



Enterprise Resource Planning (ERP) Success Factors

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Purpose of This Overview

- ❑ Understanding what ERP is all about
- ❑ Key ERP Components
- ❑ ERP Success Factors
- ❑ ERP Checklist
- ❑ Program Management

Understanding Enterprise Resource Planning (ERP)

- ❑ ERP is an integrated approach to managing the key resources of a business
 - Financial, People, Supply Chain, Projects, Process, etc.
 - ERP does not address Customer Relationship Management
- ❑ ERP's value is in the integration across the different business processes and resources built into the package
 - It differs from a "Best of Breed" approach, which is more difficult to implement due to the integration effort, but may provide better functionality and ease of use
- ❑ ERP is focused on online transaction processing (OLTP), not business intelligence or online analytical processing (OLAP)
 - Regardless of what the vendors claim

Key ERP Components

- ❑ Application Software
- ❑ Hardware: Development/Production
- ❑ Implementation Support
 - Resources: Team, System Integrator, Software/Hardware Suppliers
 - Program & Project Management (PPM)
 - Project Governance
 - Project Charter/ Scope Management
 - Development Environment (methodology, instance management)
 - Training
- ❑ Production Support
 - Hosting: internal/external
 - Service center/Support Desk
 - Performance Monitoring/Tuning

ERP Success Factors

- ❑ Solid business case for change
- ❑ Committed sponsor and executive team
- ❑ Effective governance for timely decisions
- ❑ Capable team and strong project manager
- ❑ Well defined IT architectures and principles
- ❑ Understanding ERP impacts on an organization
- ❑ Attention to organizational change management
- ❑ Continual attention to managing scope and change
- ❑ Focus on process and people, in addition to technology
- ❑ Effective project planning, initiation, and managing to the plan
- ❑ Proven project management and system development process



*Scaling the ladder
of success*

ERP Checklist

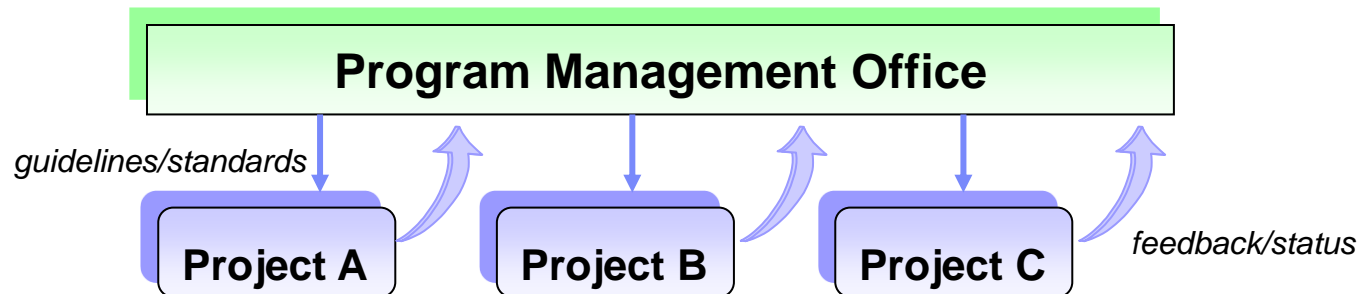
- ✓ Executive Support: level of commitment
- ✓ Project Charter: clearly defined goals, scope, plan, approach, team, etc.
- ✓ Clear and agreed to business case that provides a compelling reason to change
- ✓ Cultural Challenges/Alignment: central/distributed; top-down/consensus
- ✓ Business Process Design: degree of change sought (e.g., Job Class Schema, COA)
- ✓ Technology: Core OLTP system, OLAP and reporting (BI), Tools (e.g., testing)
- ✓ Hosting: internal or external (Managed Service Providers)
- ✓ Team Composition, Readiness, Formation: implementation and support
- ✓ Project Accounting resources

ERP Checklist (Cont'd)

- ✓ Development methods and environment (instance strategy)
- ✓ Large Project Track Record
- ✓ Impact on existing systems (number of systems/versions to replace or interface)
- ✓ Vendor Management experience/expertise
- ✓ System Integrator qualifications, role, relationship
- ✓ Deployment challenges: approach/phasing
- ✓ IT Architectures and Standards: integration approach
- ✓ Application Management and Support: plan and resources
- ✓ Program/Project Management Processes (see p. 8)

