

Change Management for ERP

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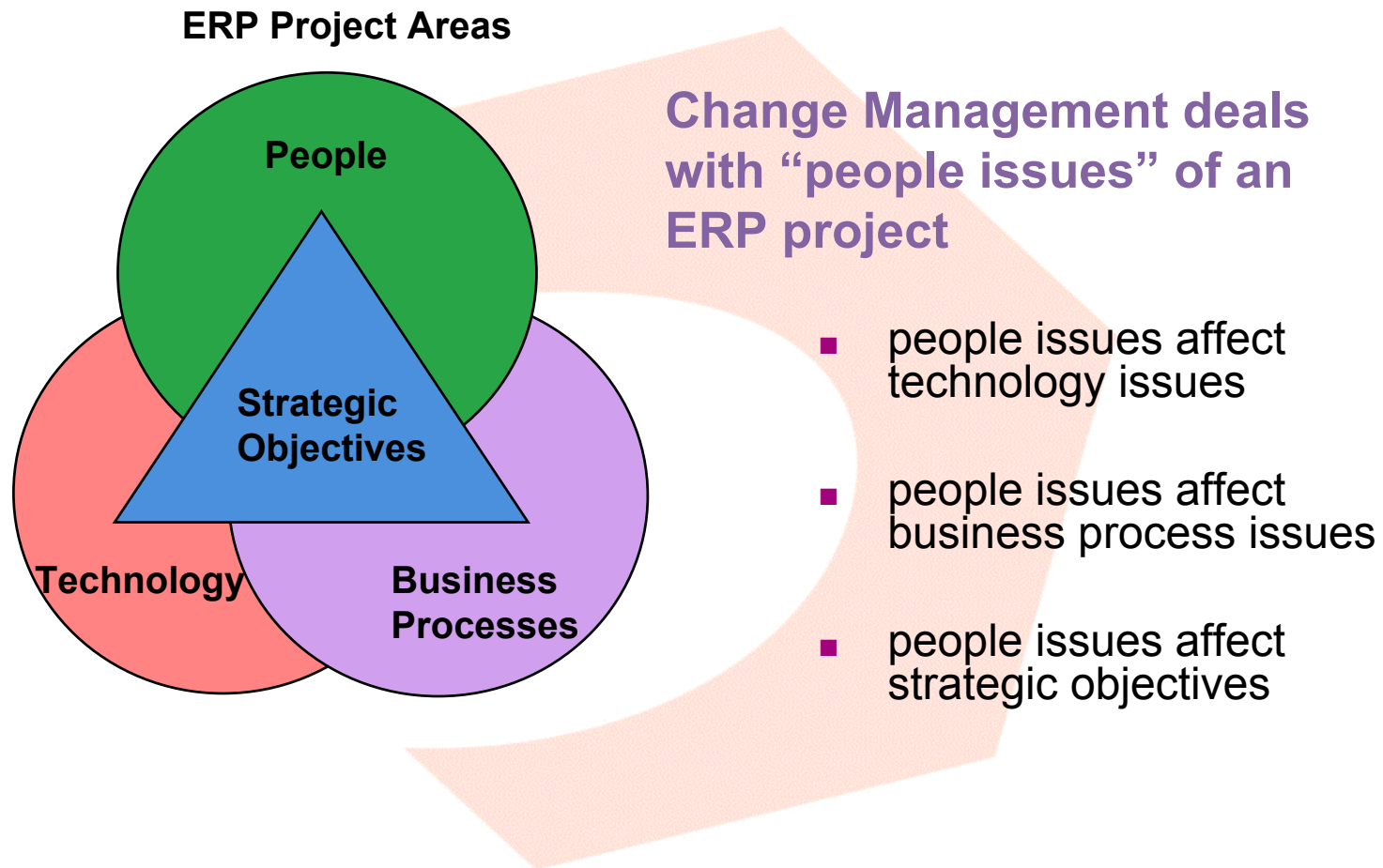
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What is Change Management ?



Scope of Change Management



Our Understanding of Change Management

A standard definition:

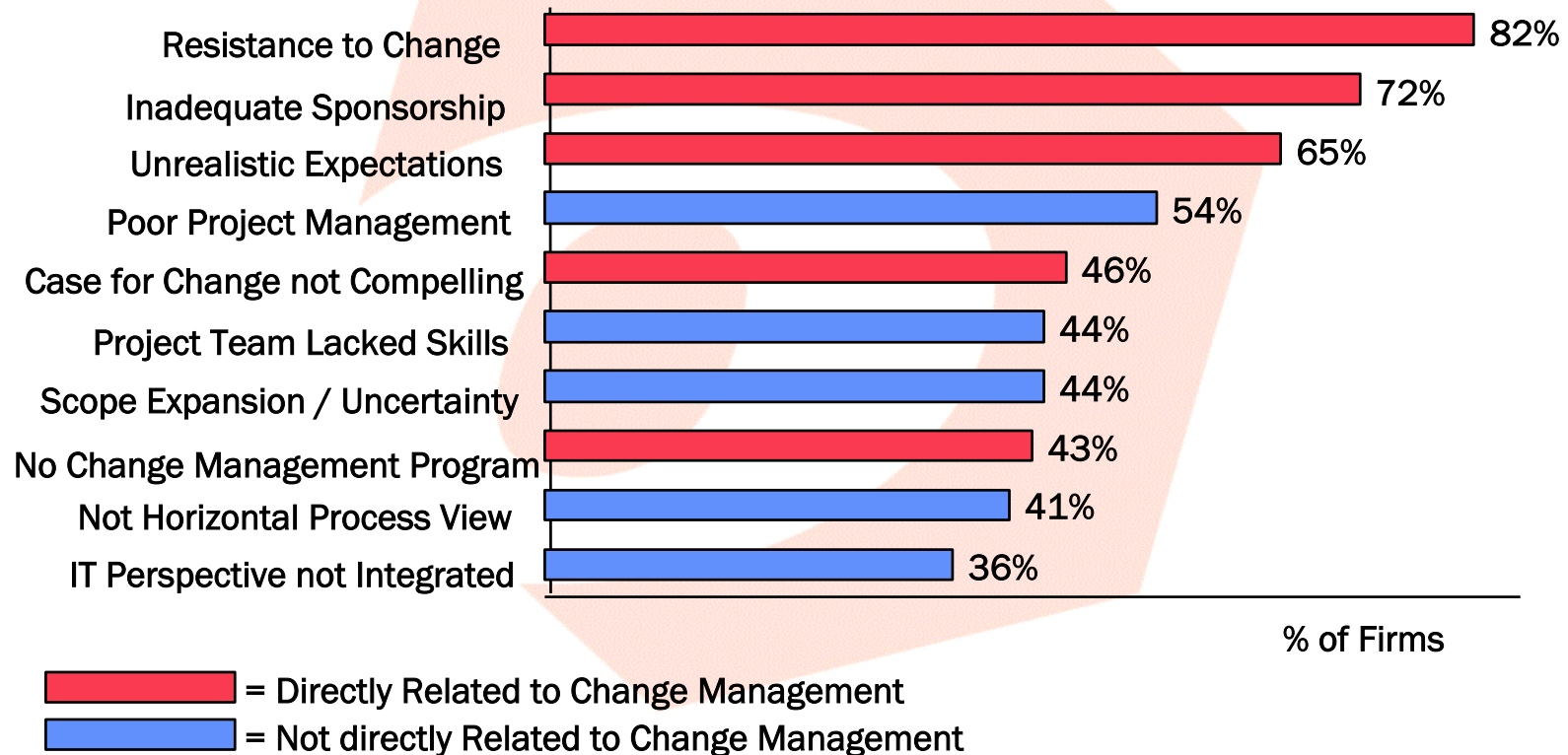
“Engaging and enabling **individuals** and **groups** to take responsibility for realizing the **new vision** of their organization and the **development** of their own potential”

