Change Managing ERP Implementations

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When I did my first ERP implementations in the 1980s, before the term 'ERP' was even coined by Gartner, no-one thought too much about change management as an integral part of the project management.

We installed the system, migrated or uploaded any data, did some user training and that was it. In the early 1990s, I spent a couple of years jetting around with a colleague installing a standard set of financial modules into the South American bottling plants of Pepsi Cola International.

We came, we implemented, we left. A few weeks and we were done. A slam-dunk!

Frankly, change management was not part of the program. But anyone who has ever managed or participated in an ERP implementation knows that it is all about change.

One reason for the current emphasis on hiring 'change managers' and managing change in ERP implementations is the recognition that many projects have:

• Failed to deliver on their ROI expectations
• Met with unexpected user resistance
• Remained plagued by the use of workarounds and spreadsheets that were supposed to be eliminated by the shiny, new integrated ERP system.

Today it is clear that change management must be a standard 'track' or 'workstream' in every ERP implementation project, ideally with its own track lead who is focused solely on managing the change dimension of the project.

The change manager or change lead owns all aspects of change management, including:

• Stakeholder identification, role definitions and role representatives
• Change communication
• Change engagement

The change manager reports to the project manager who must also include change management updates in all project reporting to both the steering and delivery teams.

There are plenty of change management theories that can be applied to ERP implementation projects but here I am going to focus on what you need to do, in practice, to manage change effectively in an ERP project.

To start with, you'll need to identify, inform and engage all impacted stakeholders.

Identify All Impacted Stakeholders

ERP systems usually have a significant organisational footprint. This means they impact a lot of people, more or less, across the organisation, from top to bottom.

The start point for change management is to be clear about who will be impacted by the new system and how you expect them to be impacted. Usually this impact analysis would not be done on an individual user basis but on a role basis. In other words what job roles will be impacted and how.

In my opinion, the most important foundation for ERP implementation change management is to have a clear understanding of roles, meaning:

• What are your ERP roles (i.e. roles in relation to the ERP system specifically)?
• Who is in these roles (the stakeholders)?
• What do they actually do in these roles (processes they participate in)?
• How does ERP functionality 'map' onto these roles?

Unfortunately, not all organisations are clear about roles. And some may be clear about roles from an HR/job description perspective but not from an 'ERP usage' perspective. They are different.

Role definition is something that should have been available or done at the selection stage of the project and not something injected as an afterthought during the implementation stage because it was forgotten about.

Also not all ERP systems have optimum support for roles so that does not help either. A role is usually something that a 'permission set' or 'security profile' is attached to but there is more to roles in ERP than just permission sets.

It's also important to remember that not all change impacted stakeholders are the same.

Executive level stakeholders are sure to require different 'inform and engage' strategies from say supervisor or end-user level roles. This means that thought needs to be given to the grouping of the stakeholders and how to inform and engage each stakeholder group most effectively.

For example executive level stakeholders are more likely to be interested in 'bottom-line' impacts of change whereas supervisors and end-users in how much easier (or difficult) the change will make their day-to-day working life so they can adopt and adapt to the change.

This means that change managers must consider the change impact from different stakeholder perspectives as change is in the eye of the beholder and does not mean the same impacts are relevant to all stakeholders.

Inform All Impacted Stakeholders

Once you have identified all impacted stakeholders/roles, you need to ensure that they are kept informed about the new ERP system from a change perspective. And that means right from the start.

From the point a business case is defined and a selection initiated, and especially if a clearly defined Target Operating Model (TOM) is defined, impacted stakeholders should be kept informed of project progress either via regular emails, a project portal or specific project change 'news' channel. It is crucial that change impact expectations are clearly communicated early and users alerted when impacts are about to land.

Communication about the project, and specifically 'impact' change control communications tailored for specific stakeholder roles, must be a proactive and not reactive aspect of the project change management.

Change control communications should be as clear and simple as possible. For example, using the what, why, how does it impact me framework:

• What is the change proposed?
• Why is the change necessary?
• How will the change impact me/my job role?

Let's take a simple example. Say you will implement a change in the new ERP system (vs. Your legacy system) that means only certain people with the appropriate permissions can create a new customer account in the system.

The change control communication could look something like this:

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What are we doing?

We are limiting the ability for any user to create new customer accounts in the ERP system.

Why are we doing this?

We want to ensure that new customer accounts are added according to a set process to ensure that the onboarding of new customers is managed in a consistent manner across the business.

How does this impact me?

Unless you have customer account creation permissions, you will no longer be able to create new customers yourself.