Program/Project Management

- ❑ **Project** Management is a disciplined practice that ensures quality delivery of a single project, having specific objectives and scope.
 - It is focused on detailed management of all project tasks, deliverables, and resources for a given project.
 - Team models, structure, and methods practices are key to project management.
- ❑ **Program** Management is a process that is designed to ensure quality delivery for a set of related projects.
 - It provides synergy, integration, and consistent delivery among multiple projects, with focus on multi-project integration and prioritization.
 - It is a management process that applies the proper environment and infrastructure to ensure project success



Program/Project Management Goals

Project Management

- ❑ Increases the probability of success that a project delivers planned results on time and within budget
- ❑ Ensures quality delivery and successful execution
- ❑ Provides an environment that facilitates project execution
 - Process/Methods, Tools, Organization, Skills, Governance

Program Management

- ❑ Ensures a consistent delivery approach across projects
- ❑ Assists in defining inter-project priorities and dependencies
- ❑ Facilitates successful project execution and management
- ❑ Provides oversight and control for the overall program
- ❑ Develops and supports project teams and process owners
- ❑ Continuously improves project and process management capabilities

How an Effective PMO Impacts Project Success

- ❑ There is a sense of purpose and urgency among the teams
- ❑ Everyone has a clear understanding of their roles & responsibilities
 - need validation from management and agreement from all parties
 - there is synergy among the teams and all key parties
- ❑ An integrated work plan is driving day to day team activity
 - inter-project “touch points” are defined and agreed to
 - project status is regularly reported against plan
- ❑ Issues and decision points are clearly defined and quickly resolved
- ❑ All work products/deliverables are managed in a document library
- ❑ There is open and active communication flow among all parties
- ❑ Team resources are available when needed and fully utilized
- ❑ The business owners and stakeholders are pulling for results
- ❑ Business units begin to understand why we need the project

The PMO process must impact team behavior or it is useless

Program / Project Management Deliverables

- ❑ An established PMO structure that facilitates project execution
- ❑ Well aligned expectations among all project constituents
- ❑ A consistent approach to managing projects
- ❑ A clearly defined governance structure
- ❑ Agreed to roles & responsibilities
- ❑ Standard processes for project management, that includes:
 - Scope management
 - Risk management
 - Issue management
 - Deliverable management
 - Quality assurance
 - Team formation and management
- ❑ A project support structure, that includes:
 - Project management methods and support tools
 - Project accounting and reporting system

Program / Project Management Benefits

- ❑ Maximized return on investment for projects
- ❑ Projects deliver the intended business value
- ❑ Consistent delivery approach across projects
- ❑ Improved project execution results: quality, cost, time
- ❑ Accelerated realization of benefits (time to business value)
- ❑ Integrated project solutions
 - minimized project redundancy
 - maximized interoperability