Our practical definition:

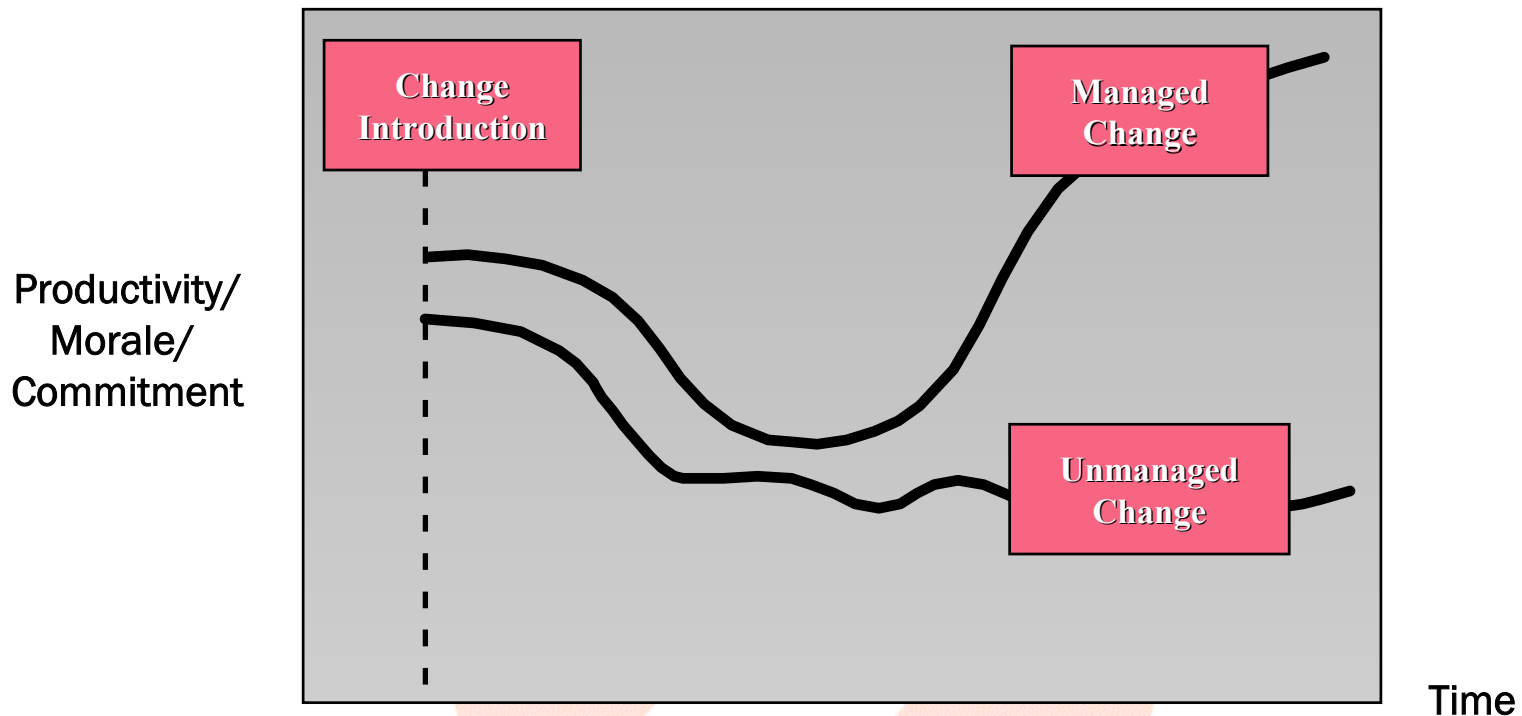
“**Systematically, pro-actively** addressing the human & organizational issues affecting the success of an ERP project”

The Importance of Change Management

Top 10 Barriers to Success for Large Package Implementations
according to Chief Information Officers of large corporations



Why manage change?

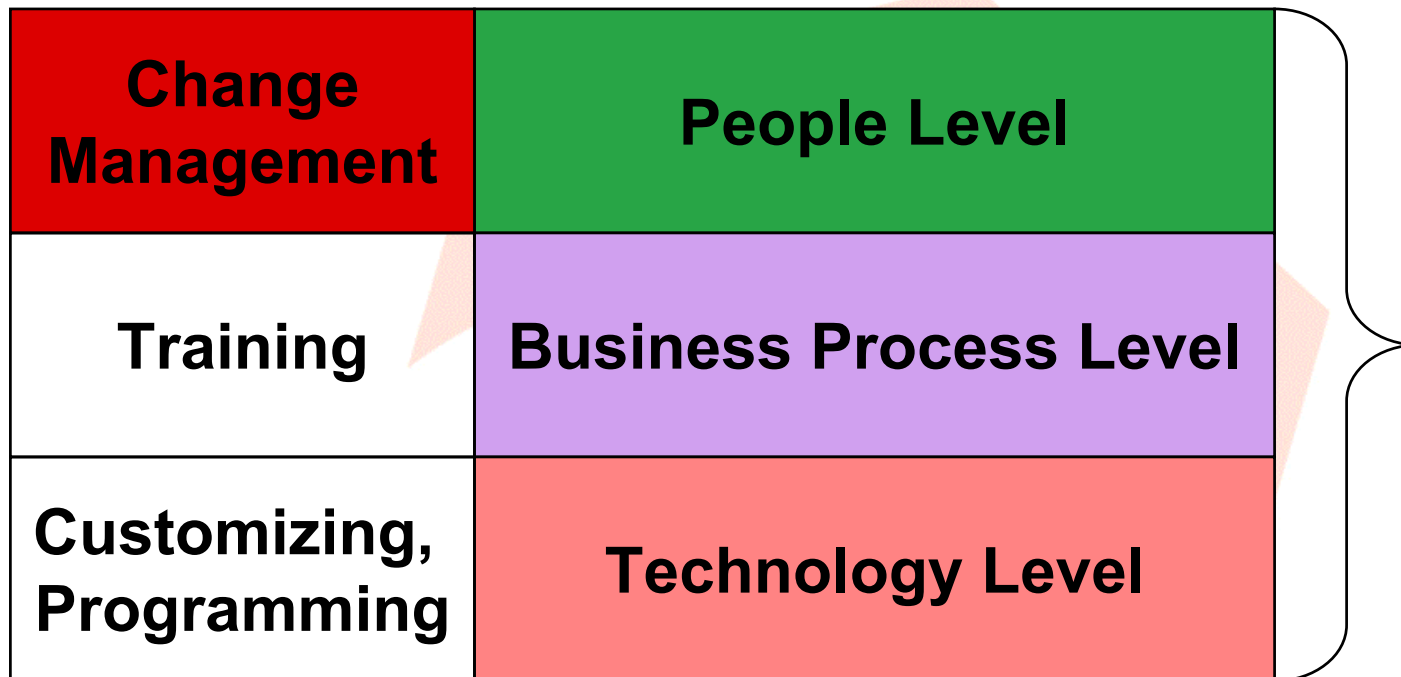


“... I used to believe that human resource issues were fluffy and insubstantial, an afterthought. The only things that I believed mattered were technology and hard design. I’ve learned that what I considered hard or difficult is, in fact, the ‘easy stuff’.

