



ERP at the Speed of Light

Making Rapid Implementation Work for You

Clients who are implementing Enterprise Resource Planning software for the first time tend to be initially intimidated by the time and cost of an implementation and seek to accelerate the go-live date. Such acceleration, when accomplished with the right strategy and tools, can be of tremendous benefit, including a reduction of costs and reduced time-to-benefit (TTB). However, without the right strategy and tools, implementation acceleration carries the risk of abbreviated end user training and change management, a lack of post implementation planning, over-engineering of business processes, and other problems that in fact lead to higher over-all cost of ownership and the erosion of business benefit.

For some, the question is: to accelerate or not to accelerate? Without acceleration, the implementation will be more costly but other risks will be mitigated. Cost versus risk appears to be the choice.

In point of fact, as we will illuminate herein, clients can have it both ways.

A Brief History of ERP Implementation Methods

Prior to 1997, methodologies deployed by the various systems integrators were not adequately tailored to the unique requirements of ERP. Most relied heavily on the As-Is and To-Be phases as per pre-ERP enterprise applications projects. In the As-Is phase, a firm's current business processes were inventoried, charted, and scripted. In the To-Be phase, a firm's future business processes were designed, charted, and scripted. Ideally, these steps went as follows:

As-Is described the status quo of business processes

To-Be described the direct transfer of the as-is process into a to-be process that eliminates the weak points and achieves the intended benefit.

The key weakness of these methodologies lay in the slavish attention to the As-Is phase in which lower-level business processes were pointlessly charted and scripted at an exorbitant cost to clients and with little or no benefit for the To-Be phase. Many thought of this as the "consulting partner's retirement fund phase" and this aspect was one of the key drivers to highly-publicized cost over-runs in the mid 1990's.¹

Beginning in 1997, new methodologies emerged that more directly addressed enterprise software implementations and all stressed speed through a more direct approach, the use of conference room pilots, the deployment of templates, and greater leverage of best practices (i.e. the re-use of business processes that had demonstrably done the job).

In order to address client concerns about the high cost of implementations, many of these methodologies were branded as *rapid*: Deloitte's "Fast Track", Oracle Consulting's "Fast Forward", and KPMG's (now BearingPoint) "Rapid Return on Investment" (also labeled R²i) are a few examples.

¹ One serious consequence of these highly-publicized cost over-runs was a long-standing perception that, with such high consulting cost, ERP was not a good fit for firms in the small and medium markets which we now know is not the case.

In short order, the market was saturated with “success” stories of six-month implementations, four month implementations, and even two-week implementations. Many were expecting an ultimate claim of an implementation being completed during a long lunch hour.

While it is true that these new methodologies reduced the time needed to implement, the sheer acceleration created new problems, such as inadequate knowledge transfer, abbreviated change management, and deficient post-implementation planning. In the ensuing ten years, most of these methodologies have been refined to address such problems. All the same, as will be detailed further in this document, accelerated implementations bear such risks.

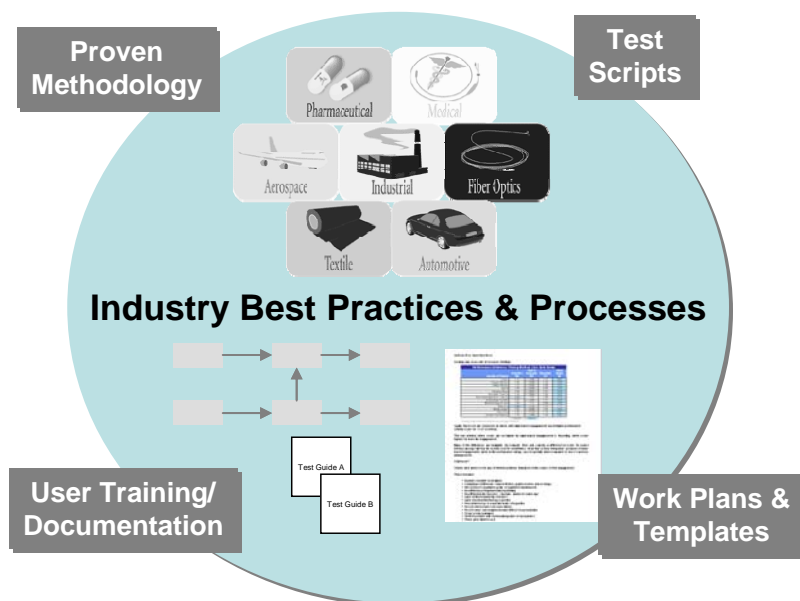
Elements of Acceleration

The most crucial element of acceleration is the re-use of existing and proven assets. As the business flows, or processes, of firms within an industry are nearly identical, pre-configured processes can be easily implemented. For example, an order to cash business process that has already proven viable for hundreds of consumer packaged goods firms will probably be a good fit for another consumer packaged goods firm. In similar fashion, how much will sales order entry differ for a firm that sells automotive parts from a firm that sells aircraft parts?

