

A photograph of a red and white striped lighthouse on a concrete pier in the ocean. The lighthouse is on the right side of the image, and its reflection is visible in the water. The sky is blue with some light clouds.

Navigate the course
of change

ERP Systems and Change Management

October 27, 2014



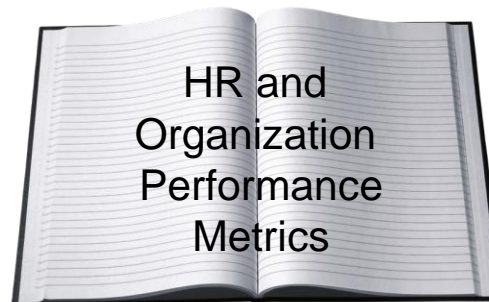
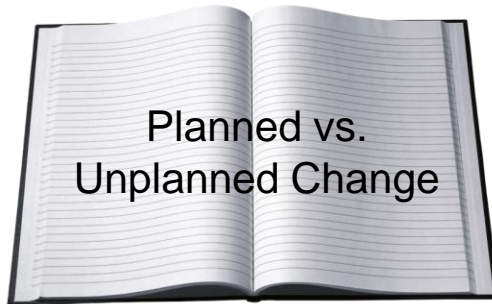
Objectives and Welcome

What's In It For You (WIIFM)?

- Recognize **characteristics of ERP systems** and why organizations want them
- Understand project **failure rate** and **success factors**
- Distinguish between **ERP stakeholder groups**
- Describe **Human Resource challenges** associated with ERPs
- Realize what **technical system** implementations will look like in the **next five years**

Putting It All Together

Think about everything you've learned so far ... and apply it!



Enterprise Resource Planning



- Why organizations **want** them
- Why organizations **hate** them

Discussion



**Why do you think
the ERPs
in your readings
for today
REALLY failed?**



Project Failure Rate

So, how common is failure ... really?!

40% of projects
meet budget
schedule
quality

70% of change
initiatives

50% of IT projects with budgets of
> \$15M run
45% over budget
7% behind schedule, and deliver
56% less functionality than predicted

**At least 50% of the time you have
to spend \$59M to get \$15M in
benefits**

IBM

John Kousser

McKinsey
6

What Constitutes A Failure?

ERP implementations that were labeled a failure may have ...

- Not realized the **promised ROI**
- Significantly **extended** the implementation **schedule**
- Run significantly **over budget**
- **Slowed productivity** to a crawl pace
- **Stopped production**
- Made it **impossible** to **deliver orders** to customers

