



Unstoppable Momentum: Making Real Change with ERP

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People underestimate both the power and the difficulty of change, especially when it comes to implementing systems which, by every rational measure, should result in improvements for all concerned.

Why is real change so difficult to achieve? And why are organisations so often disappointed in the results? We believe that organisations need to set technology criteria to one side, and focus on the context in which their business processes unfold. It's only by getting a realistic sense of the business's operational drivers that leaders can create successful transformations. Put technology back in the box, and master the forces of change.

The essence of vision

Firstly, implementers must never forget that every planned change represents a threat - or a perceived threat - to some existing interest. ERP systems - in common with other disruptive technologies like CRM - inevitably challenge existing silos, entrenched processes and protected job functions. Crucially, techniques that have been proven over several lifecycles may be challenged by the ERP implementation, meaning that people are being asked to ditch tools that they know to work in favour of an intangible system introduced from outside. ERP turns organisations upside down, and inside out. This is a fact that cannot be finessed away.

Those who are going to work with the new processes, and the people who manage them, need to be guided by a vision that communicates not only the economic or organisational benefits of the proposed changes, but one which describes in a solid, specific manner exactly what the future will look like. It's essential that this vision isn't a vague picture, or a fantastical one, or one that's been lifted from another organisation. The picture you paint must be sourced from the environment where the change will impact. Fail to provide such a vision, and you will inevitably meet resistance: that's an entirely natural reaction for anyone to take in the absence of any meaningful, positive direction.

A coherent vision will head off people's tendency to protect existing structures and processes. The vision needs to be easy to understand, and closely linked to personal meaning. Decision makers sometimes attempt to sell change by sharing the economic benefits associated with the plan. While people affected by the change may appreciate these arguments at a logical level, they are unlikely to be moved by them at the level of personal motivation. They may even resent the implication that the organisation will benefit at the expense of the individual's job content - or job security. People who block change often do so because they believe - in the absence of any suggestion to the contrary - that it's in their best interests to do so.



What's in it for me?

One way to begin creating this vision is to benchmark the business's processes against industry best practice. An objective assessment of this kind can provide a valuable counter to more generic appeals to economic benefit, but it won't pass the personal "so what" test. What's best practice for the company may still imply pain for the individual. Your analysis of the business's current state and its future opportunities for improvement also needs a dynamic element: a means of including people in the changes suggested by the analysis, and a way of giving them ownership of those changes.

We have recently developed this kind of vision by taking an assessment into the visioning process at a luxury car manufacturer. We ran a series of process workshops to explore the assessment and its implications for processes at the company. The question driving each workshop is: If we believe in making this change, what will the transformed process look like? We record the answers to this question in plain English, with simple diagrams. We avoid using any IT terms, and never mention any particular system. For each process, we then write a Change Impact Description. This describes which business rules will be changed, what activities will be involved, the high-level system requirements needed to support the new process, and the problems that will be solved by making the change. We can then characterise the benefit for each change: we say where we have removed delay from a process, or duplication of effort, for example, but also how the individual delivering the process benefits.

And this is perhaps the most surprising, and powerful, effect of this approach. Organisations typically avoid confronting the step of identifying personal benefits because they believe, along with the "victims", that the personal outcomes are likely to be unwelcome. But, in using this approach, we have yet to find a situation where the personal impact of change is a lost job. On the contrary: we find time and again that individuals are released by change to tackle more responsible, and more rewarding, tasks. Counter-intuitive? Only if you see automation as a force for the removal of people. However, we believe that the era of workforce reduction is more or less over. Companies have done that. There's still waste to be cut - and there always will be - but the knowledge and skills of today's workforces is highly valuable, and highly adaptable.

The most common example of this effect that we find occurs in the supervision and management layers. An assessment of the business's current state will often expose wasted rework, checking and alignment activities associated with reporting. ERP's principle of supplying a single source of the truth wages war on this kind of behaviour. The behaviour is often deeply embedded - and has become the core function of those performing it. The visioning process allows everyone involved to see that these activities can be stripped away, and goes on to describe how the time and expertise released can be redirected into the business. So, for example, we know firms that desperately need to improve their product management functions, but can't afford to bring in new people. A successful ERP implementation can liberate current managers to retrain as product managers. They're the best candidates for these functions, and they're probably itching for progression. The change process suddenly becomes an enabler of their personal and career goals. The existing situation is now the obstacle, not the proposed change.



With individuals bought in to the visioning process, and driving its progress, a very interesting thing happens: the momentum for change builds organically within the company. Instead of suspicion, we see the desire for change. As the vision solidifies, it becomes more “natural” than the current situation. People begin to feel uncomfortable with current processes, and even start to retire and replace aspects of the legacy ahead of formal implementation of any new system. They are truly empowered to make change - and to see the work environment as something they have control over. They’ve become the real change makers: the original leaders of the change process are now acting as facilitators and supporters.

Self-drive solutioneering

The second step to successful change management lies in the process of selecting the new solution. Traditionally, organisations put together a statement of requirements and then submit themselves to the attentions of the vendor market. Some vendors will politely set those requirements statements aside and present the virtues of their own products, assuming that any business need can be addressed by their highly evolved, market-tested systems. Vendors may of course have a completely valid point here - but only at the logical level.

