Integrating People and Technology:

Enabling your people to successfully adopt the use of new and emerging technologies.

*You may also view our workshop on this topic entitled

You Don't Just Flip the Switch: Integrating People and Technology, on our website at:

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A quick review of ERP research revealed different strategies for implementing ERP's successfully. One can classify these strategies into organizational, technical, and people strategies. Organizational strategies for promoting ERP implementation success include change strategy development and deployment, change management techniques, project management, organizational structure and resources, managerial style and ideology, communication and coordination, and IT functional

Stop me if you've heard this one before – an organization introduces new technology with the hopes of streamlining business operations, reducing costs, and increasing productivity. But when the technology goes live, the technology isn't adopted by its employees. And the organization wonders why they are not getting the ROI expected.

So, what really causes these IT projects to fail? Is it some technical secret that most systems engineers don't know? Are IT projects so drastically complex that only the most talented teams have a hope of succeeding? You've probably personally been involved in both successful projects and projects that crashed and burned. The sad fact is that most IT projects fail because success does not only require good engineering practices and technical skills, it also requires good people practices and communication and change skills.

Oh yeah, the *people.* You know, those folks…the ones whose jobs and responsibilities may shift on account of the new *technology*; the ones who may now need new skills to be able to perform their jobs - in technical speak…the end users of the system.

Actually, this happens more -often than not when organizations decide to introduce new technology to improve communication and productivity. Studies may vary, but roughly more **than *50%* of Enterprise Resource Planning (ERP) implementations fail** and top executives within the company typically don't know why.

<u>In this whitepaper we'll discuss:</u>

- What is an ERP and what does it do for your organization?
- What functional aspects should you consider during a technical IT implementation?
- How to establish an IT governance structure and what should be included?
- How to develop appropriate change leadership to promote and maintain buy-in amongst employees (end users)?

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- How do you engage and communicate with stakeholders to minimize resistance and increase commitment?

Ok, so let's take a step back and dig into what an ERP is and what it could mean to your organization. According to **Wikipedia,**[i] an ERP is an integrated computer-based system used to manage internal and external resources, including tangible assets, financial resources, materials, and human resources. It is a software architecture whose purpose is to facilitate the flow of information between all business functions inside the boundaries of the organization and manage the connections to outside stakeholders. ERP systems consolidate all business operations into a uniform and enterprise wide system environment. Similar to what **Organization Development**[ii] (OD) practitioners do for a living…trying to increase the effectiveness and viability of an organization by working with multiple parts of the system.

The ERP market is now worth upwards of $21 billion. Going into 2008, Cambridge, Mass.-based market researcher **Forrester**[iii] predicted a compound annual growth rate of 4.2 percent for ERP solution packages and that number continues to climb. **Forrester's Forrsights Software Survey 2010**[iv] has shown the use of technology in the workplace is continuing to expand at an astounding rate.

While there are no exact 2011 year to date numbers for ERP market share or growth, industry executives say it's clearly a burgeoning market. In an effort to make operations more streamlined and effective, more organizations are implementing ERPs to assist them to do business.

Despite this increased growth, many organizations aren't achieving their desired return on investment (ROI).

The short answer as to why these organizations typically fail to achieve the ROI expected with their new ERP is because they don't account for the people side of this change. Many organizations focus more time on the technical aspects of an ERP implementation rather than on the people who will have to use it.

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Imagine the above ball of wires being the components of your ERP implementation. Now, let's theorize for a second the green string is the people component of the project. If you haven't properly accounted for the transitioning of people, mapping of skills and responsibilities to the new technology, trying to untangle and re-intertwine the string after the technology has been impemented will not only cost you budget, man-hours, and frustration, but is often a near impossible task to tackle. IT project teams can avoid such issues by systemically creating an organizational change strategy and integrating it with the technical implementation of new technology.

The organizational change strategy should include the following four components:

1. **IT Governance** – For any change implementation, including ERP, to be successful, an IT governance structure must be in place. The governance structure should consist of groups of various stakeholders impacted by the ERP. Think of this structure as a mini organization designed with the mission to execute the change and communication

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The implementation of ERP systems in organizations is an enormously complex undertaking and costly affair. So far, ERP implementations have yielded more failures than successes. Around 75% of the ERP projects are classified as failures. Why ERP implementations fail? In a recent survey, information technology managers identified three primary reasons for the failure of all IT-related projects: poor planning or poor management (cited by 77 percent), change in business goals during the project (75 percent), and lack of business management support (73 percent). So the process of ERP implementation demands the preparation of business processes (i.e.organizational fit), preparation of people (i.e. corporate culture) and preparation of technical systems (i.e. legacy systems), change management competencies, and project management (i.e. planning and competencies etc) ERP covers a wide range of functional areas, it is important for the company to have a clear goal, focus and scope prior to ERP implementation as a as a lack of this will most likely lead to project failure, companies that also do not have a clear strategic plan in regards to their businesses have high failure rate of ERP implementation .

