



Get this ERP Project back on track or pull the plug!

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Is your ERP Project on the right track?

When organizations make the decision to launch an ERP project, the expected business benefits are high and little thought is given to the risks that will be encountered throughout the life of the project. At the outset, enthusiasm is high, project team members are excited about being involved in such a major company wide initiative and the project sponsors voice their commitment to remove project barriers that may arise along the way.

ERP implementation projects can be difficult, costly, and usually have a high risk/reward quotient. They typically require large investments of dollars, time, and can include significant change to business processes. ERP implementation projects reach into most every area of your business and can turn it on its side. While the business benefits that are the result of a successfully implemented ERP system can be high, it is not uncommon to read about significant business disruption that was the result of poorly planned and poorly managed ERP projects. Upfront planning and keeping a close tab on the project through active Project Management is critical. Unfortunately many ERP implementation projects fail or on the brink of failure even before the system is turned on.

Developing a sound business case and gaining executive management's approval to launch an ERP project does not mean that the project has a permanent green light. In terms of personnel resource allocation, investment and management attention, an ERP project should be viewed as a major undertaking for any organization. Many organizations fail to set the checkpoints along the way that would provide opportunities for the Project Management Office or IT Governance Council to evaluate the progress of the project, call for mid-course adjustments to the project structure and in some cases shut down the project.

**Enterprise
Resource
Planning. This
will impact the
entire
enterprise.**

**High
expectations for
the ERP project**

**This is a business
project, not an IT
project**

**Plan for
checkpoints at
major milestones**



Warning signals of a failing ERP project.

Successful project managers have learned through experience that there are only three critical success factors that require constant attention in order to be deemed a successful project. These are resource allocation (personnel and money), time (project schedule) and scope (functionality and deliverables). On the surface, this sounds fairly simple. Dig a bit deeper and there are several other factors that when combined become real barriers to the success of the project.

Projects that are on the brink of failure often have some reoccurring themes (early warning signs):

- Management members absent from key meetings
- Core Team members become redeployed to other projects
- Project sponsorship begins to change project priorities
- Ongoing schedule delays and missed commitments
- Project Status is vague
- Over budget with no end in sight
- Low morale and lack of teamwork
- Lots of changes to increase functionality and scope creep
- Scope reductions or removing functionality
- Unclear direction of where the project headed
- Critical issues (i.e. showstoppers) not addressed, no actions assigned or prioritized

Effective Project Managers, and/or IT Governance Councils need to recognize the signs of failing projects and address the root causes.

What are some of the underlying issues that drive the common root causes?

- Ongoing schedule delays and missed commitments:
 - Poor planning
 - Unclear implementation methodology
 - Passive project management
 - Unrealistic dates
 - Collaboration of schedule with team
 - Scope not clearly defined or managed
 - Resource time on task
 - Timely decision making
 - Ownership
 - Project tasks are low priority
- Project Status is vague
 - Project Manager delays periodic update/status meetings
 - Project status reports are late or missing
- Over budget with no end in sight
 - Poorly scoped effort

What are the Critical Success factors?

What are the warning signs?

What are the root causes?



- Unsuccessful scope management
- Poor planning
- In efficient project management
- Out of control expenses
- Low morale and/or lack of teamwork
 - Project paralysis
 - Undefined expectations
 - Lack of accountability
 - Moving project target/ changing priorities
 - Lack of direction
 - Project Sponsorship is low
- Lots of changes and scope creep
 - Lack of or poorly defined project scope
 - Inefficient project management
 - Unsuccessful scope management
- Unclear direction of where the project headed.
 - Project plan is lacking or poorly defined
 - Scope and project schedule is a moving target
 - Inefficient project management
 - Lack of ownership
- Critical issues (i.e. showstoppers) not addressed, no actions assigned or prioritized
 - Lack of ownership
 - Issue resolution process becomes a low priority

The Program Management Office / IT Governance Council must take responsibility for managing this investment of corporate resources.

Once it becomes known that the ERP project is failing or at serious risk of failing, what are the available options?

