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logistics

14.0

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ERP Boot Camp – Managing Change & Planning the Next ERP Implementation Project

Eric Kimberling
CEO and Founder
Third Stage Consulting Group





Introduction

Eric Kimberling

CEO and Founder

Third Stage Consulting Group

- 20+ years in ERP and Digital Transformation consulting
- Big 5 consulting experience
- Founder and thought leader behind Panorama Consulting and other consulting teams
- Competencies: Digital strategy, org change, process improvement, project management, expert witness



Meet Third Stage





Meet Third Stage



- 100% software, hardware, and industry agnostic
- Action-oriented business advocates
- Corporate strategy & technology alignment
- A team of consulting and industry leaders, focused solely on client success
- Innovative and collaborative digital transformation thought leaders

International Offices:

Denver Sydney Singapore United Kingdom





Our Services



BUSINESS TRANSFORMATION & BUSINESS PROCESS MANAGEMENT

Provides the methodology, guidance and leadership to undertake a full business transformation from inception & vision through to deployed digital capabilities and future business operating model



DIGITAL STRATEGY

Delivers a technology strategy, aligned with your medium-term business vision and goals, incorporating leading practice and future-state technology solutions.



BUSINESS SYSTEMS SELECTION, PROCUREMENT & IMPLEMENTATION

From creating a shortlist for ERP, CRM and HCM solutions, through the selection & procurement and onto the delivery, vendor management & deployment, our experts help you every step of the way



ORGANISATIONAL CHANGE MANAGEMENT

When delivering any type of business transformation, key to success is to understand how the people will change; in terms of what they do & how they work. Third Stage has expertise & methodology to help you through the people change journey.



ASSURANCE & REMEDIATION

Whatever type of digital business transformation your business is undertaking, our experts can provide you with comprehensive quality assurance for your program, and remediation services if it's going off-track.





Our Methodology

Lessons from 1000+ ERP Implementations

20 years of working with teams and clients in various capacities, including:

- Hands-on implementation
- Expert witness cases
- Project recoveries
- Third-party oversight / QA / IV&V
- Executive steering committee





Third Stage of Digital Transformation

3

- Implementation completed as expected
- On time and on budget
- ROI realized
- Self-sufficiency and continuous improvement

2

- Only partial scope implemented
- Budget and time overruns
- Limited benefits realization and ROI
- Operational disruption

1

- Software and partners selected
- Implementation begun, but never completed
- High degree of turmoil
- Cultural disruption





