



I.T Project Implementation - The 12 Cardinal Sins



The 12 Cardinal Errors of a Large IT Project.

MXI Consulting have been servicing customers in the ERP/MRP market for a decade or more. Along the way we have learnt a lot. Please find detailed below what we've discovered are the 12 most damaging errors made when implementing an I.T. project.

If you can avoid all or even some of the following you will significantly improve your chances of achieving the agreed Return on Investment for the project.

(1) Lack of Senior Management Commitment

Managers are paid to make decisions sometimes the decision is to delegate. This is not the time to delegate, even though it is tempting. Harry Truman had a sign on his desk, "the buck stops here" the same applies with this I.T. project. Get involved, give the project active support, get the best people involved who know the business and its needs.

(2) Functional Specifications

Surveys have shown that inadequate definition of functional requirements account for nearly 60% of ERP implementation failures. This is simply a matter of not systematically developing a reliable set of functional requirements definitions. This leads to the second greatest cause of ERP implementation failures: poor software selection.

(3) Poor ERP Software Selection

Poor software selection occurs when a company has inadequately developed functional requirements definitions. It also occurs when staff members assigned to ERP projects do not take the time to access the new system, as they would during their daily work tasks, to find out if the proposed software package features are adequate for their needs. Far too many people are forgiven failure when they inadequately contribute to the process of drawing up specifications. Excusing themselves with "I am too busy doing what I am paid to do" means your investment will be wasted .

Another familiar reason for failure is that Executives, familiar with the ERP system from a previous job implement the same system in their new company without defining functional requirements. We have also encountered companies who made major gaffes by selecting a over specified package at the top without intimate knowledge of either its characteristics or their specific requirements. What often results from this is the ERP package doesn't fit the organizational needs, or that the package selected takes longer to process daily work tasks. We have also seen executives select a distribution package for a manufacturing environment, or a manufacturing package for a distribution environment, often based on a whim or pre-existing supplier relationship.

(4) Resources are the Key

The fourth reason for ERP implementation failures is inadequate resources. Many companies will attempt to "save money" by doing everything on an overtime basis, whether or not there are adequate skills within the company, extending individual work loads by up to 150%. This approach can be a "kiss of death". Time and time again we run across this

mistake in ERP implementations. The financial and emotional drain of what seems sometimes to be perpetual extensions, reschedules and delays of implementations takes its toll. People burn out or quit after feeling forced to put in too many hours.

Again and stating the obvious, the above would not have happened were the Chief Executive, Chairman, Managing Director or the Owner involved.

(5) Resistance to Change/Lack of Buy-in

The lack of a change management approach as part of the program can prevent a program from succeeding. Resistance to change is quite often caused by (1) A failure to build a case for change, (2) Lack of involvement by those responsible for working with changed processes (3) Inadequate communication (4) Lack of visible senior management support and commitment, and (5) Arrogance. A lack of buy-in often results from not getting end-users involved in the project from the very start, thereby negating any concept of ownership of the new system and processes.

(6) Miscalculation of Time and Effort

Another cause of ERP implementation failure is the miscalculation of the effort and time it will take to accomplish the project. Companies who treat an ERP selection, evaluation and implementation project as they would to buying a washing machine are doomed to failure.

(7) Misalignment of Application Software with Business Processes

One of the main causes of ERP implementation failure is the misalignment of application software with the company business processes. This failure; to examine underlying business process flaws, and integrate the applications with the business processes, causes a loss of productivity and time, and ultimate the benefits are eroded.

(8) Unrealistic Expectation of Benefits and ROI

Your first priority is to haggle your Vendor down on the price, long term Service Level agreements and what extension and programming is going to cost. You should be looking to get the Vendor to buy into a 3 year deal. You will be surprised how agreeable they are to this. The Vendor will want to get you on the rack rate as soon as possible. Remember you would not buy a car without haggling.

Maybe the vendor could be encouraged to buy into and prosper from the additional savings. Ask the Vendor to explain the savings from the implementation, define the full extent of the benefits to your organization, realistically defining the savings versus the TOTAL costs. Challenge those assumptions. Ask him to validate such claims elsewhere by reference. Where he can't demonstrate the same or perhaps a more realistic approach then ask him about a "shared risk, shared cost" approach.

Challenge the Vendor to partner the project with you, buy into the risk, share some benefit.

Far too many agreements are based on taking too long looking at the functional fit and ignoring an obvious commercial details. This approach might save you money or may cost you more either way you will have a money making, cost saving computer (ERP) system. Remember the Gucci 1930's Advert "Long after the price is forgotten, quality will be remembered"

(9) Inadequate Training and Education

This one is simple, do not underestimate the amount of time that mid level users will need to adapt to change, accommodate staff by accepting some need less and some need more. Be willing to shift budget or assign additional funds to meet training needs. The No. 1 reason according to users in our "mxi user surveys" undertaken in late December/January every year is training. "It's been 4 years since we had any training on this", "I moved job within the company and someone who knew nothing about the system showed me how to use it" "The owner spends more money on his BMW every year than we do on the system" are all typical comments.

(10) Poor Project Design and Management

A major mistake is to short-cut critical events in the project plan, such as time for documentation, redefining and integrating processes, or testing before "going live."

Another common mistake is made when a company leaves out the self-examination of business processes and uses ERP to cover-up weaknesses. It is easier to buy software than to perform the more difficult task of identifying weaknesses and opportunities for improvement.

(11) Poor Communications

One of the frequent causes of ERP implementation failure is poor project communications, beginning with a failure to share the rationale for the project, and then an ongoing failure to update the organisation as to the progress and importance of the ERP implementation. Poor communications prevent different parts of the organisation from assessing the impact changes in processes, policies, and procedures. Communications are a vital part of managing change in a corporate environment.

12) Cost Cutting

Another of the key causes of ERP implementation failure is ill-advised cost cutting.

In an effort to avoid temporary conversion costs, some companies take a very risky route and go live at multi-plant sites simultaneously, subjecting all plants or some plants to a total shutdown should there be a false start-up. Consider going live in some functional areas first if they are ready as opposed to "Big Bang" Go-live. Naturally some aspects of a new system will be ready before other, if that's an advantage, use it.

Some companies attempt to unrealistically reduce the time-scale the schedule in order to save on expenses, ending up higher overall costs. Leave sufficient time to deliver your new system. Your staff won't like spending all the hours in the day just to implement a system

MXI recently delivered a system to a company in Northern Ireland, the owner ordered the system in late November for implementation by the end February. Ruining his IT managers Christmas, buying 200% more consulting days than expected, not getting the system live until May and seeing his IT Manager resign the week the system went live.

The system itself was a great success however.

MXI specialise in the supply and support of Business Improvement software. We help our clients select, install and most importantly optimise our software solutions.

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