Instead you will need to request that a new customer is created in the ERP system via an online form accessed on the ERP user portal that is sent to accounts receivable (AR) for processing.

This means there may be a delay in creating new customers and you will need to liaise with AR to ensure your new customer request is completed in a timely manner.

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This communication would need to go to any role that might have previously created new customer accounts in the legacy system and to any new roles with this responsibility in the new system.

Engage All Impacted Stakeholders

Regular change-related communication is great and essential but impacted stakeholders also need to be engaged in the project, if not individually then through a set of 'role representatives' who are a special type of 'key user' representing change impacted roles to the project management.

Role representatives need to be communicated to, consulted with or involved in various project activities including but not limited to:

• Defining selection requirements
• Implementation project kickoff
• Project phase/stage kickoffs
• Solution playbacks
• User training
• Go-live
• Post go-live optimisation

Selection requirements should be documented for internal use 'chunked' by role and communicated to role stakeholders so they are clear, right from the start, about potential changes to their role. This is not simple to do and clearly depends on these roles being defined and available at selection time.

The implementation project steering and delivery team kickoff meetings must clearly communicate the change management dimension of the project, who is leading it and what to expect from it as the project progresses. Examples of change control communications should be provided to re-assure users that this has been thought through and to gain any initial continuous improvement feedback.

At each main project stage/phase e.g. analysis, development, data migration, UAT, training, go-live etc. the stage kickoff meeting must clearly communicate the change management dimension of the stage and the 'how does it impact me' impacts by role as appropriate.

Regular, iterative solution playbacks must be attended by role reps so that the progress towards the 'acceptable' to-be or target solution is continually refreshed. This ensures that the role reps are in touch and engaged with the solution as it develops and not surprised by anything that in turn could create user resistance. Again this is not easy to do as playbacks must be structured around role needs rather than simply functional walk-throughs highlighting recent incremental system development.

User training must be role-based, rather than only module-based, so that it is as clear as possible to all role stakeholders what the solution will look like to them in their role and how they will be using it day-to-day. This is particularly important given that many ERP systems are now organised around a concept of 'role centres' so it is also vital that these role centres are defined before any role-based user training takes place and not after.

Go-live must be prepared for by very clear instructions as to how it will work and what support will be available to users before, during and after go-live. Go-live use of the system should be a seamless experience for users based on all the engagement above and not an unwelcome surprise that may trigger unexpected dissatisfaction and resistance.

Post go-live optimisation must all also 'poll' the role reps as to how the solution is performing at role-level, again in order to ensure that users feel they are being listened to at their job level and prevent the use of workarounds and spreadsheets.

Adoption and Adaption of a Change Model

In *Change Management: The People Side of Change,* Hiatt and Creasey propose five tenets for successful change management:

1. We change for a reason
2. Organisational change requires individual change
3. Organisational outcomes are the collective result of individual change
4. Change management is an enabling framework for managing the people side of change
5. We apply change management to realise the benefits and desired outcomes of change

In an ERP implementation context:

(1) Is to realise the benefits of the business case for the new ERP system.
(2) Recognises that it is role change that represents individual change
(3) Recognises that the sum of the role changes represents the aimed-for organisational outcomes
(4) Recognises that change management is an essential project track
(5) Recognises that the realisation of the ERP system ROI will be compromised without change management as an integral dimension of the project management

The authors emphasise the **ADKAR** model (p.34) for change management:

- **Awareness** of the need for change
- **Desire** to participate in and support the change
- **Knowledge** about how to change
- **Ability** to implement new skills and behaviours
- **Reinforcement** to keep the change in place

In business analysis-speak, change management is the process of taking you from where you are now (as-is) to where you want to get to (to-be).

By mapping this ADKAR model onto your ERP roles, you will get a clearer idea of the scale and scope of change management required and the differences in the nature of the change impact on the respective roles.

From an ERP implementation project management perspective, the change manager must be able to create and manage specific evolving change management plans including:

- The change communication plan - what to communicate, when and to whom
- The change playback plan - how to manage playbacks from a change perspective
- The change training plan - how to train users to be fully aware of their role changes
- The change resistance plan - how to anticipate and deal with possible change resistance

There are other change models but the authors make a good case for their ADKAR model.

Takeaways

- Change management must be a 'track' in every ERP implementation project with its own lead responsible for delivery to the project manager.

- Understanding the impact of change requires user role definitions to map and measure change against.

- Change management is a proactive process that ideally starts at selection and continues into the implementation and post go-live optimisation phases of the project.