

Assuring ERP Success



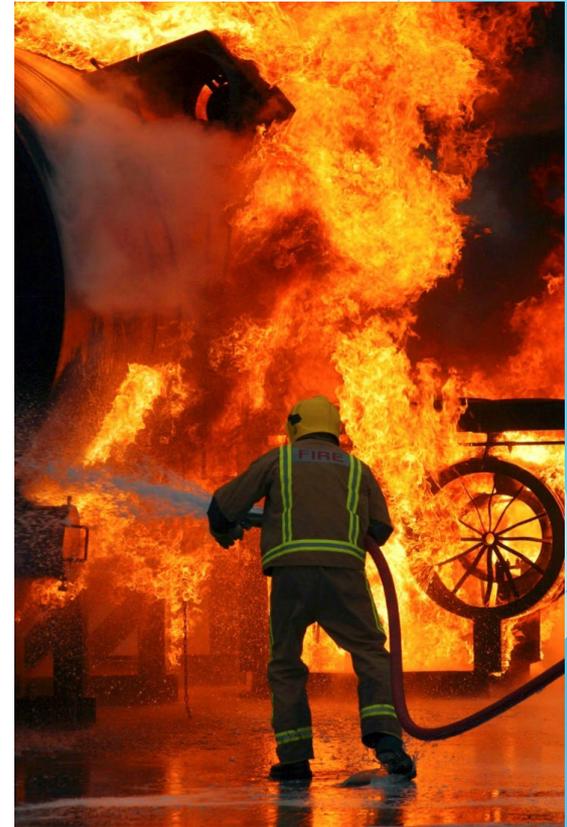
Some ERP projects are highly successful...

- ▶ Yorkshire Water
 - ▶ £30m programme with £12m per year payback
- ▶ WHSmith
 - ▶ £30m programme broke even after 4 years
- ▶ GlaxoWellcome
 - ▶ 12 month programme installed ERP system to four UK sites



...some ERP projects fail

- ▶ MFI
 - ▶ £46m loss due to inventory problems and order “shorting”
 - ▶ CFO and Supply Chain director took responsibility
- ▶ GlaxoWellcome
 - ▶ £500m of shipments invoiced from Excel over 3 months post live
- ▶ Cadburys
 - ▶ £12m profit reduction due to oversupply of chocolate



...some ERP Programmes fail

- ▶ The Standish Group has been monitoring US project failure rates annually for companies in the US since 1994
- ▶ 54% of projects “challenged” (completed late, over budget or lacking intended features)
- ▶ 18% failed outright - cancelled before completion
- ▶ 28% “successful”, up from 16% in 1994



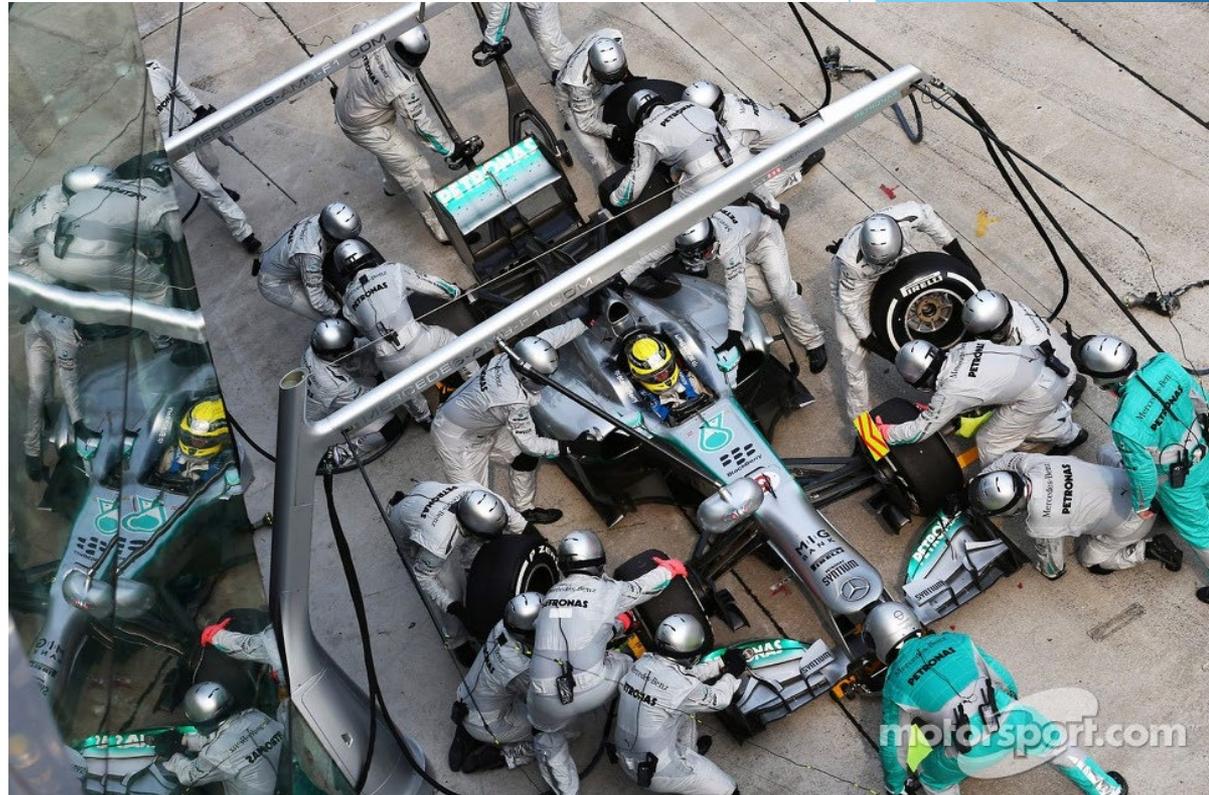
Critical Success Factors

- ▶ Routinely ignored, because:
 - ▶ inexperienced Programme Managers can't see them
 - ▶ politics override best practice
 - ▶ responsibilities become unclear (or start that way) - avoiding the traps is "somebody else's problem"
- ▶ If they are delivered then any major change project is far more likely to succeed
- ▶ And they are...