The technology issues are the easiest to deal with and don’t usually make the most difference.”

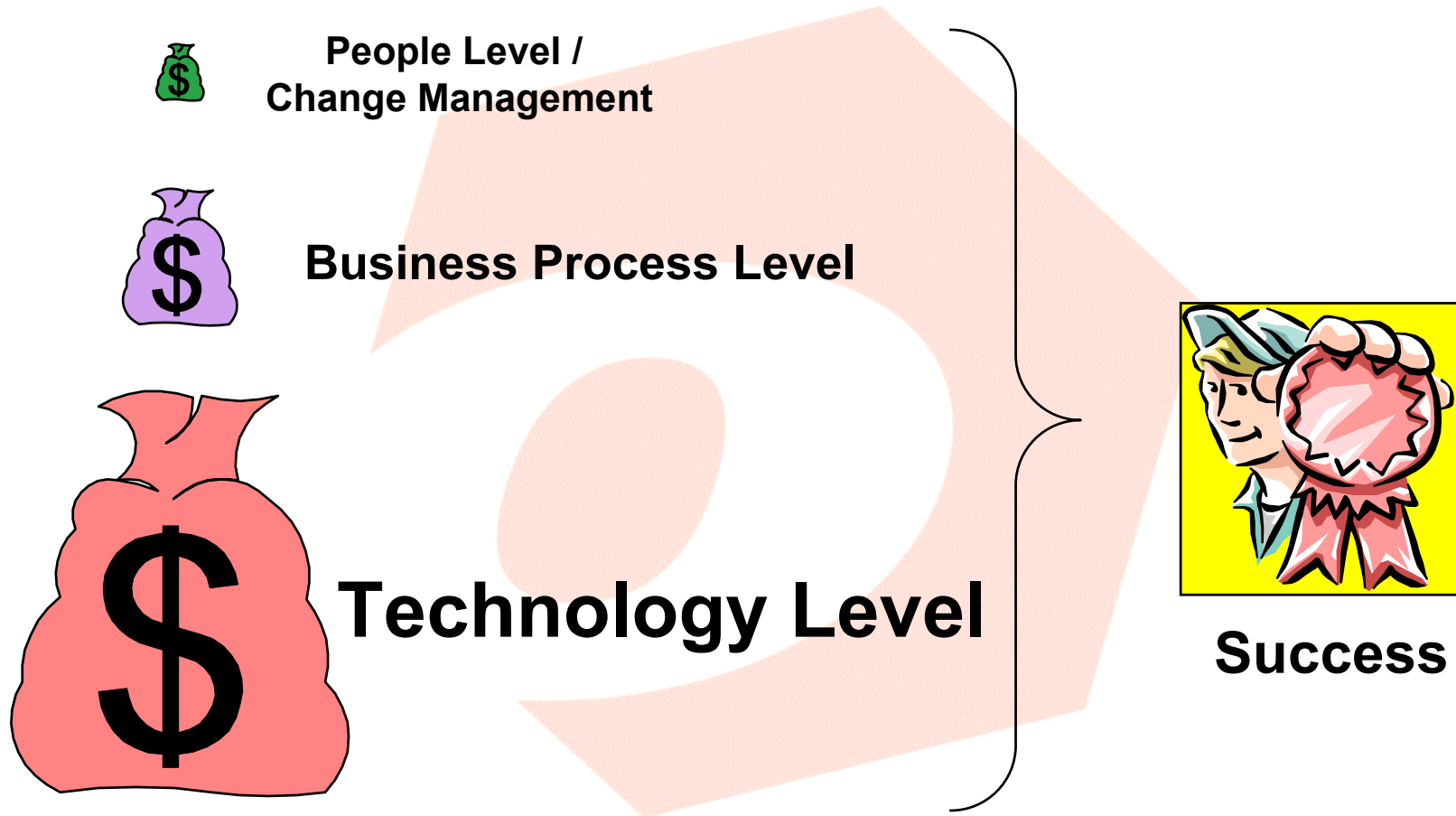
Dr. Michael Hammer, M.I.T. Professor of Computer Science, IS People, 1993.