Re-usability depends upon a client willingness to adapt itself to new business processes rather than bending the software to adapt to custom processes. The closer a client adheres to this principal, the faster the implementation due to:

- A major reduction in the business process design and software configuration phases, which normally comprise more than half of the consulting effort expended
- Higher level of re-usability of scripts, templates, set-up tools, reports, and user documentation
- A reduction in scope management.

The rise of industry-focused solutions has resulted from the thousands of ERP implementations that have occurred over the past fifteen years and is a major step in the evolution of enterprise applications.





The Benefits of an Accelerated Implementation

Five key benefits can be derived from an accelerated implementation:

- Reduced time and cost
- Less disruption to the client's existing operations
- Reduced probability of over-engineering
- Accelerated time to benefit

We begin with time and cost, the traditional measures of engagement success. An accelerated implementation is first and foremost intended to reduce time to implementation and, by consequence, time-to-benefit. In both instances, an accelerated implementation should result in reduced cost.

The level of cost reduction is not simply a matter of total hours spent but also a matter of the client-systems integrator relationship. There are two poles of this relationship. At one extreme is *client ownership*, in which the client actively partners with the systems integrator in order to hasten the go-live and knowledge transfer. At the other extreme is *client acquisition* in which the systems integrator completes the implementation with a minimum of client input or collaboration.

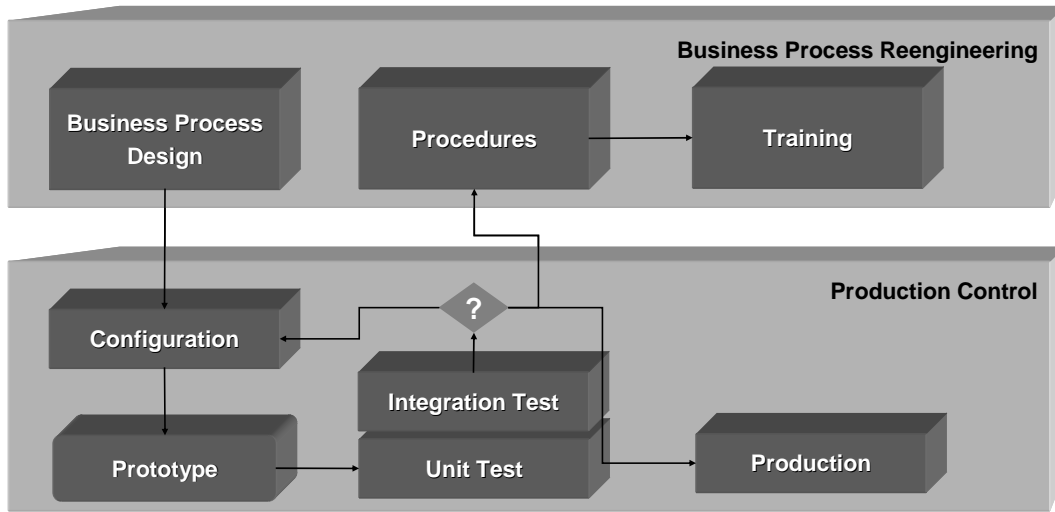
	Client Ownership	Client Acquisition
Advantage	Clients are self-reliant after go-live, having received a hands-on knowledge transfer	Less disruption of existing operations through the course of the project
	Reduced project turnaround due to more project resource and client availability	Reduced total cost of ownership as internal resources are at a minimum
	More effective user acceptance and organizational change management due to client participation	
Disadvantage	Greater disruption of existing operations through the course of the project	Clients are less self-reliant after go-live and will require more ongoing external support
	Higher total cost of ownership due to greater client participation	Organizational change management is somewhat more "imposed" due to lower client participation

In a client ownership scenario, client team members must receive accelerated knowledge transfer in order to positively contribute to the project. In a client acquisition scenario, knowledge transfer comes at the end of the project and is therefore less "hands on".

As is obvious, projects are not either 100% ownership or 100% acquisition but tend to take some degree one way or the other. We have observed that very large organizations (>\$5B in annual revenues) tend to take client ownership whereas small organizations (<\$500M) tend toward client acquisition.