- Journal of Information Technology Impact Vol. 10, No. 1.

effort, manage risks and issues, and make project decisions. The IT governance structure should consist of multiple levels, ranging from the executive leadership who is sponsoring the IT effort to liaisons from the impacted stakeholder groups. This structure and group of individuals is often called an "IT Governance Board" or "Change Control Board." It is imperative for the individuals serving in these roles to not only have decision making ability and influence, but also to be respected by their peers. IT governance should function in combination with *change management, leadership engagement, strategic communications* and any other functional project focused efforts.

- Create an IT Governance structure early in the IT project and keep the members engaged and informed.

- Include multiple parts of the organization in the IT Governance structure. Without a governance making body representing not only those leading the IT effort, but also those impacted by changes, decision making can become delayed, risks and issues can go un addressed, and milestones can be delayed – all leading to higher resistance and increased costs.

- Involve those that are part of IT Governance in communication and change management activities. It should be understood that those involved also have "day jobs" so set expectations regarding time commitment, roles and responsibilities early in the process.

2. **Leadership Engagement** – Obtaining leadership involvement is a must. Leadership must be one of the first stakeholder groups to support the IT implementation. They must have a clear understanding of the reasons the technology is being installed, the intended benefits, the potential organizational changes, and the desired outcomes. Leadership serves as an example for other

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impacted stakeholder groups. They are early adopters, sharing the excitement with their teams on how this implementation will allow them to do their jobs more effectively and efficiently, and benefit the entire organization.

- Engage leadership early and often. Make sure leadership is not only involved early, but that they are committed to the success of the IT effort. They should communicate early and often with impacted stakeholders.

- Engaging leadership can be accomplished by creating a Leadership Steering Committee (LSC). This group should include leaders from all impacted parts of the organization. Individuals on the LSC can also serve as part of the IT Governance structure. The LSC should be heavily involved in communications and change efforts.

- The best change leaders are those that are respected and trusted by their peers. Those leading the IT effort should not just be doing so because of their role and title within the organization. Certain skills and behaviors are required to be a successful change champion, so select your change leaders carefully.

Change leadership must be involved in the change management and communications activities throughout the project lifecycle. They must not only remain committed and engaged themselves but serve an ongoing role in increasing buy-in and engagement of others.

The number one change management factor contributing to the success of ERP implementations was the involvement and support of dedicated Project Leadership.

– Deloitte ERP Study

3. **Change Management** – No organizational change effort can succeed without proper business readiness and change planning. ERP projects have many moving parts and impact various parts of the organization both internally and externally. The professional and often personal changes that an ERP project brings to impacted stakeholders must be managed and addressed. Employees who are accustomed to completing tasks in a certain way will have to learn new skills and new ways of doing things. Roles and responsibilities may change, functions may be consolidated or eliminated, and interactions with customers and stakeholders may be redefined. For successful implementations **sponsorship and governance**[v] are imperative. Organizational impacts such as structural and cultural changes often occur, and policies and procedures are sometimes rewritten.

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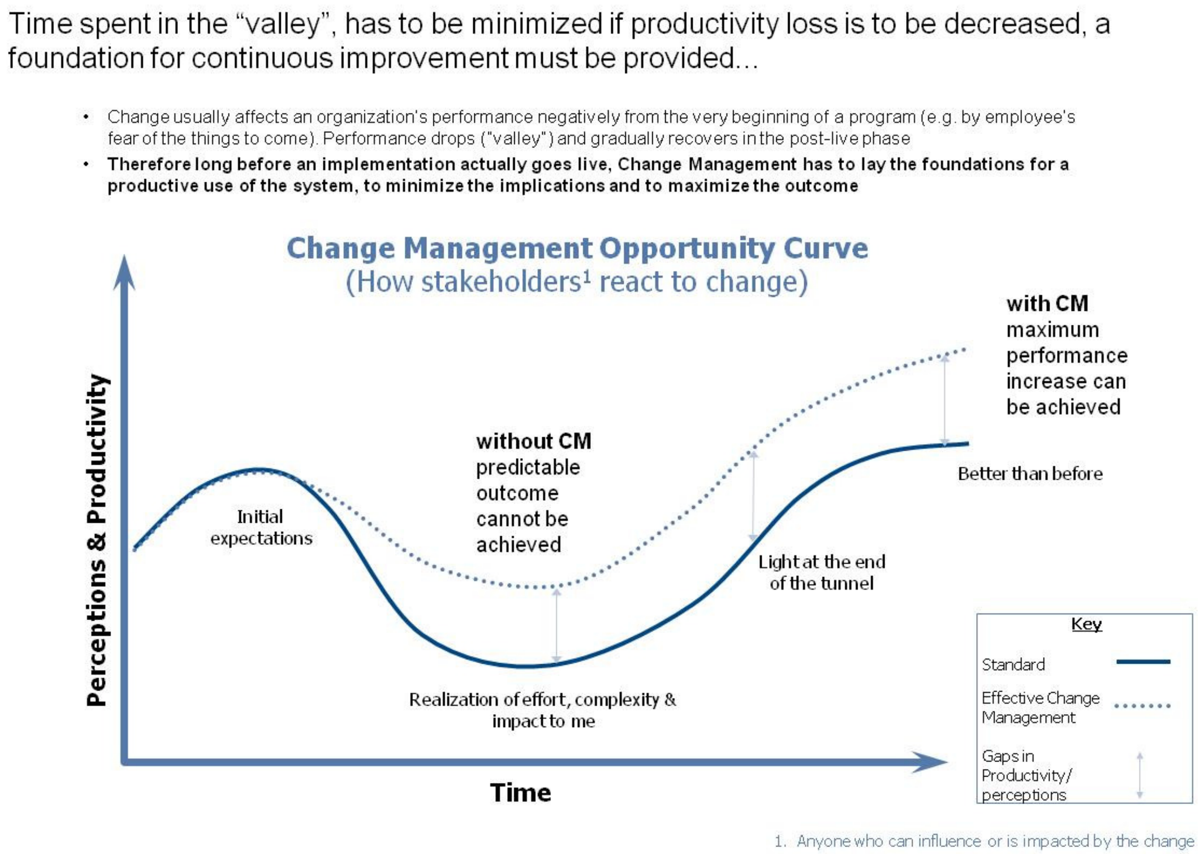
A change management framework needs to be developed to help manage how and when to address these impacts. As noted in a study conducted by **Deloitte and Gallup Leadership Institute**[vi], streamlining and consolidating is great from a technology operations point of view; however, what is the impact to the people side of the business? The end users and current employees, who will have to use the ERP in their daily work, are often overlooked in the implementation process and this can lead to a bumpy and sometimes unsuccessful implementation. To ensure productivity remains high (although a slight dip is normal) and to facilitate a smooth transition with minimal resistance, change management is a critical component to success.