The Impact on Success within an ERP Project

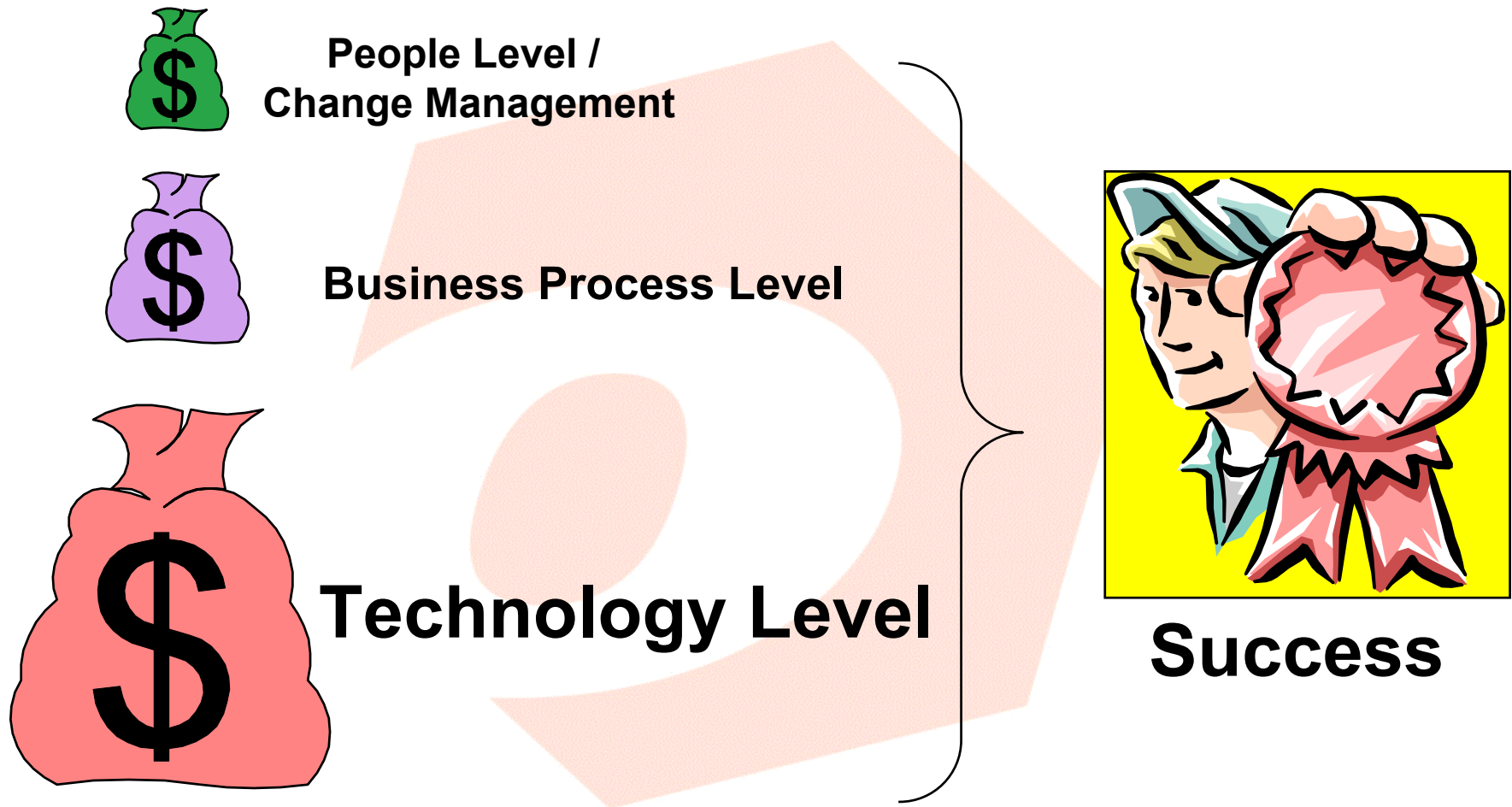


Success

Costs and Benefits – General Portion



Costs and Benefits – Improved Portion



Is Over-Investment in Change Management Possible?

Success



Change Management

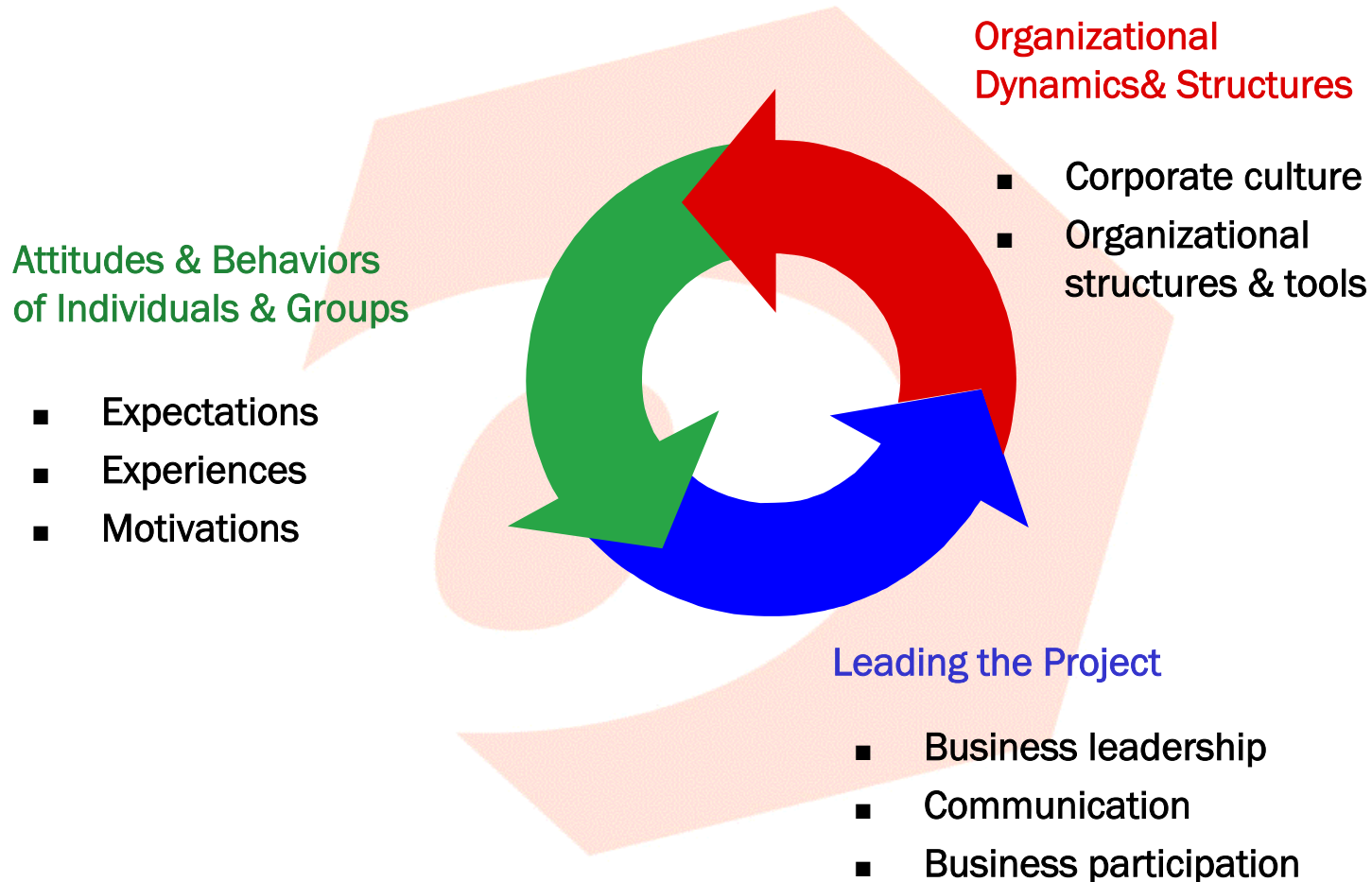
Real World Project Quotes

- 🔥 “We were always putting out fires (Change Management issues) instead of being proactive.”
- 🔥 “If this project fails, it will be due to cultural, not technical problems.”
- 🔥 “Politics caused big problems: important client leadership wasn’t really behind the project.”
- 🔥 “No one asked us. We would have stopped the project.”