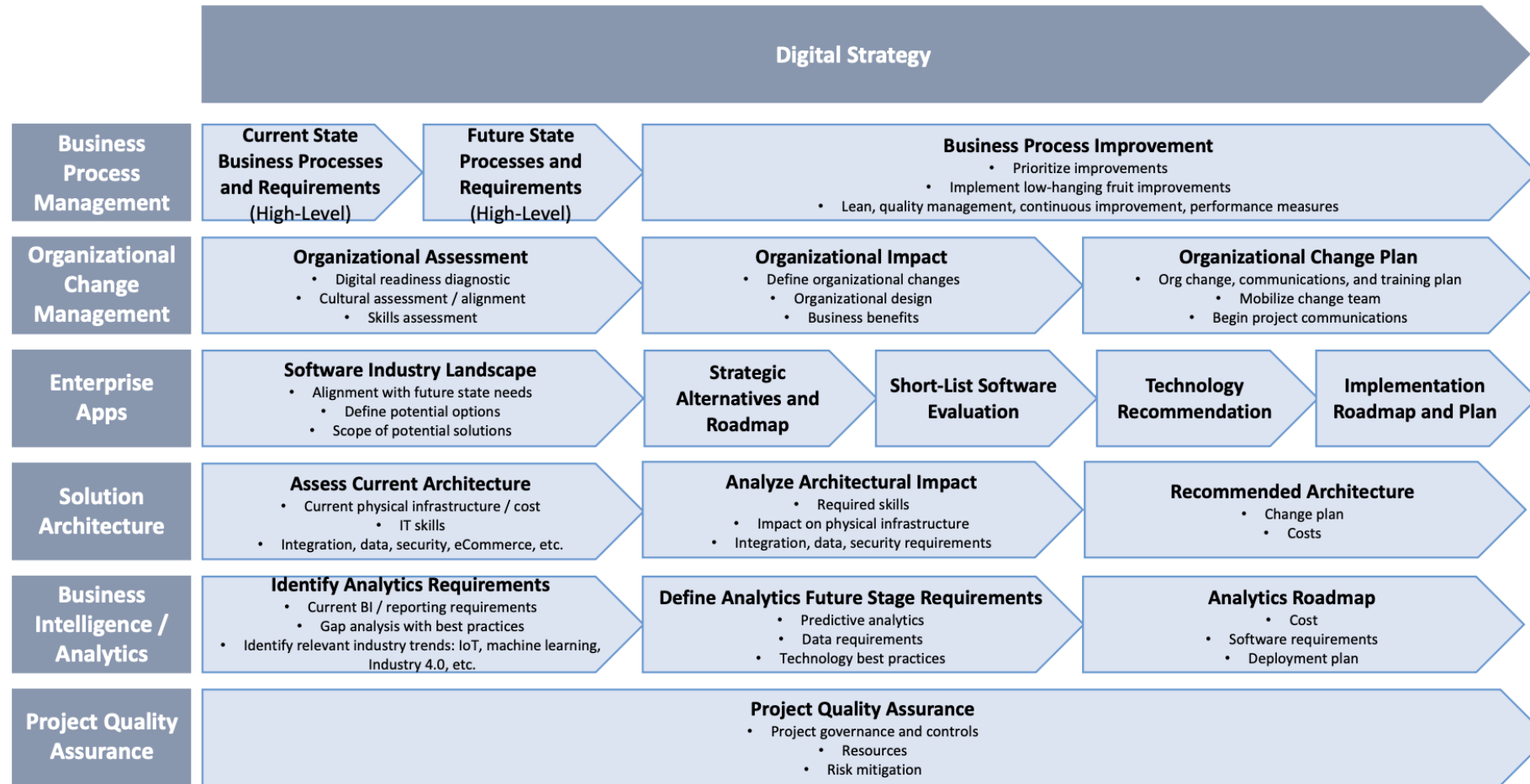
Digital Transformation vs Implementation

| | ERP Implementation | Digital Transformation |
|---|---|---|
| Overview | Traditional back-office technology. Usually one main system. | Broader set of technologies that extend beyond the back office. Often involves multiple technologies from multiple vendors. |
| Technology | Back office technology, such as financials, inventory management, distribution, etc. | ERP plus: Human Capital Management (HCM), eCommerce, web apps, Business Intelligence, Analytics, Industry 4.0, AI, Machine Learning, supply chain management, etc. |
| Business Process Management | Automating and enhancing existing business processes. | Searching for quantum-leaps in business value via business process reengineering and optimization. Open to new business models and ways of doing business. |
| Organizational Change Management | Training employees to perform transactions in the new technology. | Transforming the ways employees work and add value to the organization. Redesigning organizational structures to align with those new business models. Evolving organizational culture. |
| Business value | Lower IT operating and maintenance costs. Operational efficiency gains. | Strategic, top-line revenue enhancements. Maximize customer satisfaction and loyalty. Increase efficiency of the entire organization. |
| Transformation time and cost | Reasonable amount of time. 18 months is the average “traditional” ERP implementation duration, while 3% of annual revenue is the average implementation cost. | Typically longer duration and higher short-term costs. More revolutionary changes require more time and cost. Cultural and operational changes are on the critical path to completion. |
| Risk | Moderate. | Higher, since the transformation entails significant changes across the people, process, and technological aspects of the organization. |