- Conduct a business readiness assessment prior to beginning the IT project. The assessment should provide a baseline of how those in the organization are currently performing tasks, roles and responsibilities, and how the possible changes brought on by the IT project will impact stakeholders. It is also helpful to determine a baseline of organizational culture and employee satisfaction prior to beginning as well.

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- Understand that productivity and resistance will decline initially, while impacted stakeholders adjust to changes. A critical component of making sure this decline is only temporary is to have a clear change management framework in place that begins prior to implementation and continues throughout post implementation.

- Training for employees is critical to success. Users will most likely need some new skill sets to execute tasks in the ERP system. They need to feel prepared they can handle and succeed at job duties in the new environment. Learning and development needs analysis and roles and responsibilities alignment should be part of the change management process.

- A successful change management plan includes multiple parts and activities, including a communications strategy, a network of individuals to manage the changes, leadership commitment and involvement, training and clear governance – it is not just a pretty diagram or spreadsheet.

4. **Strategic Communications**: How you communicate with the organization regarding the implementation can make a huge difference between success and failure. A detailed communications strategy must be developed and executed. The communications strategy should include identification of all target audiences and users; this often includes not just employees but also vendors and customers. Prior to beginning communications a clear vision and strategy for the implementation of the new technology, *the why, the what and the how,* must be developed. A communications action plan should then be created to identify the appropriate content, vehicles, and frequencies of communications to the specified stakeholders.

   A key component of the communications strategy must provide for receiving input and feedback directly from impacted stakeholder groups. For people to maintain buy-in and commitment during times of churn and change they must have a means for their voice to be heard, a way to communicate issues and concerns. The communications strategy should include set clear milestones for the project, communicate goals, and celebrate their completion. By focusing and delivering on each milestone, the goal seems more immediate and achievable. Communicating clear objectives throughout the project is critical, particularly when the implementation not only involves employees but customers as well. Development of a communications strategy is an important first step toward success.

   - Communicate early and often!

   - Create not just a communications strategy but a communications action plan. This should be a document that accounts for all affected stakeholder groups and details the scheduled content, vehicles, and frequencies for communicating. This is a living document and should be updated frequently.

- Perform a detailed stakeholder communications analysis prior to developing the communication strategy and action plan. Find out what types of communications are preferred and most effective by various stakeholder groups. Customize communications to what already works well and leverage ongoing communications vehicles that are already in place.

- Engage leadership and those who are part of the IT Governance in communications efforts. Additionally, those that are performing change management activities and participating in the change management framework should also be involved in communications.

The design, sequence, and management of these activities are critically important. A skilled organizational change expert with IT experience will know how to do this well. A typical ERP implementation takes between one and three years to complete and can cost millions – it must be done right. Implementing an ERP is only part of the solution to creating a seamless operational environment. The complete solution is a continuous change process and involves more than just the technical aspects. To ensure the money spent on an ERP offers the streamlined operations and return on investment expected, people and change issues cannot go unaddressed. It is critical to have an experienced ERP change management professional guide this process from day one. After all, a piece of technology is only as effective as the people who choose to use it.

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Sources:

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