

Managing change in an ERP implementation

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What is change management about really?

Few things in today's business world are so mystified as change management. Why? Well, it sounds complicated so you are not fit to do it yourself and need to hire a consultant for it. But in reality it is not that complicated if you follow tried and tested methods.

Change is when you introduce a new way of thinking or way of working in a business. The management part is when you lead people towards the "to-be" state from the "as-is" state. That is it!

What really defines what actions you will take and what tools to use is the analysis of the unique transition from "as-is" to "to-be". This is where change management gets exciting and where thousands of books have been written. What all those books boil down to are four concepts:

- Show people why the "as-is" is no good anymore
- Include people in the decision making about the "to-be"
- Keep people informed about what will happen
- Show that people who embrace the "to-be" are appreciated

The above is valid no matter what kind of change you are leading.

Change management in a project setting

All projects need a change management process, a way to adapt to changing circumstances. In general a project starts with a pre-study phase in which the validity of the project vision is evaluated, project goals are identified and the project model is outlined. Once these properties of the project have been established the scope of the project has been determined. The project has goals to deliver on and a budget to achieve the goals. Further, the project organization, way of working and interfaces with stakeholders determines how the project will execute its delivery. So at this point the change management starts. The change management (or quality management) in a project context is about two perspectives:

- Achieving project goals – the change constitutes:
 - introducing additional projects goals
 - modifying the definition of existing goals ("to-be" is re-defined)
 - detailing goals to a more sophisticated level of quality than in project plan
- Delivery process – the change constitutes:
 - Redefining the division of responsibility between project and stakeholders
 - Redefining the level of quality in implementation of project goals
 - Redefining the span of control of the project
 - Redefining the role descriptions of the project team
 - Redefining the quality control processes

So, change management within the context of a project is more than managing the transition from "as-is" to "to-be" for the people exposed to the practical side of the change. Rather, in the context of a project it is additionally to ensure that the sponsors of the project get what they pay for as well.

Change management in an ERP implementation

We have established the definition of change management in a project perspective. So how does this translate specifically to an ERP implementation project?

Below I outline the key areas to focus on when setting up an ERP implementation project to allow for effective change management. An ERP project should not be mixed up with the average IT project. A

business usually survives a poorly managed IT-project but a business may die from a poorly managed ERP implementation. It is from the ERP system you invoice your customers. If employees do not know how to do it or your business is unable to do it for other reasons, you are in real trouble.

The project steering committee is chaired by the CEO or CFO

This is the most important part of an ERP project. The impact of the project and the risk the business is exposed to must be known by the CEO and CFO. Further, there will be a need to make tough decisions with far reaching impact which cannot be delegated to other functions. The steering committee decides the project organization, budget and the span of control for the project team which defines the scope of work for the project. The steering committee members are responsible for communicating decisions made to the management teams in the business. The project manager is reporting to the Steering Committee.

There is a Change Review Board chaired by the PM or CFO

A large ERP project is usually exposed to a huge number of change requests from the business. Without a formal approval process, ideally with a business case requirement, changes may be slipping into the project scope (“scope creep”). An ERP project will suffer hugely from this and potentially not survive. Change requests will be evaluated for merit relative to the project goals and the net present value of the investment required and will be rejected if they do not have merit. Clear communication back to the business is key in teaching the business how the ERP project operates.

Reference groups with key stakeholders

In order to get traction for the “to-be” processes and the new economic concepts that are usually introduced with an ERP it is vital to have assigned reference groups that are consulted about the validity of design choices made in the project. Maintaining this interaction will also solidify the solution with other employees not directly involved and hence expectations are managed and quality is delivered. After all, quality is when expectations are met.

Have a solid migration strategy in place and a dedicated migration manager

A large part of the challenge in an ERP project is to move data between systems. The data will never look the same as in the old system and further, not all data can be imported in the new ERP. So, to bring clarity and manage expectations with key stakeholders a migration strategy needs to be documented and decided by the CFO. This will ensure meeting expectations also in the migration process.

Have a dedicated communications professional in the project

In large scale ERP projects thousands of employees may be affected by the change of ERP. It will impact their daily work lives. To manage their expectations many communication activities are needed to bring clarity and explain the impact it will have on each employee. To make sure this gets proper attention a skilled communications professional should be assigned to the ERP project.

Follow a clearly phased ERP project model

Adapting a generic project model to a specific one for an ERP project will help greatly in managing the scope and expectations. Gates need to be clearly defined with detailed evaluation criteria for passing. Based on the experience of many ERP projects the following phases will suffice; pre-study and requirements, design, implementation/test/migration, training and go-live. For help in devising a project model for your ERP implementation let me know. I will be happy to help!