Planning for Digital Transformation



Success vs Failure





Transformation Success vs Failure

- ✓ Getting experienced practitioners into key leadership positions
- ✓ Having a healthy skepticism around everything any supplier tells you
- ✓ Getting the right balance between technologists and business SMEs
- ✓ Recognizing that replacing legacy technology to solve business problems may not be the complete answer
- ✓ Not being over-ambitious in scope, especially during early phases
- ✓ Being realistic in the time it takes to develop and implement a solution, and the likely cost of it
- ✓ Considering the future state holistically across the entire business model (target operating model), not just the application
- ✓ Understanding that culture plays a big part in the success and that changing people is much harder than changing technology
- ✓ Having a business case that stands up to a “dragon’s den” style scrutiny
- ✓ Structuring the program, such that quality and progress are easily visible and laser focus on resolving “amber issues” as they arise
- ✓ Getting the right level of quality into key artifacts early in the process, particularly those that will define the future state

SUCCESS





Transformation Success vs Failure

- Over-ambition in the scope, overly optimistic time and cost expectations
- Poorly thought through business operations and how it will work
- Poorly defined contracts & lack of vendor management, overly trusting
- Poor delivery capability; planning and tracking at the wrong level of detail, overreliance on supplier / SI method
- Poorly thought through transition (including transitional processes, stock levels, call-centre volumetrics etc.)
- Lack of contingency (business continuity) planning
- Poor solution or unstable ecosystem; data spaghetti, absent legacy documentation, new technology
- Poor management of people & cultural change
- Inadequate testing
- Insufficient ERP implementation experience. Not listening to advisors; listening more to the very expensive advisors than the ones who have been at the coalface
- Rushing – anything; not being in control of events

Failure





Keys to Success

1—Failure Can be Avoided

- Success is not due to luck
- Leverage technology-agnostic best practices
- Successes are remarkably similar and demonstrate common patterns (as do failures)
- Don't settle for mediocre results





Keys to Success

2—Start with a Clear Digital Strategy



- Don't rush into a software selection or implementation
- Define your longer-term strategy and roadmap
- Ensure alignment with your overarching corporate strategies
- Short-term decisions should be in context of longer-term strategy





Keys to Success

3—Let Business Drive Technology

- This is not an IT project
- Business process improvements should drive new technology – not the other way around
- Digital transformation should be closely aligned with measurable strategic goals





Keys to Success

4—Be Realistic



- Unrealistic expectations are often the root cause of problems later on
- Can lead to bad decisions
- This applies to time, cost, and resources
- Take proposed vendor proposals with a grain of salt





Keys to Success

5—Implementation is More Important than Software Selection

- Don't spend too much time and money on software selection
- Divert more attention and focus to a successful implementation
- A strong implementation with an imperfect evaluation process is typically better
- Beware of consultants that drag out the selection process





Keys to Success

6—Recognize That There are No Silver Bullets



- Don't spend too much time and money on software selection
- Divert more attention and focus to a successful implementation
- A strong implementation with an imperfect evaluation process is typically better
- Beware of consultants that drag out the selection process





Keys to Success

7—Take Your Time and Control the Project Tempo

- This is your project and you control the pace
- Don't be rushed into prematurely starting implementation
- Better (and cheaper and faster) to get it right the first time
- Understand conflicting priorities
- Focus on transformation – it takes time





Keys to Success

Most Importantly: Organizational Change Management



- The ‘people’ component is the most important
- Your project will fail without it
- Organizational change includes:
 - Org design
 - Business readiness
 - Change impact
 - Benefits realization
 - Communications
 - Executive alignment
 - And much more



ROI & Benefits Realization of Digital Transformation





Start with Phase Zero

- Don't rush into a software selection or implementation until you define your longer-term strategy and roadmap
- Ensure alignment with your overarching corporate strategies
- Short-term decisions should be in context of longer-term strategy
- Most importantly, understand what RIO means for your organization





Let Business Drive Technology



- This is not a *just* an IT project
- Business process improvements should drive new technology – not the other way around
- Digital transformation should be closely aligned with measurable strategic goals and business ROI





Set Realistic Expectations

- Unrealistic expectations are often the root cause of fundamental problems
- Misalignment leads to rash and bad decisions
- Risk in time, cost, and resources
- Professional skepticism with vendor proposals
- Understand benefits take time to manifest