Knowing the methodology

- ▶ We never start a project without an agreed and understood methodology
- ▶ This project activity structure
 - ▶ forms the basis of the plan
 - ▶ tells us if we're on track
 - ▶ gives us a shared language with which to describe and discuss project progress, risks and issues



Not changing what's not broken

- ▶ ERP software is tested, bug fixed and patched - it works as advertised
- ▶ ERP systems are well evolved, with specialist modules for specific business
- ▶ And yet millions are spent on avoidable changes (and their repercussions) every year
- ▶ We're passionate about avoiding development – we advocate changing processes to match software wherever possible



Keeping control of scope

<u>Phase</u>	<u>Cost of software changes (Time Units)</u>
Requirements	1
Design	3 - 6
Coding	10
Development Test	15 - 40
Acceptance Test	30 - 70
In Operation	40 - 1,000



Source:

Boehm - Software
Engineering Institute

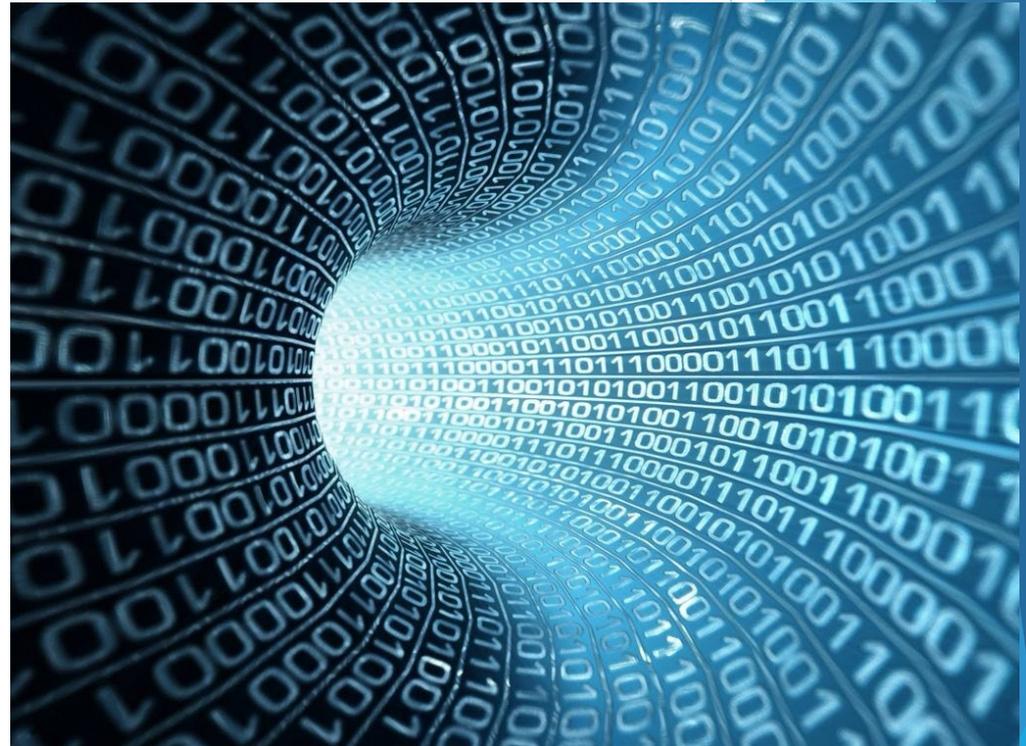
Making sure everyone commmits

- ▶ Business teams can regard programmes as threats which
 - ▶ Take away resource
 - ▶ Divert attention from the business
 - ▶ Deliver outputs unfit for purpose
 - ▶ Damage careers
- ▶ And all too often these fears are at least partially true
- ▶ We insist on the project being staffed by the client's best people



Getting clean (and staying clean)

- ▶ Data is usually the most overlooked item in the project
- ▶ And yet bad (uncleansed) or missing data is often at the root of “system” problems
- ▶ The data belongs to the business – not to the project
- ▶ We ensure that the business plays the leading role in making its data ready for – and keeps it that way



Obeying the disciplines

- Many successful businesses thrive on pragmatism and compromise
- Projects must have formality and the avoidance of compromise to succeed
- We operate to a strict routine centred around project meetings, which discuss
 - Plans and progress
 - Risks
 - Issues
 - Actions



Start turning the tanker early

- ▶ Most people dislike change
- ▶ Intelligence does not alter this – it simply makes resistance more subtle
- ▶ We know just how much Change Management is essential right from the start
- ▶ ‘Soft’ change
 - ▶ Business awareness
 - ▶ Business readiness
- ▶ ‘Hard’ change
 - ▶ Change impact management
 - ▶ Adoption metrics
 - ▶ Stakeholder commitment



Managing the triangle

- ▶ Governance makes or breaks a project
- ▶ With too little governance the project and works in silos
- ▶ But too much governance will stifle activity
- ▶ We insist on strong governance:
 - ▶ The right senior managers
 - ▶ Demonstrating their commitment
 - ▶ Allowing their people to make the key decisions



Getting it right from the start

- ▶ ERP project management is complex, difficult and there are many traps for the unwary

- ▶ Aquila's approach is based on getting the success factors in place right from the start

- ▶ And achieving mutual success despite the difficulties