As we have seen, successful change is not about revealing truths to people, but about empowering people to own the processes of change. We must therefore make sure that the search for a physical solution to the vision is owned and directed by the people who will experience the proposed change.

The search for the solution is driven by the business’s view of what it needs, rather than the features available in the marketplace. Organisations describe what they want to do, and invite vendors to demonstrate how their solutions deliver that functionality. Decision-making is now focused on gap analysis. Is the business’s requirement in one functional area so unique that it can’t use any of the approximations offered by vendors’ solutions? Or is it worth changing the business process to make use of what’s available? Each decision will be unique - and each will be objective, and tied to an explicit model of the desired business state. In this way, trade-offs are decided on an informed and case-by-case basis, with the business in control all the way through. If a business process can be changed to match a cheap, easy-to-install and easy-to-maintain boxed function, without loss of business fidelity, then it’s worth taking the boxed function. If that’s not possible, then the organisation will have an articulated business justification for developing its own solution for that process. As the overall solution is composed, each decision is recorded and everyone involved is accountable for the final design.

Retooling your people

The change agenda generated from the original visioning activity drives the solution search activity, but it also drives a parallel human process. While the organisation is investigating what’s available in the market and judging the fit to its own needs, it is also working out the transition impact for its people.

Let’s take our middle managers who we plan to liberate from administrivia (or should that be madmin?) so that they can lead the firm’s product development function. How does each of those individuals match to the requirements of the new role? We can assess their current skills and interests, and make similar descriptions of the new roles. We can then prepare upgrade plans for people so that they can acquire whatever they need to perform in the new business environment. So, for example, we may need to train engineers in collaborative working skills, or presentation techniques.



But, we also need to plan for the reception and operation of new processes amongst staff who will not be moving between functions. All too often, supposedly ideal new processes are dropped into working environments and fail to achieve their planned benefits - and no one knows why. Usually the reason is that no preparation or training is offered to the people who must make those processes perform in the real world. We assume that people have all the skills that they need to cope with change, but this isn't completely true. They may have the necessary talents and the motivation - but skills don't emerge fully formed from talent and motivation. It doesn't matter how long you stare at a piano, you're not going to be able to hammer out a good tune without some tuition.

Perhaps the most pernicious effect of information technology has been the easy assumption that well-designed systems will somehow engender new skills in the people to which they are exposed. But if this were true, none of us would ever have to suffer through another poorly constructed slide presentation. The same goes for ERP. Ignore the needs of the people who are going to use the system, and your investment in the system will be wasted. Everyone needs training and support if they're to make the transition to a new state.

Trust or rust

ERP's central benefit is the creation of a single source of the truth to which everyone in the organisation can refer. It may be worth asking why organisations have divergent versions of the truth in the first place - and why those misalignments do not disappear under pressure from the individuals that rely on the information. From our observations of many organisations struggling with this problem, we believe that the root cause can be found in failures of trust. People simply do not trust others to get things right. They believe that local control over "the numbers" will protect them from the negligence or ignorance of others, and therefore reduce their personal risk.

Some managers will articulate this rationale, and even defend it on the basis that conflict amongst vying truths makes for better decisions. Most, however, are uneasy about making such statements, and may simply pursue their own silo'd information systems because it's what they've always done. Local ownership of systems is, unfortunately, easily confused with local rights of data ownership. While a department may have sourced IT solutions from its own budget, the data it collects and processes with those systems belongs to the organisation as a whole.

Failures of trust are a hidden form of waste that, when eradicated, can release great benefits to the organisation. Duplication, checking and comparison activities evaporate as people orientate their thinking around a common, authoritative information set. But it's not the existence of the common data set that creates trust: it's trust that allows shared resources to be implemented successfully. Including people in the visioning and solutioneering activities are excellent ways of encouraging trust. These processes allow people to come together and work on shared problems. They begin to see how their interests are aligned with each other, and how the work of different areas contributes to broader organisational goals which in turn generate benefits that flow back to the business units and individuals. Perceptions of inherent conflict evolve into a sense of common purpose - a sense that is ideally exemplified and animated by a shared view of the truth of the business's state.



Conclusion

Making successful change with ERP implementations has little to do with technology, and much to do with management. There are three touchstones for leaders who want to get it right:

- Create the change agenda early
- Build an inclusive vision
- Negotiate effective trade-offs in the solution

As organisations continue to improve their operations, making a difference to the bottom line is becoming more and more about subtle changes rather than grand revolutions. This is also true in the software business, where applications continue to mature, and where fitting a boxed solution to a specific business environment is becoming a matter of configuration rather than code development. From this perspective, all business development becomes a matter of change management, in the sense that we have described in this paper. Running the business becomes synonymous with continuous improvement, controlled by an inclusive vision and an objective match-to-fit approach to solutioneering. It's about being liberated to evolve the way you do business - so that you stay in business, and push the business forward.

Procertis Ltd are a business solutions company specialising in helping organisations extract maximum business value from their IT investments. We do this by thinking about technology only when we have understood the business. For further information tel. +44 (0)1926 400822, email info@procertis.com or visit www.procertis.com