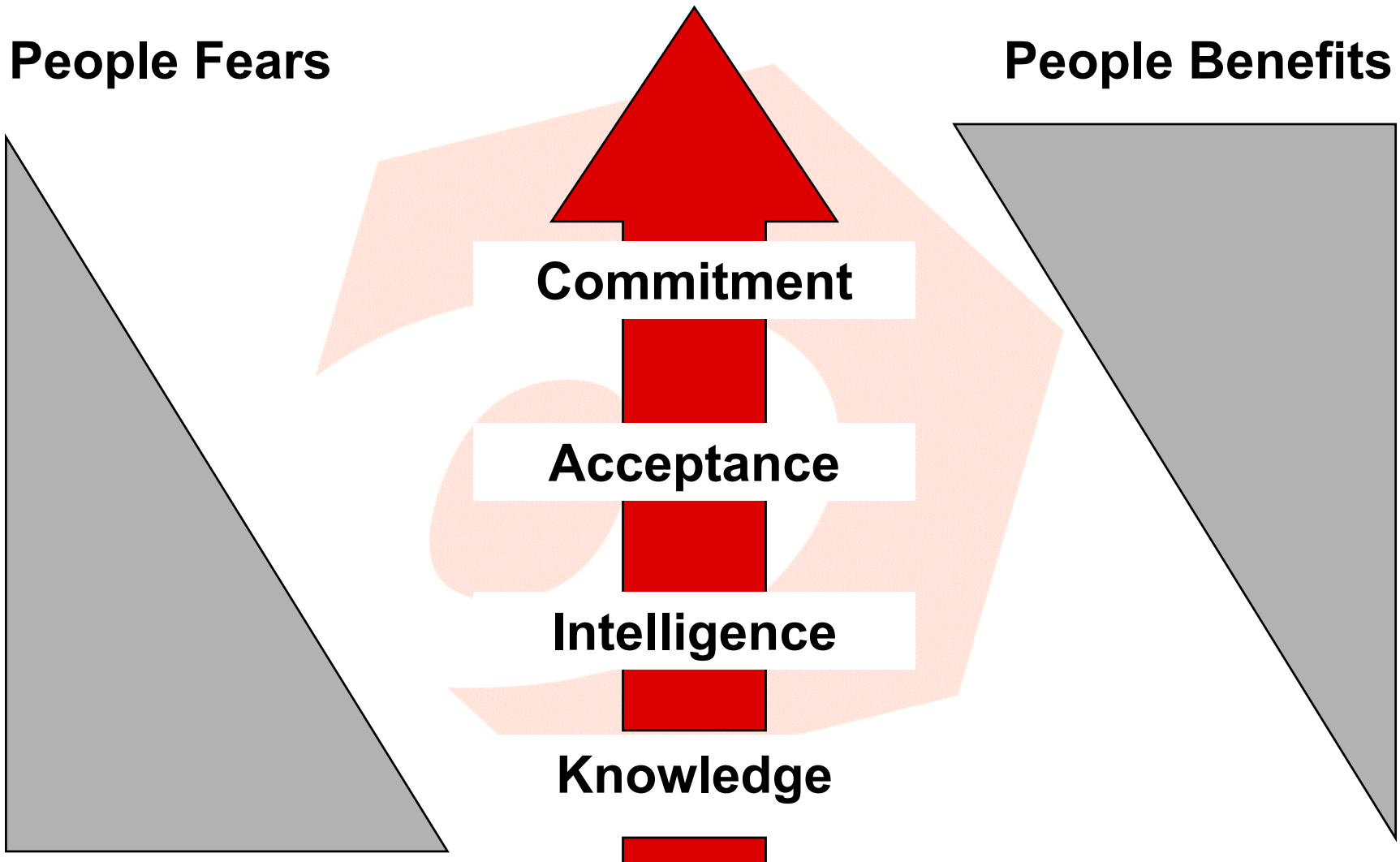
What are some typical Change Management issues?



Change Management Issues



The Change Management Process



Objectives of Change Management

You reach

⇒ Acceptance

⇒ Commitment

With

🔗 Communication

🔗 Integration

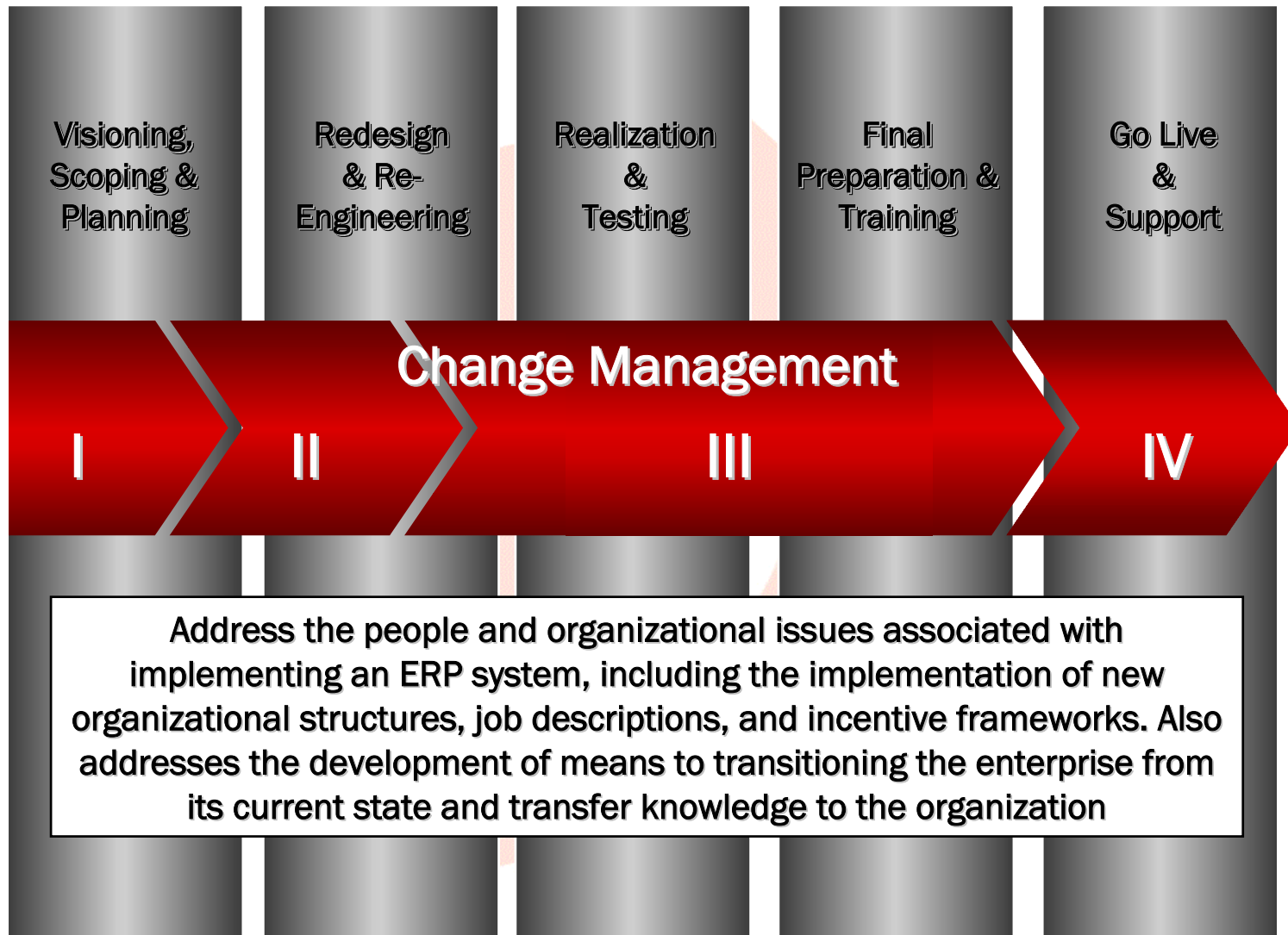
🔗 Participation

🔗 Incentives

🔗 Personnel Development

Key personnel	User
X	X
X	(X)
X	(X)
(salary), perspective	improvements, ease
coaching	-