- Do nothing and hope that the project will somehow get back on track. *This is typically in the career limiting category.*
- Continue with the project and re establish project oversight and commit to periodic evaluations of resource allocations, schedule and scope. *Low potential success factor.*
- Stop the project and evaluate the situation.
 - Rescue plan – This would be created if the project is deemed worthy of saving
 - Termination plan – This would be created if the project needs to be shut down

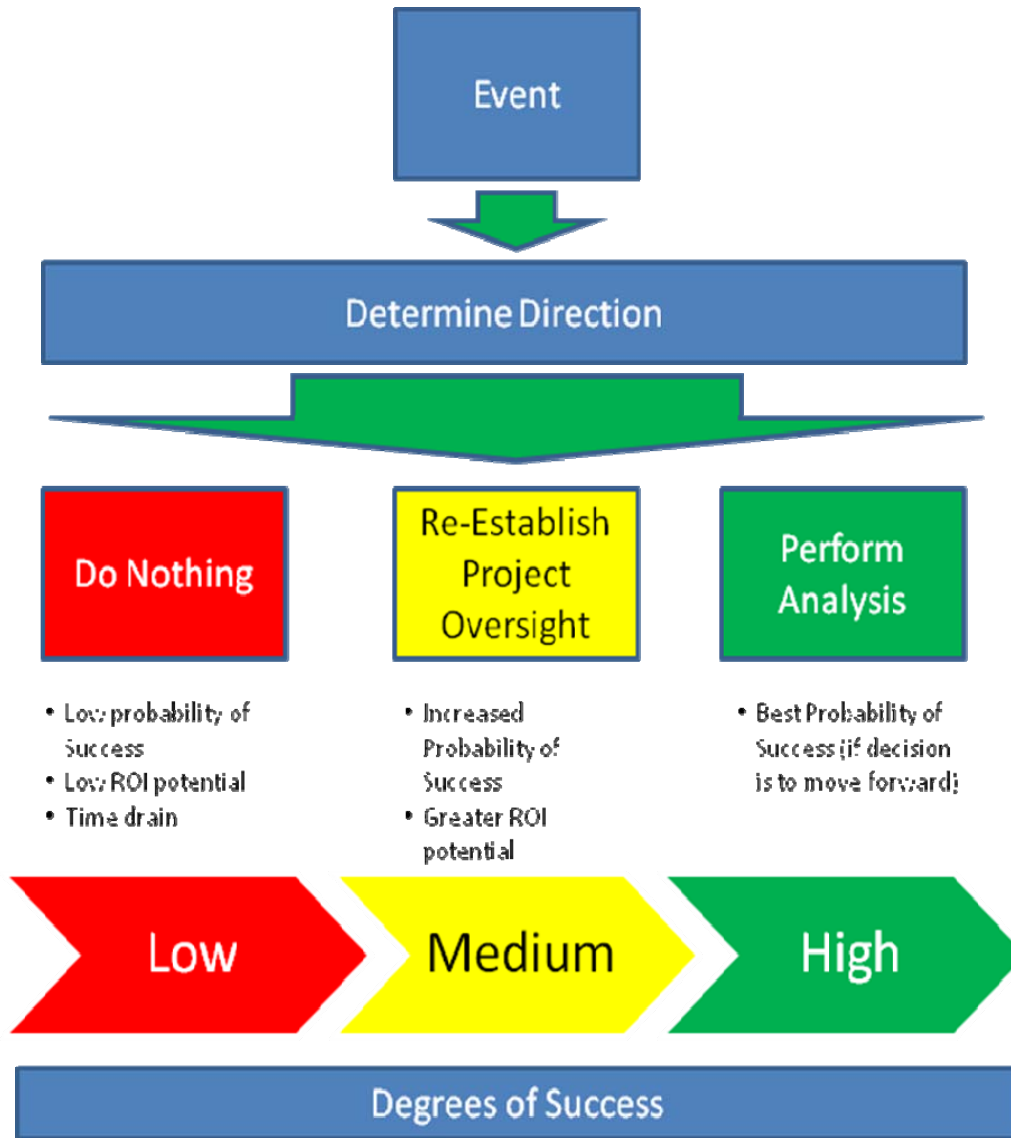
In order to get to the point of determining the best course of action for the project, a brief focused assessment needs to be performed.