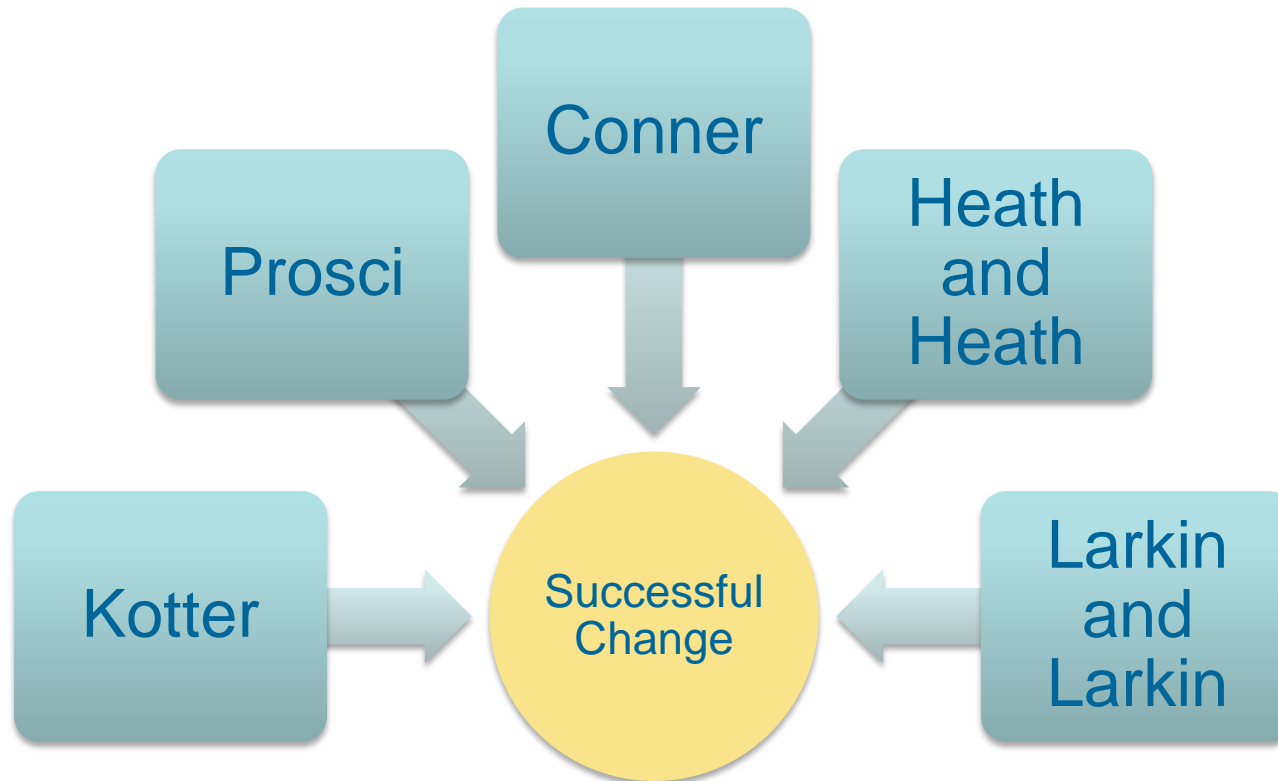
Reasons for ERP Failures

Twelve major reasons why ERPs fail* ...

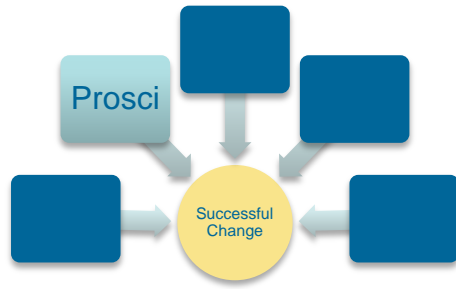
1. Lack of **Top Management Commitment**
2. Inadequate **Requirements Definition**
3. Poor **ERP Package Selection**
4. Inadequate **Resources**
5. **Resistance to Change**/ Lack of Buy-In
6. Miscalculation of **Time and Effort**
7. Misfit of Application **Software** with **Business Processes**
8. Unrealistic Expectation of **Benefits and ROI**
9. Inadequate **Training** and Education
10. Poor **Project Design** and **Management**
11. Poor **Communications**
12. Ill-Advised **Cost Cutting**

Success Factors

What are the critical success factors for implementing change?



Success Factors



Top **seven contributors** to a **successful change** initiative include...

1. Active and visible **executive sponsorship**
2. **Structured** change management **approach**
3. **Dedicated** change management **resources**

Of projects surveyed that had an excellent Change Management Program ...

