

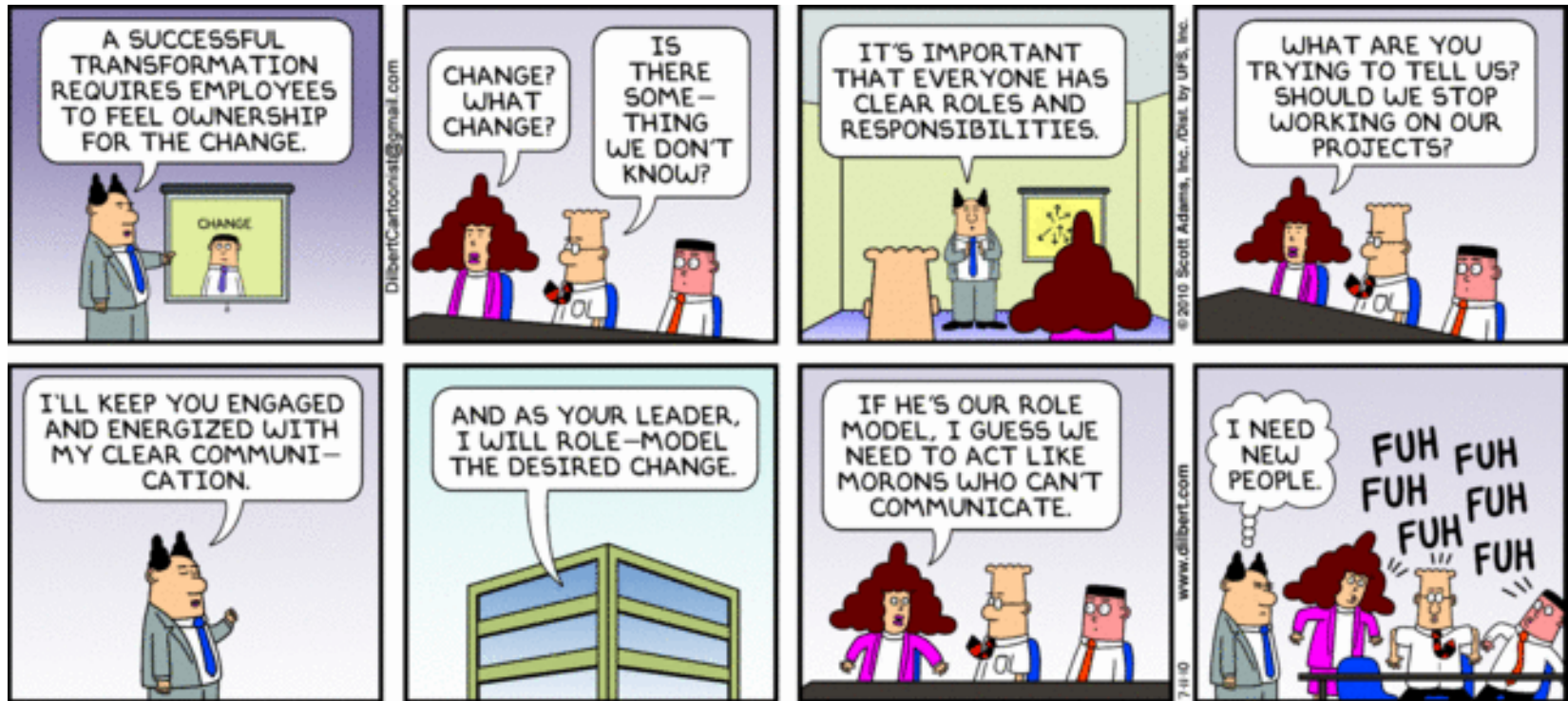
Managing Change in an ERP Implementation

APICS Austin

Govett Consulting, LLC

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A Successful Transformation



What we do

- Senior independent IT consulting since 1998
 - Consultants Background - big and small consulting firms , manufacturing, systems program/project management and implementation

- Small to Mid Market focus
 - ERP Software Selection
 - ERP Implementation Services
 - IT Strategic Planning (IT Strategy, Acting CIO/IT Management)

- Currently involved with two SaaS implementations
 - Plex Online (Live March 2013)
 - SAP ByDesign (Live Nov 2012)

Reaction to Change

Your boss just walked in:

- Company is being reorganized
- You have been promoted to a new role
- You are being asked to relocate to Dallas

What are you feeling?

- ERP Change Management?
- Steps to Creating Change
- Resistance to Change
- Few Tips/Tools

What is Change Management?