Change Management Thread within ERP Projects



Change Management Phases



The Change Management Phase I

Analysis Phase

- 🔗 Expectations
- 🔗 Culture
Enterprise, Regional
- 🔗 Incentives
- 🔗 Problems / Reasons

Essential Results

- 🔗 Communication Concept
- 🔗 Team Development
Concept
e.g.
Project Organization
Defined Roles



The Change Management Phase II

a) Communication

- 🔗 Regular information newsletter, newspaper, mailing,...
- 🔗 individual information request discussions, interviews
- 🔗 forum for ideas
- 🔗 Feedback

Essential Results

- 🔗 informed & integrated people

b) Team Development

- 🔗 Kick-off meeting
- 🔗 Know-how transfer train-the-trainer
- 🔗 Coaching

- 🔗 prepared project team members as change agents



The Change Management Phase III

a) Training

- 🔗 Know-how transfer
- 🔗 End-user training

Essential Results

- 🔗 Trained & informed people
- 🔗 Enlarged knowledge

b) Change Agent Work

- 🔗 Working on the project
- 🔗 Commit other people

- 🔗 Project progress
- 🔗 People with reduced fears

c) Continues communication

- 🔗 Project news
- 🔗 Results

- 🔗 Seriously informed people



The Change Management Phase IV

Wrap-up

- ❏ Discharge promises
Incentives
Salary
Next step in career path
- ❏ Support productiv system