It must be noted that, in any scenario, there is a certain level of disruption of existing operations in the course of an ERP engagement. Even in an extreme instance of client acquisition, client staff is required to participate in key project decision-making, most especially in terms of the business processes to be adopted. Having said that, there is a clear advantage provided by acceleration in regards to a shorter duration and lower level of business disruption.

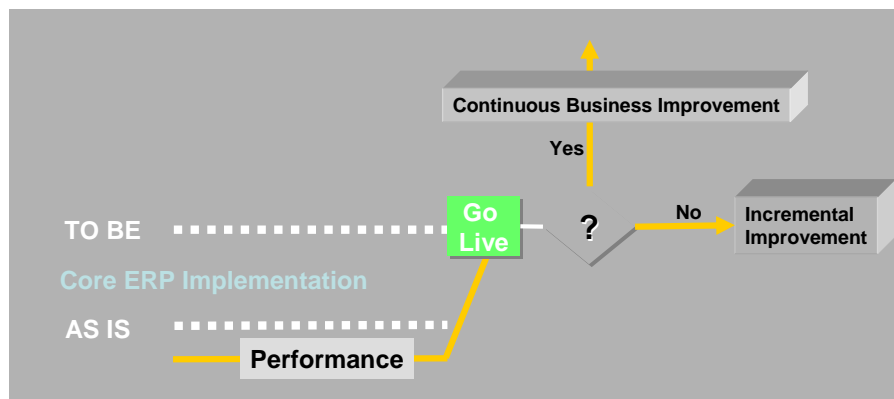
Another advantage of accelerated implementation is the reduced probability of over-engineering. Following more standard implementation methods, the business process design and software configuration activities tend to be iterative in a trial-and-error fashion as clients and systems integrators seek an “ideal” process. In doing so, the team will continually re-configure the software until they “get it right” and often the result is unwieldy for users and difficult to maintain.



One feature of accelerated implementation is a reduction of the business process design (or blueprint) phase as clients accept “out-of-the-box”, proven business processes. Such processes are not over-engineered and are often pre-configured, which also contributes to a reduction of the configuration process.

In all implementations, as clients climb the ERP learning curve, they discover that there is more that they can do than was included in the original project scope. The temptation is to expand the scope to include new benefits, thus lengthening the time to go-live. The age-old term “scope creep” does not correctly apply to ERP. While “scope creep” can occur for individual applications, ERP is enterprise-wide and embraces a suite of applications and “runaway scope” is always a risk.

In accelerated implementation, project scope is usually frozen prior to business process design. This means that newly-identified potential benefits in the course of the project will not be addressed. Obviously, if such benefits are truly desirable, they can be pursued after go-live. In any case, clients are urged to adopt a strategy of continuous business improvement after go-live, in which business processes (and, by consequence, configuration) will continue.





Beyond cost reduction, the greatest advantage of an accelerated implementation is the reduction in time to benefit. Depending upon the business goals, this reduction can be marginal or dramatic. For example, if a client is targeting a new market that requires the software, the difference between a six-month implementation and a ten-month implementation will be dramatic.

Prior to the advent of accelerated implementation methodologies, one of the most successful implementation projects I observed was for a firm that was going out of business. For such a business, acceleration was an obvious primary requirement. With potential bankruptcy looming, the client froze scope to address the most critical areas of its operations, accepted out-of-the-box business processes with little debate, and suffered only minor disruption of business operations as they were rapidly shifted to ERP supports that, in the end, saved the company from bankruptcy. In essence, perhaps the greatest advantage of an accelerated implementation is the sense of urgency and purpose it will engender.

The Risks of an Accelerated Implementation

Establishing a sense of urgency is essential to the success of an accelerated implementation. However, if the sense of urgency turns to alarm because deadlines are slipping or budgets are stretched, project speed can become a liability.

Key risks to a client opting for accelerated implementation are:

- Abbreviated end user training
- Abbreviated or inadequate change management
- Deficient knowledge transfer
- Lack of post-implementation planning

End users fulfill the business processes that are supported by ERP software and their competency, or lack thereof, has a direct effect on the efficacy of those processes. Unfortunately, end-user training is one of the more neglected aspects of ERP and can be even more neglected in an accelerated setting. This training is nearly always the penultimate step before go-live and if the project is running late and/or over budget, the tendency has long been to foreshorten it in order to save time. This time-savings will later be overwhelmed by end user incompetence and an inability to effectively fulfill the intended business processes.

Further, organizational change management often goes by the wayside in an accelerated implementation as there may be insufficient time to orient business staff to new business processes. This can be further exacerbated by the fact that "out-of-the-box" business processes may well be vastly different from those being replaced. The result of inadequate organizational change management is business disruption after go-live that can erode benefits as well as nerves.