- ❖ Transformation of people, process, and systems to achieve a vision
- Change does not happen with one event but a multi step process that is integrated with the “systemic” ERP plan
- In the ERP world change may affect:
 - People
 - Processes
 - Tools
 - Organizational Makeup
- Change is guided by leadership but driven by the ERP team
- Manage expectations
- Remember your reaction to personal changes – walk the talk – listen - communicate

Eight Stage Process for Change *

- Establishing A Sense of Urgency
- Creating the Guiding Coalition
- Developing A Vision and Strategy
- Communicating The Change Vision
- Empowering Broad-Base Action
- Generating Short Term Wins
- Consolidating Gains and Producing More Change
- Anchoring New Approaches in the Culture

* Source: "Leading Change" by John P. Kotter, Harvard Business School Press, 1996

Applying Process Steps to ERP

Establish Urgency

- Customer Expectations
- Highlight Opportunities
- Honest talk
- Manual effort
- New products
- Recognize complacency

Create the Guiding Coalition

- Leadership walkthrough
- Power with credibility
- Careful selection of ERP team

Develop Vision

- Usually drafted by one but finished by group
- Why are we doing this?
- Test on the ERP team
- Manage expectations

Communicate

- Keep it simple
- Communicate in your company culture
- Executive personal message
- Repeat in small groups
- ERP team leads by example
- LISTEN – Answer questions
- Manage expectations

Take on the Status Quo

Sample Vision

In a continuation of Company XX vision of XXXX , we are implementing an ERP solution that is founded by the following drivers:

Project Driver	Description
Reduce gaps and manual integration points	Replace the current system(s) with an integrated solution to integrate critical business processes.
Prepare for growth	The current solution is not able to handle the anticipated growth. The new solution will prepare a foundation for the future growth.
Management of outsourced model	Develop processes to effectively manage the supply chain of our manufacturing business models.
Transparency of information	Lay a foundation for Improved management and operational decisions through better visibility, accuracy and timeliness of data, and integration of critical processes.
Process efficiency	Utilize the best practices embedded in the ERP solution in conjunction with Company X already completed process improvements and efforts.
Market Responsiveness	Develop a foundation to improve our ability to respond to customer and market expectations.
Financial Visibility	Improved financial and costing analysis of manufacturing, product margins, and other elements of the supply chain

Sample Vision

Company X seeks to implement XXX as the core ERP system across the organization. The main objective of this initiative is to:

Create value to our stakeholders –shareholders, associates and business partners – while maintaining or expanding our competitiveness in the market. To achieve this, we will:

- Consolidate applications into one consistent platform
- Provide a platform for growth through organic expansion and acquisitions
- Automate many of the manual operational, procurement, and financial related procedures
- Simplify and standardize business processes by adopting Leading Practices

Applying Process Steps to ERP

Empowering Action

- Careful selection of ERP team
- Recognize dedicated time and availability
- Training
- Compensate
- Recognize resistance
- Confront structural barriers
- Action meetings vs. status

Short Term Wins

- Identify in planning
- Celebrate as a group
- Recognition by leadership
- ERP Specific:
 - Look for visible wins
 - Successful process walkthrough
 - Subset of data migration
 - Highlight issues resolved
 - Change process prior to ERP

Consolidate Gains and Produce More Change

- Set expectation
- Start list of opportunities
- Usually comes from extended team members
- Incorporate into plans
- Reward behavior

Anchor

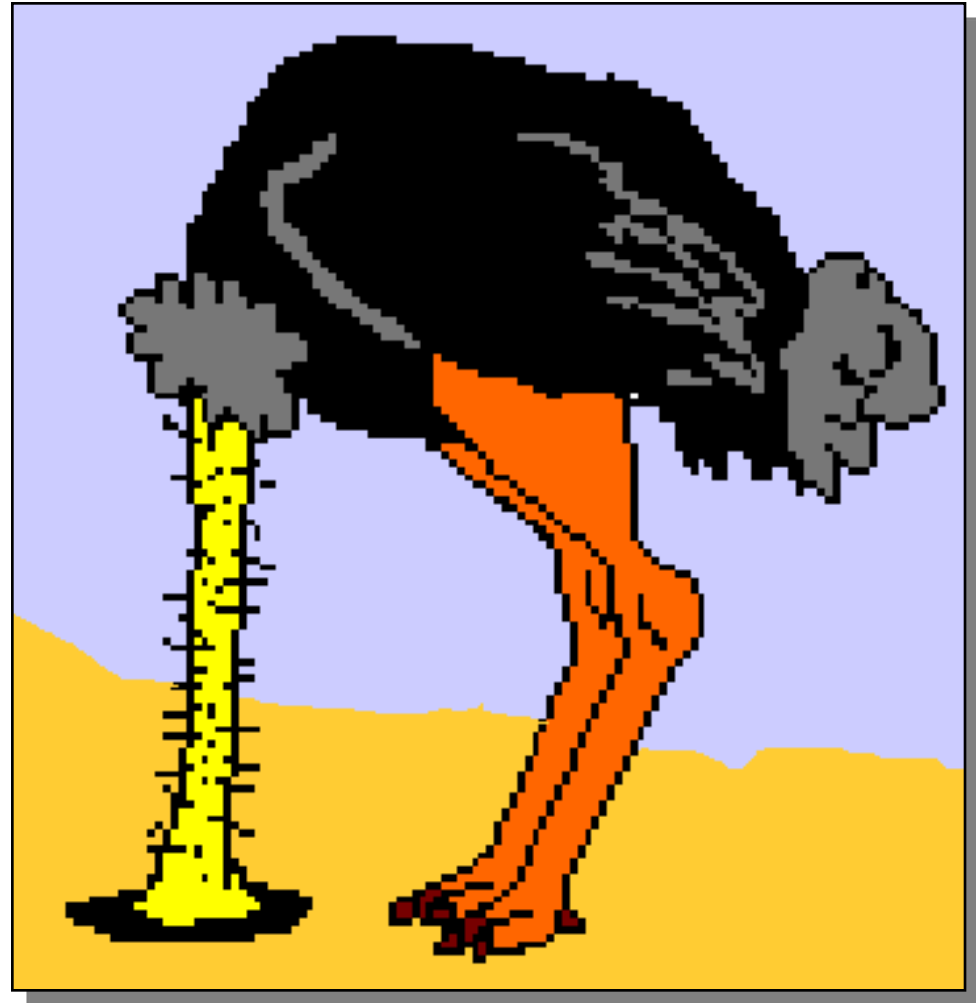
- Walk the talk
- Stay the course when conflict arises
- Executive leadership
- Requires lot of personal interaction
- May require tough decisions

