

# THE BOTTOM LINE

The Independent Voice for Canada's Accounting and Financial Professionals

www.lexisnexis.ca

Vol. 21 No. 1

January 2005

## Shop around to avoid system implementation horrors

By MICHAEL BURNS

You have probably heard horror stories about system implementations, especially related to enterprise resource planning and customer relationship management. Selecting the right system is no guarantee of a successful implementation. Consider doing the following:

Don't forget what you should have known during the selection process. You should have already understood critical success factors, defined as those things that you must do well in order to be successful. As well, you should have defined measurements of success. Before starting any project, you should know how to measure success. Measurements of success act as a motivator for staff during the implementation, and help keep the project on track and focused on CSFs. Even if you have not done it for system selection, it's not too late.

Don't assume that your existing business process is the best way to get the job done.

Even worse, don't insist on modifying the new system to do exactly what was done before. First, ensure there is an understanding of existing business process. Roll up your sleeves and talk to the people who do the work. Ask them to tell you how much time is spent on activities. It may not seem serious if one person wastes 15 minutes per day – but what does it cost if there are 10 people doing the same thing throughout the year? Assuming a rate of \$25 an hour and 1,800 hours or work per year, that little problem has cost the company \$112,500 for the year.

Project management is key in predicting success of any project. Project management includes management of scope, budget and timing. Rather than using the school of hard knocks, you should consider working with a structured methodology such as the one published by the Project Management Institute. A good project manager has support of upper management, and can be tough. If the project manager

wants to please everyone, he/she is not the right person.

An internal champion must be allocated to the project. Even the most difficult projects can become successful when you have an internal champion who is ready to do whatever it takes to get the job done. It is best to assign the internal champion at the beginning of the system selection project to ensure their commitment and agreement with the system selected.

You need their involvement for many reasons. Without it, you could risk missing critical business process that only they know about. And just as important is the psychological component. People are often threatened by change. By getting them involved, they are more likely to be supportive.

You want your best people involved in the implementation. They have the confidence of their colleagues, know the business well, and usually have the right attitude. The implementation is going to take time. You must

reduce their normal workload.

Seek out potential risks, their impact, and their likelihood of occurring. Encourage all interested parties to develop strategies to mitigate the risks. Every organization has at least one naysayer, who can cause a lot of problems, but who is also very knowledgeable. The naysayer must be included in the risk management process. By getting input early, you can avoid problems and curb negativity.

Don't keep people in the dark. Communicate formally, informally and frequently. This is a good way to cut training costs, and force employees to know the system. The best way to learn a subject is to teach it.

There are many options in the setup of a new system including setup options, conversion, integration and customization. An iterative process is required until the prototype is completed. It may take a few times before you get it right. Take a small, representative sample of transactions through the system including

reports and controls. Don't go live before everyone is ready.

Customizations can bite. The first bite is that it slows down the implementation and the costs soar. The second bite occurs when you want to upgrade to the newest release. This is not to say that some customizations are warranted and have a compelling business case.

There is also what is called the big bang theory, when you do it all at once.

I think it got its name because everyone shot each other. Small and mid-sized businesses especially don't have the manpower to do it all at once.

---

**Michael Burns, MBA, CA**, is president of 180 Systems ([www.180systems.com](http://www.180systems.com)), which provides independent consulting services including business process review and improvement, business case development and system selection. He can be reached at: (416) 485-2200, or visit his Web site at: [mburns@180systems.com](mailto:mburns@180systems.com).