Speeding toward go-live without taking a long-term view is also a risk of an accelerated implementation. In essence, clients should view the implementation phase as the "wedding" and the deployment of their software as "the marriage". While the wedding may last for six months or longer, the marriage may well last twenty years. A failure to plan for the post-implementation phase in which the client will have to be properly positioned to operate and enhance its ERP plant will lead to a longer and costlier shake-out and erode intended benefits.



Acceleration is not about deadlines and it is certainly not about cutting corners. In order to avoid a result in which a go-live deadline is met but end users are incompetent, business leaders are enraged, and senior management is asking just what benefit they are getting from the investment, the following elements should be closely adhered to.

- Why:** Visible, measurable criteria for success
- What:** Mastery of scope
- How:** Effective transfer of knowledge from consultant to client
- When:** Acceleration methodology and associated tools & templates

A successful accelerated implementation will combine timely completion in accordance with established budgets and a client's ability to "thrive after go-live".

Best Practices for a Successful Accelerated Implementation

During an accelerated ERP implementation, there are a number of best practices and all should be given careful consideration prior to launching a project.

Cost of Implementation

Cost is the most over-riding concern when it comes to ERP implementations. As a result, many projects are under-funded from the beginning and doomed to finish "over budget".

A best practice in regard to controlling cost is to plan with a realistic approach rather than an optimistic view. Has your organization successfully completed large-scale engagements in the past? How well has your organization worked with outside consultants? What levels of in-house expertise are available? Positive answers to such questions bode well for an accelerated approach. Clients answering negatively to such questions may need to consider less acceleration than is desired.

In this regard, clients are also advised to assure their organizational readiness for an implementation and to set deadlines according to business requirements rather than as artificial milestones.

The cost of the implementation will necessarily be a multiple of the combined cost of hardware & software. The benchmark has historically been a 2 to 1 ratio as implementation cost drivers are:

Implementation Cost Drivers	
Sites / complexity	How many operational sites are being implemented and how complex are the inter-site interactions?
Level of change	How different will the new business processes be from the old?
Legacy systems retained	How many legacy systems must be interfaced to the new ERP?
Staff dedicated	What level of staff is being committed to the engagement?
Staff readiness	How prepared is internal staff to effectively contribute to the engagement?
Management commitment	How committed is senior management to the changes that the engagement will engender?

In this light, cost should be balanced against measurable business benefit, the "why" of the implementation. Tangible business goals provide the implementation team a clear direction and a foundation for decision-making throughout the project. If benefits are not measurable, the tendency will be to question the value of the implementation even while it is in progress.

Internal Resource Dependencies / Availability

Earlier in this document, acquisition and ownership implementation scenarios were presented. Clients opting for an ownership scenario are advised to assign their best staff to the implementation project, despite that fact that in doing so they will almost certainly suffer a greater disruption of current business operations. Again, it is wise to take a long-term view. This is more difficult in small and medium businesses (SMB) as the critical mass of top talent is smaller than that of large businesses. Thus, SMBs often assign staff to implementation on a part-time basis. Such assignments will only succeed if senior management remains committed to them and resists the day-to-day temptation to satisfy short term business needs and thus let the project slip. To assure that this does not happen, many firms have used an off-site location for much of the project work, thus rendering key staff “unavailable”.

The type of staff required for the project is management or director level; individuals capable of seeing across various departments and who can understand horizontal business flow. For example, an individual currently assigned to sales order processing may well not be in a position to grasp the full Order to Cash (OTC) business process.

Order to Cash (OTC)											
Step	Phone Order	Stock/delivery verification	Accept/Enter Order	Order Acknowledgment	Select Vendor	Purchase Materials	Receive Materials	Production	Packing	Shipping	Invoicing & Collection
Department	Pre-Sales		Sales Order Processing		Purchasing		Warehouse	Production Planning			Accounting
Module	Sales/Distribution				Materials Mgmt			Production	Warehouse		Financials

Staff assignments should adhere to the follow hierarchy:

Leadership: Project Sponsors and Steering Committee Members

Delivery: Project Managers, Business Process Design/ Configuration, and Technical Lead

Framer: Organizational Change Management, Training, and Quality Assurance

Stakeholder: Party with Vested Interest in the Process/Project

Clients opting for an acquisition scenario will have a greater reliance on their systems integrator for the delivery and framer categories. Leadership and stakeholder roles should be identically filled for either scenario.

Ease of Use (Training Required / Available)

It is not sufficient to merely train end users to the features and functions of ERP. Their roles will necessarily expand from department-functional to multi-department as their actions will contribute to defined business processes. Thus, end user training should include:

- orientation regarding the business goals of ERP adoption
- basic change management regarding roles, expectations, business process principles, and help desk
- the features and functions in the context of their role in fulfilling a business process.