☑ *72% were **on or ahead of schedule***

☑ *81% were **on or under budget***

☑ *96% **met or exceeded project goals***

*Prosci® 2014 Benchmarking Report

on **communication** about

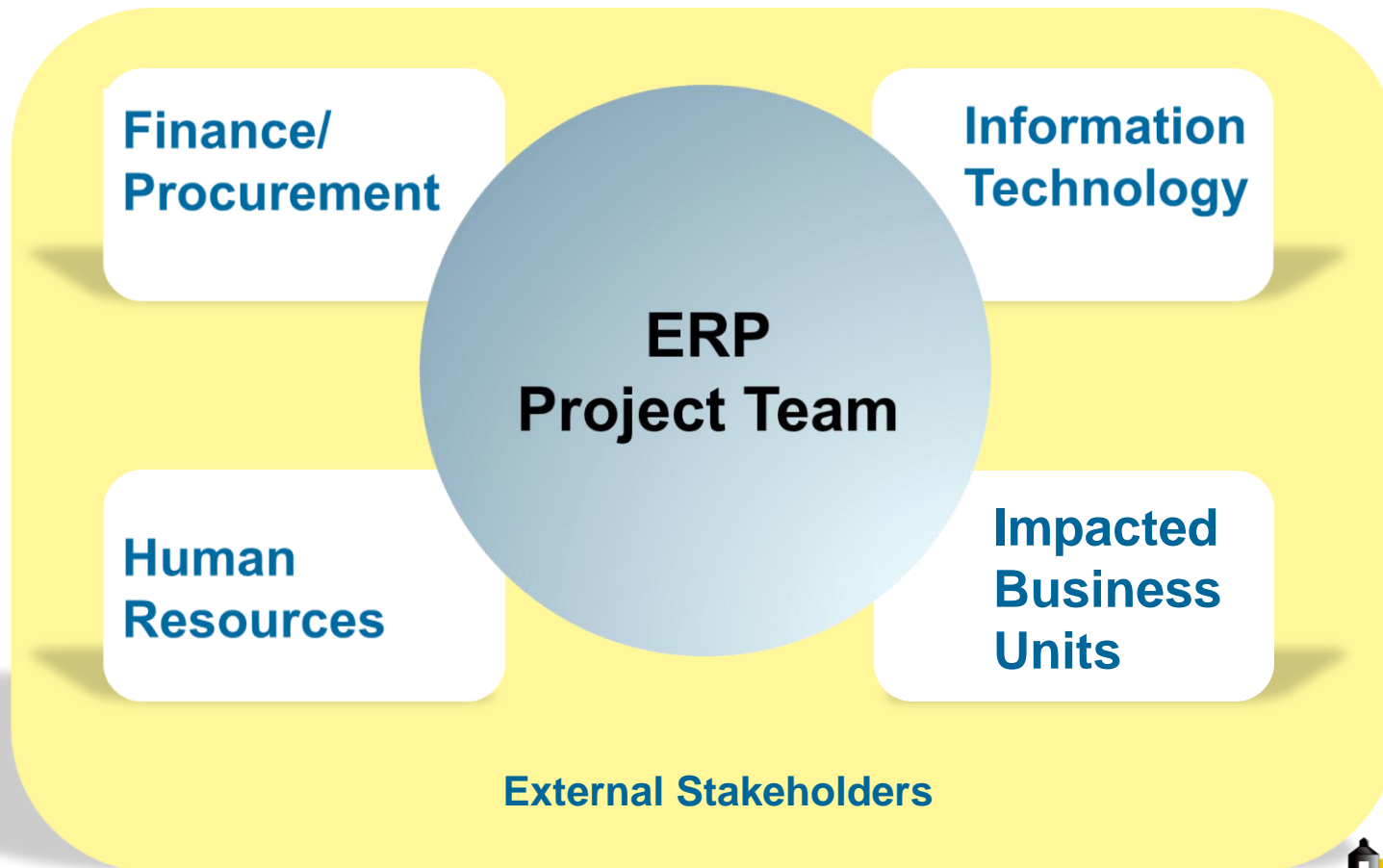
ment and participation

integration with **project**

and support from **middle**

ERP Roles

Many **groups** have an **interest** in an ERP implementation ...



ERP Roles

Each **group** has individuals who will **experience change** ...

ERP Project Team

- Governance Team
- Sponsors
- Project Managers
- Org Change Managers
- Communications Specialists
- External Vendors
- Requirements Analysts (RAs)
- Business Analysts (BAs)
- Subject Matter Experts (SMEs)
- Developers
- System Testers
- Trainers

External Stakeholders

- Customers
- Suppliers
- General Public
- Media

HR and ERP - Parallel Universes

ERPs benefit from having a partner relationship with HR ...

ERP Project Start

- Recruit talent
- Negotiate hiring agreements
- Assist with org chart design
- Support matrixed team

During ERP Project

- Design and implement rewards and incentives
- Manage relationship between ERP Project and collective bargaining unit(s)
- Support job description and classification changes
- Assist with LMS integration

Post ERP Project

- Manage/ support ongoing ERP training
- Collaborate with business units for repatriation of project resources

Discussion



What do you think is the biggest challenge HR faces during an ERP implementation?

Five years from now ... An ERP for every company?

*"... is it practical to get to a single instance across all functions of a very large, global enterprise? **No.** That's not a realistic goal any more.*

*We're living in a world where **multiple systems** have to be **networked together**, have to communicate openly with each other and need to have sophisticated enough infrastructures on top so that the business can manage it."*

*The "more evolved" thinking ... Companies can achieve **consistencies and efficiencies in their business processes** without having to use one singular system that manages the entire landscape."*

Philip Say, Vice President for SAP Business Suite

Discussion



What else to you want to know?

For Further Exploration

Prosci® - <http://www.prosci.com/>

Kotter's Eight Step Process for Leading Change

<http://www.kotterinternational.com/the-8-step-process-for-leading-change/>

Conner Partners - <http://www.connerpartners.com/thought-leadership/white-papers>

Additional ERP Disasters Information -

- http://news.cnet.com/i2-Nike-fallout-a-cautionary-tale/2100-1017_3-253829.html
- <http://www.zdnet.com/blog/btl/promises-promises-a-look-at-waste-managements-case-against-sap/8338>
- <http://www.cio.com/article/2440386/supply-chain-management/supply-chain---hershey-s-bittersweet-lesson.html>

Project Failure Statistics and Causes -

- http://www.softpanorama.org/Skeptics/IT_skeptic/erp_skeptic.shtml
- <http://faethcoaching.com/it-project-failure-rates-facts-and-reasons/>
- http://blogs.gartner.com/mark_mcdonald/2012/10/29/mckinsey-report-highlights-failure-of-large-projects-why-it-is-better-to-be-small-particularly-in-it/
- <http://www.enclaria.com/2014/06/03/its-time-to-abolish-the-70-change-failure-rate-statistic/>

Future of ERPs -

- <http://www.forbes.com/sites/louiscolombus/2014/05/12/gartners-erp-market-share-update-shows-the-future-of-cloud-erp-is-now/>
- <http://www.infoworld.com/article/2628850/erp/the-future-of-erp--why-the--big-erp--approach-is-dead.html>