Essential Results

- ❏ Highly motivated change agents
- ❏ Prepared for others tasks / projects

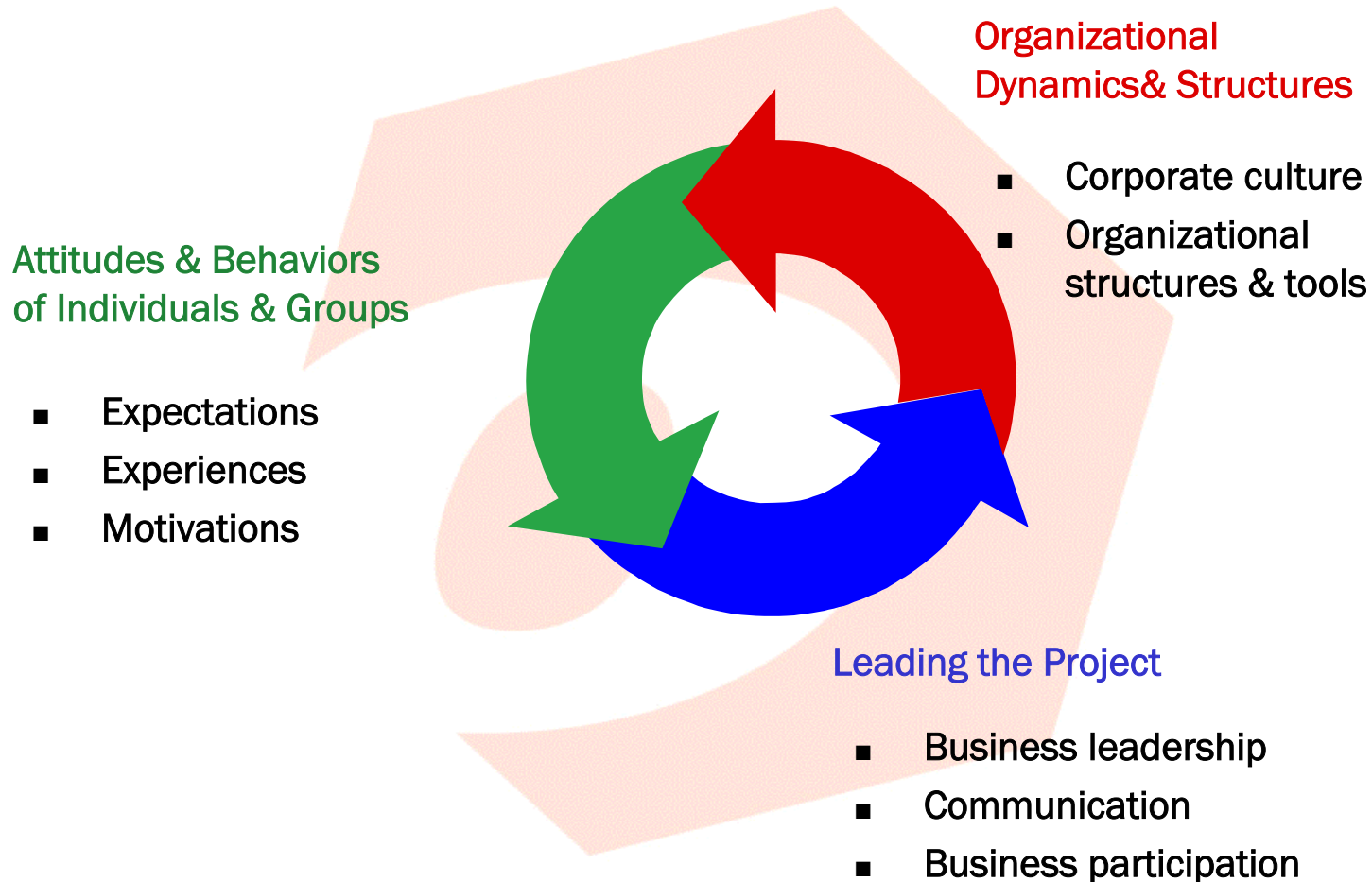


Questions, open items



Change Management Issues

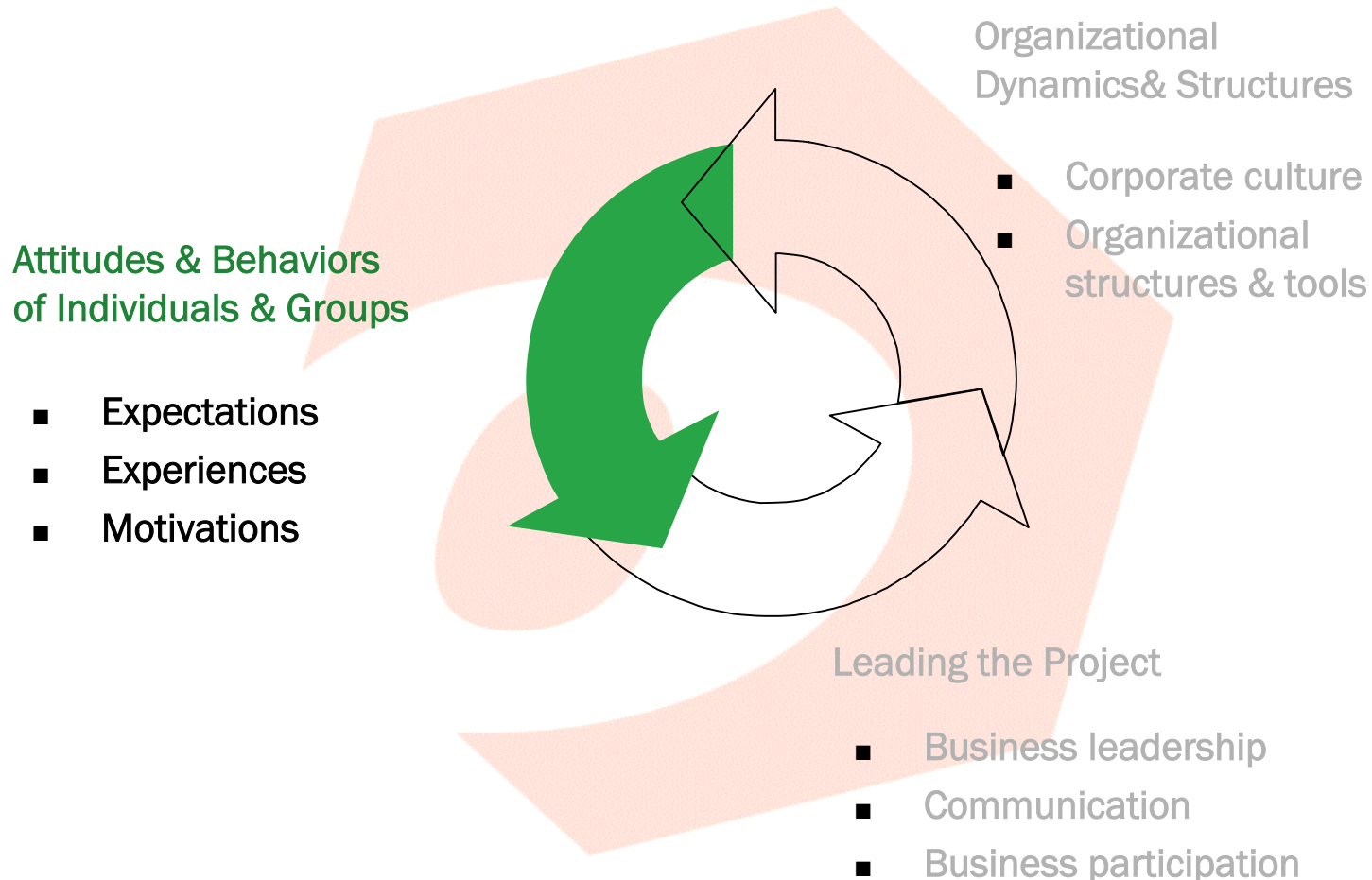
Backup



Change Management Issues

Attitudes & Behaviors

Backup

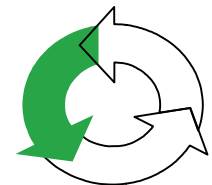


Change Management Issues - Expectations

Backup

Project success requires identifying & matching the different expectations of individuals and groups (stakeholders) affected by and affecting the project.

- ❏ Client leadership must have a clear and consistent project vision & expectations
- ❏ We should understand and take seriously the expectations of the various user groups
- ❏ Client must think about perspectives of project members after the realisation of an ERP project

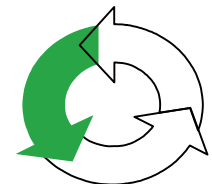


Change Management Issues - Experiences

Backup

Experiences with change projects & system implementations strongly influence expectations and behaviors.

- People tend to do things the way they have been done before (“We have never done it like that”)
- Project positioning (project name, marketing, selling the project)
- Past problems indicate areas which must be specially handled by the current project
- ...

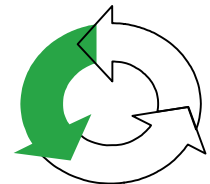


Change Management Issues - Positive Motivations

Backup

Recognition, personal benefits & “team spirit” are important leverages for change and for the project.

- Rewarding individual performance for project participation is a powerful motivator (salary, bonus, career perspective, etc.)
- Conditions for success are best if the project team, including client members, develops “team spirit” and enthusiasm aimed at accomplishing project goals
- ...

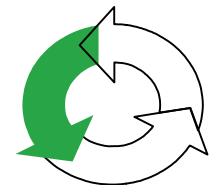


Change Management Issues - Negative Motivations

Backup

Fears, resignation, frustration & uncertainty are the main barriers to success and change.

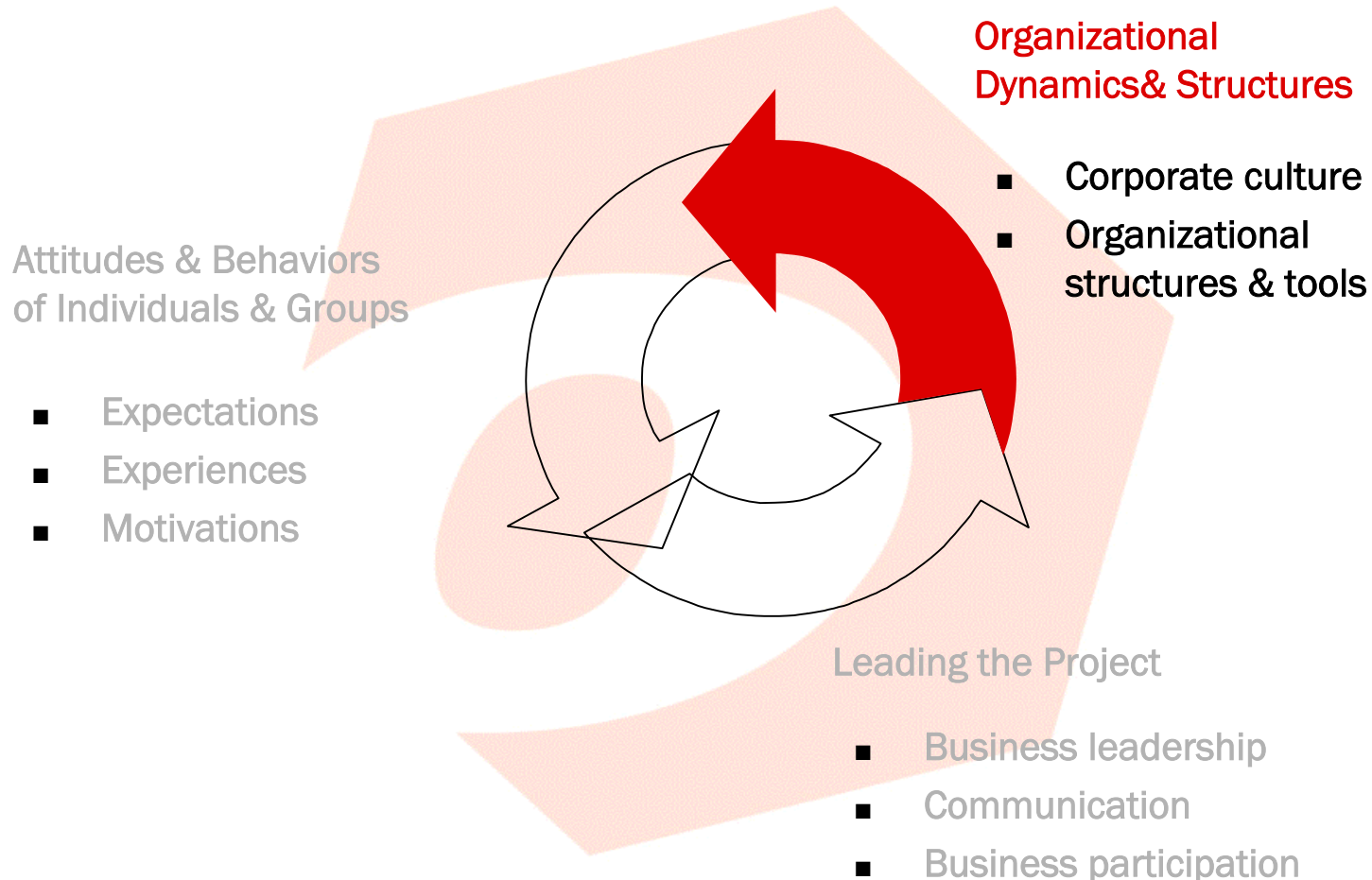
- ❏ Fear of the unknown (“What will happen to me?”)
- ❏ Fear of losing authority, influence
- ❏ Fear of losing his/her job
- ❏ Too much work (frustration)
- ❏ “I have no input anyway” (resignation)
- ❏ ...