Develop a plan to address the root causes

Who is responsible for taking action?

What are my options?

Project Rescue Summary Process



Assess the situation and develop a plan of action

“**Insanity:** Doing the same thing over and over again and expecting different results.” Albert Einstein



The Assessment

A triage of the project must be performed by independent and objective outside counsel. The triage consists of quickly collecting the facts, analyzing the situation, and providing a list of prioritized recommended courses of action to project leadership. The triage package should be based on the needs of each particular business unit. The assessment should be comprehensive in scope and include the organization’s cultural environment in addition to the original project critical success factors of a resources, time and scope. An evaluation of the current business strategy, degree of business change since the original project launch and projected changes to the business must all be factored in to this assessment.

Some of the essential tasks performed during project triage include:

- **Gap Assessment:** Compare the governance, structure and all activities on the project compared with best practices. Determine how the current project scope compares to the original. At the launch of the original project, there were internal and/or external personnel assigned to work on the project. Determine actual time committed to the project and tasks that were actually completed vs. the plan. Determine how much the overall business environment has changed since the initial project launch.
- **Audit:** Determine the amount of money spent on the project, the amount committed, and an analysis to determine what options exist for moving forward.
- **Rescue Plan:** A detailed set of actions, structured by immediate, one-week and one-month time periods, that when executed will establish the best chance for project survival and success. This plan becomes the project route map.
- **Termination Plan:** If proceeding with the project is determined not to be a viable option, a Termination Plan needs to be developed to shut down the project in a way that minimizes ongoing expenses and maximizes the opportunities for any assets that might have been created during project execution.

How to Rescue a failing ERP Project

If the decision is made to create a Rescue Plan for the project based on the assessment, the processes for managing the project must be changed. Expecting a different outcome without addressing the root causes is a recipe for continued failure. Rapid decision making, quick issue resolution, change processes whenever possible are essential. Each project is unique but is in need of active project management as the key to rescuing a project. There are different approaches based on individual organizations, but should include the following in order to get a project back on track:

Reassess the project positioning within the business.

Has the business changed during the course of this project?

It may be better to terminate the project that to continue forward.

Failing projects can be turned into successes



Assign an independent full time Program Manager for the duration of the project that is empowered to make and enforce decisions critical to the project

- Establishment of a action plan to move the project forward
- Establish Project Management Disciplines Including:
 - Project Control and Status
 - Issue Management
 - Scope Management
 - Technical / Modifications Management
 - Change Management
 - Quality Management
 - Risk Management
- Create / develop a governing body for the project
- Creation of detailed task list with:
 - Assigned resources
 - Due Dates
- Reset project work plan and work that plan daily
- Establish / communicate critical path tasks
- Centralize all documentation on a common platform
- Implement a communication management program
- Perform “active” project management (i.e., do the above) including all vendors that are part of the project

Action is required to keep the project on the track to success.

Greater than 60% of ERP implementation projects end in failure or when delivered fall far from expectation. Based upon our experiences, the majority of projects that fall into this failing category can be turned around in fairly short order if the project team will allow it. By definition, Enterprise Resource Planning projects have far reaching implications on your business: your customers, suppliers, vendors and other business partners will all be either positively or negatively impacted by the outcome of the project. It is important to implement the product correctly the first time even if it means to stop, review, and recast the plan. If your project exhibits any of the aforementioned symptoms, the success of the ERP implementation project is at risk. No one said this was going to be easy (except maybe the salesman).

John Turcich is the director of LTA’s Business Software Services Practice. He has 20+ years experience assisting clients with IT Project Rescue, ERP Software Evaluation, Selection, and Implementation.

Founded in 1995, Liberty Technology Advisors is a provider of Information Technology and business services. We focus on Business and IT alignment, ERP selection assistance, IT Governance and ERP project rescue.

Put an experienced Project Manager in charge.

Keep your project in the Green Zone.

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