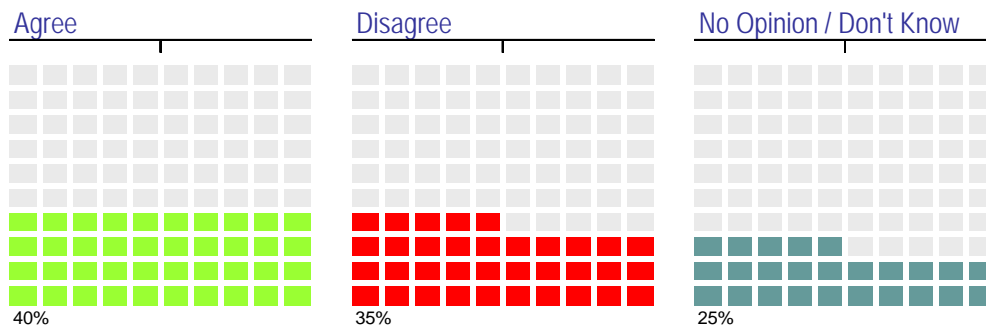
Through time, end users should receive additional training, not only in response to changes to the system but also in order to provide them a higher level of competency and thus drive business process improvement.

Best Practices for Business Processes

Since the advent of enterprise-wide software in the early 1990's, the old paradigm of making the software enable the processes that firms choose for themselves has been turned on its head. Today, clients are urged to adopt the business processes inherent to the software on the premise that these processes are the "best practices". This paradigm shift leads to a natural tug of war between systems integrators who tout best practices versus clients who insist they know their business better than outsiders.

Recent Performance Monitor field research confirms this as 697 survey respondents are clearly split on this issue.

Business and IT service providers have a greater understanding of what constitutes process excellence than do clients.



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Clients are advised to "listen to the software" and be prepared to adopt the business processes inherent therein, provided those processes will satisfy market and business requirements. While this was proven difficult in the mid-1990's, in 2006 the business processes have been proven through hundreds of times as clients learn, from project to project, that they are not nearly as unique as they presumed.

Future Configurability and Future Additional Capabilities

Business agility depends upon a client's capacity to rapidly change business processes to address opportunities or threats. After go-live, clients will have this agility provided:

1. The software was not over-engineered and/or customized during the implementation.
2. Client staff has received sufficient knowledge transfer.
3. Business and IT alignment are maintained.

Since the scope of most accelerated implementations is necessarily narrow, much more business benefit can be realized after go-live, in incremental steps that will not disrupt business operations.

Further, clients can extend their applications by adding customer relationship management (CRM), supply chain management (SCM), product lifecycle management (PLM), or other capabilities. In accelerated implementations, certain key legacy systems may be temporarily retained. These systems can be systematically retired after go-live in order to reduce the software maintenance burden.



Service Support

For at least the first three months after go-live of an accelerated implementation, most clients will still be somewhat dependent upon their systems integrator and a necessary level of coverage should be contracted. In addition to systems integration support, clients can rely upon the software support and help desk services included in a maintenance contract. Depending upon a client's level of self-reliance, higher levels of such support can be contracted.

Many clients, before or after go-live, opt to outsource their ERP operations. Such outsourcing is not an all-or-nothing proposition as clients can tailor the support to their needs:

Application Maintenance: basic applications hosting/operations, break/fix, debug, backup, etc. In short, keeping the ERP lights on.

Application Management: maintenance functions (above) plus a level of application improvement, upgrade, and/or business process transformation.

For the latter, there are various levels of management:

- Functional application enhancement as needed to assure basic *continuity*
- Frequent application enhancements to provide some *optimization*
- Defined levels/stages of business process *transformation*

Conclusion: the End of the Beginning

Think of an accelerated implementation as “entry level” ERP. Go-live is only the end of the beginning.

Post go-live, client self-reliance will depend upon the level of acceleration. Highly-accelerated implementations will leave the client in a vulnerable position if continued knowledge transfer and change management are not emphasized after go-live.

A successful accelerated implementation will provide a client the power of ERP in the fastest way possible while causing the least disruption of existing business operations. With a working core of ERP software, time pressures will be removed and clients are positioned to go back to gaps that could not be addressed in the first go. Through time, a client will reach a higher level of ERP maturity and, hopefully, will thrive after go-live.

About Performance Monitor

Founded in May 2005, Performance Monitor is the leading provider of fact-based research and advisory focused on monitoring the field performance of professional services firms.

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