Change Management Issues

Organizational Dynamics & Structures

Backup



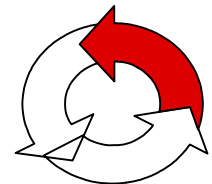
Change Management Issues - Corporate Culture

Backup

Corporate culture has a major influence on change behavior, achievable change.

Realistic project planning and execution requires understanding corporate culture and taking it into account.

- Formal & informal decision-making
- Leadership style
- Differences between departments, offices, countries
- Attitudes, values, symbols...
- ...

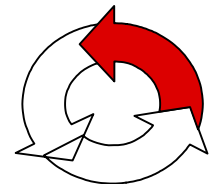


Change Management Issues – Organizational Structures & Tools

Backup

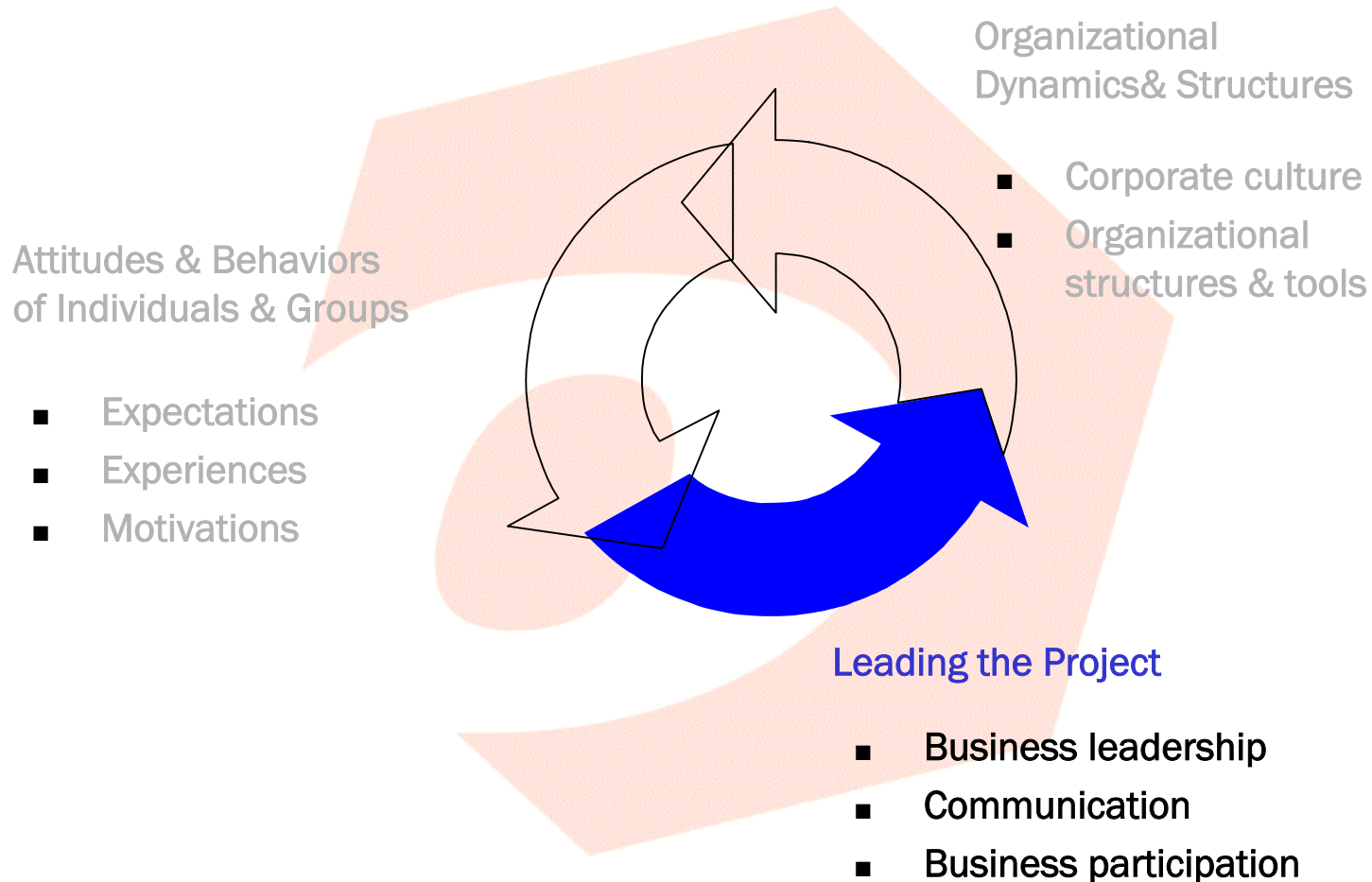
Changes to business processes often require corresponding changes to organizational structures, tools.

- Job descriptions
- Company organization (hierarchical, matrix, functional, process, etc.)
- Compensation & incentives systems
- ...



Change Management Issues Leading the Project

Backup

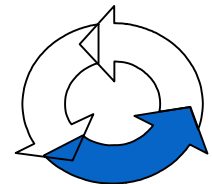


Change Management Issues – Client Leadership

Backup

Client leadership has a major influence on the success of every project.

- What is the position, acceptance and influence of the project leader within the company?
- Is there a real leadership?
- How do you communicate and delegate?
- ...

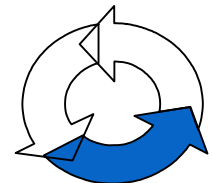


Change Management Issues – Communication

Backup

Communication within the project team is important for a clear understanding of the project vision and its targets.
Information from the project team to the employees not directly involved in the project generates trust.

- Communication structure is defined properly
- Set up communication programs like project newsletter, newspaper, etc.

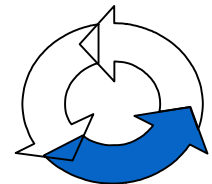


Change Management Issues – Client participation

Backup

The average client participation is about three times of the consultants participation. It is an important step to take over responsibility and is a presumption for knowledge transfer from the expert to the future expert in your enterprise.

- ❏ Is there enough capacity?
- ❏ Do they have enough capability?
- ❏ Who is managing the daily business?
- ❏ How do you deal with overtime?
- ❏ ...



Roles

Backup