Resistance to Change

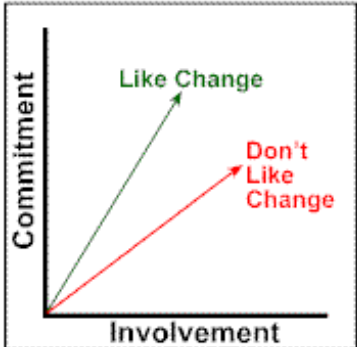
**Resistance to change
is natural.**

**How can we help reduce
resistance on ERP
implementations?**

- ✓ Early involvement
- ✓ Role Understanding
- ✓ Recognizing resistance
- ✓ Issues vs. Status
- ✓ Honesty



Resistance to Change

Strategy	Actions
<p>Early Involvement</p> 	<ul style="list-style-type: none"> ✓ Early communication – explore ways to get involved ✓ Create a cross functional ERP Team ✓ Include cross functional team in major process walkthroughs ✓ Identify extended users – pull in as early as possible ✓ Identify early training ✓ Commitment goes up with involvement regardless of whether people agree with the change
<p>Role Understanding</p>	<ul style="list-style-type: none"> ✓ Understand role in ERP and new process ✓ Use of RACI ✓ Practice new roles in pilot and process walkthrough
<p>Issue vs. Status</p>	<ul style="list-style-type: none"> ✓ Communicate status facts prior to meetings ✓ Use frequent meetings to discuss issues and barriers ✓ Issues usually don't get solved in meetings
<p>Understand Resistance</p>	<ul style="list-style-type: none"> ✓ Identify form of resistance ✓ Address resistance quickly – delay makes it worse ✓ Know the Fox in the Henhouse
<p>Honesty</p>	<ul style="list-style-type: none"> ✓ Be honest on expectations and assessments

Understand My Role

Help answer the question - What is My Role?

- Create RACI tables for major decisions and/or tasks
- Do with the complete cross functional team
- Don't overkill but can be very effective by opening up communication and eliminating resistance
- Use for daily process roles as well as ERP project
- Only ONE person is marked Accountable

RACI Definitions	
R	<p>Who is Responsible ▶ The person who is <u>assigned</u> to do the work</p>
A	<p>Who is Accountable ▶ The person who makes the <u>final decision</u> and has the <u>ultimate ownership</u></p>
C	<p>Who is Consulted ▶ The person who must be consulted <u>before</u> a decision or action is taken</p>
I	<p>Who is Informed ▶ The person who must be informed that a decision or action <u>has</u> been taken</p>

Example of RACI

Order to Cash Process	ERP TEAM						MGMT
	CS	FIN	OPS	SALES	ENG	IT	
Customer Account Master Data	R	C	C	C	C	C	A
Customer Account Financial Setup	C	R	I	C		C	A
Pricing and Discounts	C	C	I	R		C	A
Sales Order Entry	R	C	C	C	I	C	A
Customer Demand/ATP	R	I	C	C	I	C	A
Post Goods Issue	I	C	A/R	I		C	I
Outbound Delivery	C	C	A/R	C		C	C
Invoice Creation	I	A/R	I	I		C	C
Payment Receipt	I	A/R	I	I			C
Sales Critical Report	I	I	I	A	I	R	C

RACI = Responsible, Accountable, Consulted, Informed

Dealing with Resistance

Resistance Form	Acknowledgment
Avoid responsibility	"You don't see yourself as part of the solution?"
Give you tons of detail	"You're giving me more than I need. Can you headline it?"
Silence	You are not saying much – something we need to talk about?
No Time	I know you are having trouble finding time but I need more time from you – what can we do?
Nit-Picking	We are getting into too much detail – let's take it up a notch before we go there
Pressing for Solutions	It's too early – we are still trying....
One word answers	Tell me more about that..
Impracticality	You seem to feel this is not real world – how can we make it more realistic?
Confusion	We are having trouble moving ahead – are you confused about something that I can maybe help to explain better?
Attacking Style	You seem to be really questioning a lot of what we are talking about – you actually seem angry. Is that true?
Complacency	You seem to agree with everything I say and just want to double check that you feel open about providing your critical input.



Thank You!!

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