitable. This is especially true with less experienced project members, who aren’t familiar with the phases and big picture. A wise project manager will be ready to respond to project fatigue before it begins affecting the performance of the project team.

- **Assess Fatigue** - This is easier than you think. A good relationship with your project team goes a long way towards supporting the kind of honesty that keeps you in tune. Take the time to address a wide range of issues with your team, beyond the next deliverables and milestones. Online surveys and focus groups are a great way to solicit input and check attitudes. These activities also demonstrate a manager’s willingness to hear complaints and acknowledge difficulties and promote a culture of truth and collaboration. Take stock of attendance, punctuality, deadlines and engagement at the beginning of your project. If you have established expectations for punctuality and efficiency, it will be easier to spot observable behaviors that indicate problems. Think of the chronically late and double-booked folks, and consider whether they are fatigue candidates.

- **Acknowledge Fatigue** - An integrated project activity calendar can illustrate when heavy demands are ahead. When fatigue becomes evident or suspected, acknowledge the reality and impacts of the problem. This is an opportune time to extend recognition for extra efforts, and make sure tangible



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rewards or encouragement is forthcoming.

- **Combat Fatigue** - There are a number of effective ways to mitigate sources of fatigue. Expecting, assessing and acknowledging the problem are critical starting points. Now what?
    - Incorporate project member's wellbeing into regular status reports; adopt a scale that reflects the level of work load and required effort to meet demands.
    - Think about your rewards and recognition plan. Communicate it clearly, and follow through.
    - Don't overlook the rejuvenation a fun break can provide. Search online for quick activities that build the team while clearing the air with some lightheartedness.
    - Adjust timelines to workloads if needed.
    - Allow occasional work-from-home days for appropriate tasks.
    - Consider "role sharing" and encouraging teams to rotate tasks.
    - If project members have competing demands on their time (e.g., being still accountable for operational duties), advocate to the highest level needed for additional resources. The effort will be appreciated, even if the request is denied.
    - Get more mileage by communicating your efforts to combat fatigue.

Stress and fatigue are inevitable in an ERP project. Being a leader who actively combats them better positions your project for an on-time delivery. Take the time and effort to plan your combat approach, so both you and your project team will benefit.

**Getting Your ERP System Back on Track**

Unfortunately, ERP implementations still aren't any easier than they were nearly two decades ago when I started in the ERP world. Despite the enterprise software industry's best intentions to mitigate risk with cloud ERP systems, implementation accelerators, and other tools, ERP failure rates are still high and most projects still take more time and money than expected.

The even more troubling trend we're noticing at Panorama Consulting is an acceleration of ERP failures and lawsuits. We are seeing a spike in demand for our ERP consultants to provide guidance to implementations that have gotten off track or to attorneys involved in lawsuits related to implementation failures. We have a very solid and exhaustive process for helping clients assess their implementations and create a project recovery roadmap, which clients are taking full advantage of in recent months. While this is good news for us in that there is more demand for our services than ever, it is bad news for the industry and the organizations looking to implement new enterprise software solutions. Whether it's software from SAP, Oracle, Epicor, Infor or any other vendor, the reality is that it is still difficult to implement a new system effectively without stepping into a landmine or two along the way.

The good news is that there are ways to get an ERP implementation out of the gutter. As we're demonstrating with three clients we're currently working with, there are a number of things you can do to get your project back on track. Here are three tips that are likely to make a difference on your troubled ERP implementation:



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1. **Look to change management for low-hanging fruit**. While it is tempting to blame your vendor or the ERP software itself for any operational difficulties or disruptions, we have found that most ERP failures result from organizational change management issues. In fact, if you evaluate the organizational change, communications and training activities that you are conducting as part of your project, you are likely to find significant deficiencies and opportunities for improvement. It's usually people that make a project fail, not the software, so more effective organizational change management activities will help mitigate this challenge. We often look to areas such as organizational impact, job design, process definition, customized training and targeted employee communications as opportunities to "fix" the people side of the ERP implementation equation. Not only is this "people side" crucially important and often overlooked, but it is typically less costly than buying an entirely new ERP system or embarking on customization efforts to force the software to address the organizational resistance you may be facing.

2. **Revisit your implementation plan.** Most ERP implementation plans are flawed from the start. Unrealistic expectations, unclearly defined milestones and resource requirements, and missing key activities are some of the common problems we see when clients ask us to get their projects back on track. Organizations too often rely on a project plan provided by their ERP vendor or system integrator, which usually focus too much on the technical components of an implementation on not enough on the business, process, and organizational aspects required to make a project successful. Implementation success is never guaranteed, but failure is guaranteed without a realistic and complete plan.

3. **Know when to fold 'em.** Like Kenny Rogers once said, you've got to know when to hold 'em and know when to fold 'em. It may be time to hit the reset button on your enterprise software initiative. It may also be time to ditch an attempted ERP implementation and replace it with software that is a better fit for your organization. Or it may be a matter of some of the less drastic changes outlined above. One of the benefits of working with an independent ERP implementation consulting firm such as Panorama is that we help our clients make objective assessments of whether it's time to head a different direction with the organization's ERP strategy.

While a troubled ERP implementation is never fun, it is not as bad as an ERP failure and there are always ways to get your project and your team back on track. With the right expertise and toolset, your project can be recovered and even rejuvenated.



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# About the Author

After 15 years of ERP consulting at large firms including PricewaterhouseCoopers and SchlumbergerSema, Eric Kimberling realized the need for an independent consulting firm that really understands both ERP and the business benefits it can enable. He currently serves as managing partner of Panorama Consulting Solutions, the world's leading independent ERP consultant.

Eric began his career as an ERP organizational change management consultant and eventually broadened his background to include implementation project management and software selection. Eric's background includes extensive ERP software selection, ERP organizational change, and ERP implementation project management experience.

Throughout his career, Eric has helped dozens of high-profile and global companies with their ERP initiatives, including Kodak, Samsonite, Coors, Duke Energy, and Lucent Technologies to name a few. In addition to extensive ERP experience, Eric has also helped clients with business process re-engineering, merger and acquisition integration, strategic planning, and Six Sigma. Eric holds an MBA from Daniels College of Business at the University of Denver.



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