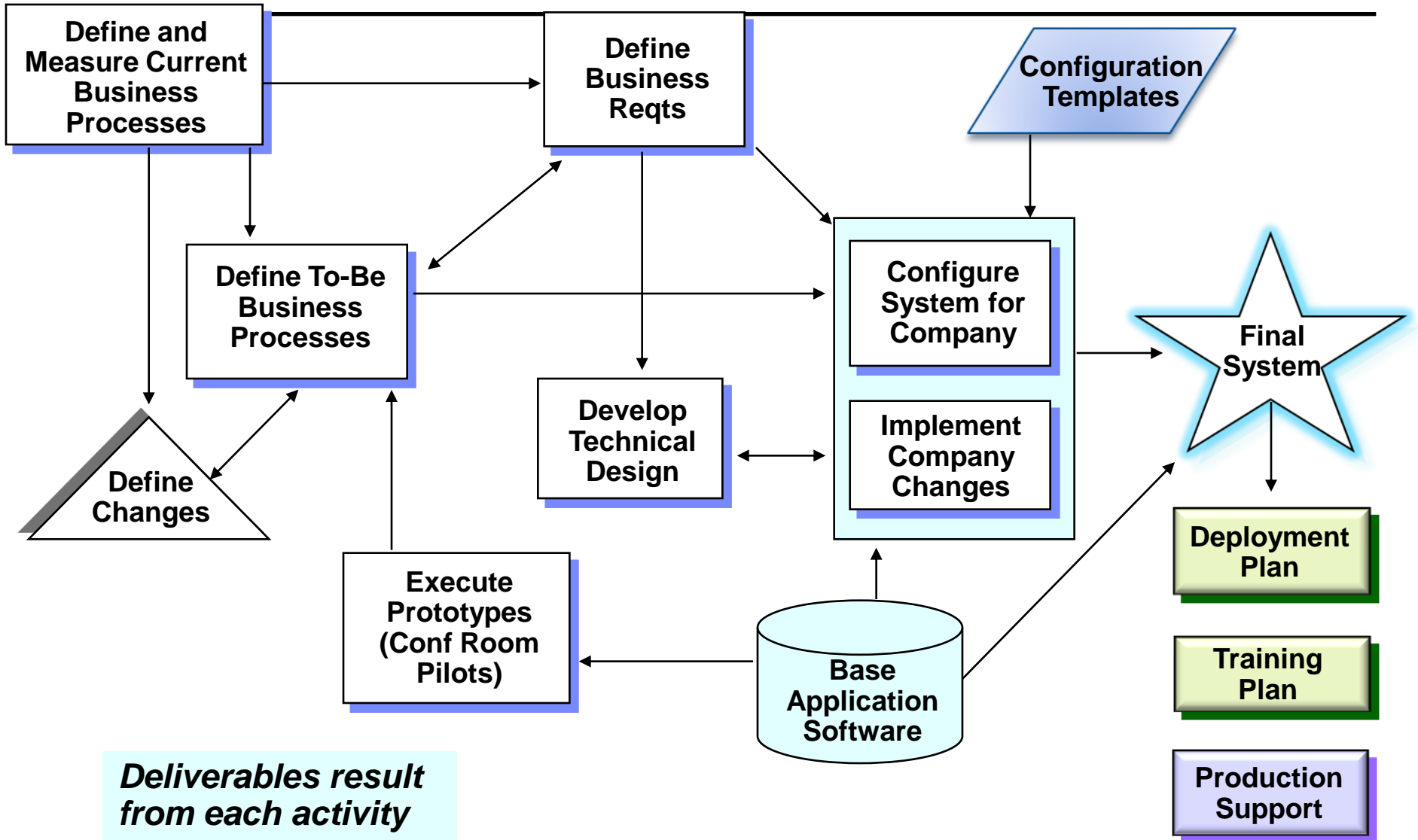
Project Management Guidelines

- ❑ Establish an effective methodology for project management and consistently apply it on all projects
 - A good methodology provides standards for quality project management
 - Project Success by YCA is a proven PM methodology
 - Support the methodology with PM tools (e.g., MS/Project, Primavera)
- ❑ Develop Project Manager proficiency
 - Hire seasoned project managers, if necessary
 - Train them in your PM methodology and standards
 - The key factor in successful projects is strong PM
- ❑ Clearly define roles & responsibilities for key project participants

System Integrator Challenges

- ❑ Clarifying the SI relationship, role, and responsibilities
 - ❑ Program/Project management role
 - ❑ Who manages who
 - ❑ Establishing shared values
- ❑ Agreeing on how the SI adds value – managing expectations
 - Driver for process redesign and brings best practices
 - Methodology differentiators; pre-developed templates/configurations
 - Expertise: Application , Industry, Process
- ❑ Establishing the contract type and accountability for results
 - Scope management / Change order process
 - Time & Materials vs. Fixed Price
- ❑ Review the SI staff and hold them accountable to provide the agreed to team

Development Lifecycle Methodology



Roles

Champion

Person who originates the idea and wants the change to occur

Steering Committee

A standing cross-functional group of senior management representing key business functions, focused on key decision responsibilities

Business Process Owner

Key managers who are responsible for driving process design, achieving project business benefits, and assuming responsibility for newly implemented process

Program Manager

Provides overall program management and support for all project teams

Stakeholders

Individuals who impacted by and will utilize the new solutions. They serve as the business representatives for defining requirements and validating new designs.

Roles (cont'd)

Quality Assurance and Project Control

Develops processes and structure to monitor and ensure project quality. Provides objective, independent feedback on project processes and progress. Provides suggestions for improving project success. Coordinates quality measures with Process Owners and Audit

Project Accounting and Control

Ensures team members have required information (budget/actuals; guidelines, etc). Analyzes and reports on project actuals to budget each month. Administers contracts and reviews project invoices from suppliers month. Administers invoice payment with Procurement. Manages and consolidates project plans, track issues, changes, scope management processes. Maintains an inventory of all project work products and deliverable

Change Communication Team

Develops a Communication Plan and ensure timely execution of the plan

Roles (cont'd)

Change Facilitator

Develops a Change Management Plan that incorporates the Communication Plan. Defines the required changes with input from Process Owners and Project Managers, assesses readiness and barriers. Ensures that Change Management plans influence Training Plans. Coordinate training across all teams

Project Managers

Provide day-to-day project management for their business function

Business Analysts and Leads

Manage business tasks and resources, focusing on details for their business function; analysts are also working team members

Technical Managers

Provide day-to-day project management for technical issues

System Development

Provides overall IT leadership for the project

**To receive additional materials and details on
Enterprise Resource Planning Success Factors,
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