Implementation > Selection



- Don't spend too much time and money on software selection
- Divert more attention and focus to a successful implementation
- A strong implementation with an imperfect evaluation process is typically better
- Beware of consultants that drag out the selection process





No Silver Bullets

- There is no “silver bullet” to a quick and easy implementation
- Beware of industry hype suggesting otherwise
- Examples: cloud deployments, pre-configured solutions, cookie cutter, fix-all strategies
- Transformations are hard work – people and processes are much harder than the technology





Own Your Project

- This is *your* project
- Don't be rushed into prematurely starting implementation
- Cheaper / faster initiatives will not produce maximized business value. Better to get it right the first time
- Understand conflicting priorities
- Focus on transformation – it takes time to see results





Organizational Change Management



- The “people” component is the most important
- Your project *will fail* without OCM and RIO will not be realized
- Organizational change includes:
 - Org design
 - Business readiness
 - Change impact
 - Benefits realization
 - Communications
 - Executive alignment





User Adoption

- You could have top tier technology but its irrelevant if it's not being used
- User adoption is a main benefits realization KPI
- Ensure that your overall strategy includes a detailed user adoption plan
- Engage independent user adoption experts to advise and scale proven best practices for optimized success





Independent Program Management



- There are many agendas within a digital transformation project
- You RIO is not the #1 priority for vendor / SI partners
- Invest in an experienced independent and technology agnostic program management team
- Scale proven methodologies / best practices
- 100% focused on your business goals
- Experience in navigating a successful transformation
- Increased accountability and transparency
- Increased risk mitigation
- Internal resources can prioritize business needs



Quality and Program Assurance

| | | | | | | |
|--|---|---|--|--|---|---|
| <p>Procurement</p> <ul style="list-style-type: none"> • Differentiating requirements • Demos • Software fit • Employee buy-in • Contract terms | <p>Project Planning</p> <ul style="list-style-type: none"> • Realistic time, budget, resources • Clearly defined vision and plan • Clear project charter • ID critical path activities | <p>Project Governance & Controls</p> <ul style="list-style-type: none"> • Time, budget, cost • Decision framework • Contract compliance • Controls with third parties • Methodologies and tools • Go / no-go framework | <p>Project Resources</p> <ul style="list-style-type: none"> • Core team and SMEs • Executive Steering Committee • Change Agent Network • Backfill • Third-party resources • Project ownership | <p>Process Alignment</p> <ul style="list-style-type: none"> • Future state processes • Business scenarios • Requirement traceability | <p>Configuration and Development</p> <ul style="list-style-type: none"> • Documentation • Out of box functionality • Industry and software best practices | <p>Architecture</p> <ul style="list-style-type: none"> • Integration • Technical fit • Physical and IT org infrastructure • Platforms • Tools |
| <p>Organizational Change Management</p> <ul style="list-style-type: none"> • Skills • Readiness • Change impact • Training • Communications • Organizational design | <p>Master Data Management</p> <ul style="list-style-type: none"> • Data mapping • Cleansing and migration plan • Ownership • Controls | <p>Testing</p> <ul style="list-style-type: none"> • Software testing • Integration testing • Data load testing • User acceptance testing | <p>Security</p> <ul style="list-style-type: none"> • User profiles • Internal controls and compliance • Segregation of duties • Cybersecurity | <p>Reporting and Analytics</p> <ul style="list-style-type: none"> • Forms • Reports • Business intelligence | <p>Benefits Realization and Performance</p> <ul style="list-style-type: none"> • Baseline metrics • Measurement audit processes | |

Ensure Strategic Alignment

Assess & Mitigate Risk

Process & Continuous Improvement



Questions



Thank You

Contact Me:

Eric Kimberling

+1 (720) 837-3604

eric@thirdstage-consulting.com

X: @erickimberling

LinkedIn: www.linkedin.com/in/erickimberling

YouTube: www.youtube.com/erickimberling

Third Stage Consulting Resource Center:

