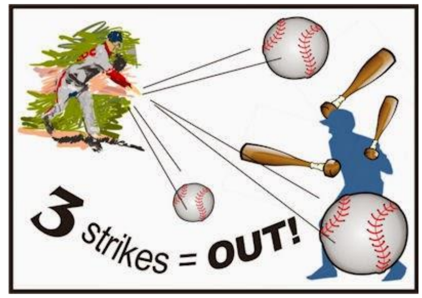
Doomed From The Start: Enterprise Solutions Selection



Seventy-four percent failure. Échec de soixante-quatorze pour cent. Vierundsiebzig Prozent Ausfall. Selhání sedmdesát čtyři procenta. 百分之七十四失败

It doesn't matter how you say it or in which language you say it, this rate of failure for most things is unacceptable. Of course, in baseball, the reverse is a .260 batting average which isn't considered all that bad.

However, we're not writing about baseball. We're writing about the percentage of ***enterprise solution technology projects that fail to be implemented on time or on budget***. Often both and that means that the project will not deliver the expected value to the organization.

You'll hear people say that the implementation failed. That's much like the people that say they have an inventory problem. ***Wrong!*** When you have too much inventory or not enough to meet commitments, it's a symptom of another issue in the supply chain. When an enterprise solution fails to implement on time or on budget, it's also a symtom of issues that occurred much earlier in the project: The Selection Process.

The Selection Process Components

There is a process to selecting enterprise technology, whether it's an application solution or technology, that will decrease the chances of failure dramatically. It's much like creating a cake…too much or too little of a component or not completing a step in the process will not produce the end result desired. There are several stages to the selection process that precede the contract signing and kick-off of the implementation processes.

Creating Expectations, Teams and Reporting Structure

In this stage of the process the organization is setting up the human elements. A very important part of this stage is determining and documenting the expected scope of the project. What's clearly in and what is clearly out must be understood by every level of the team. There are typically three levels to the reporting structure (SC, PM and TL) and four levels of team participation (SMEs reporting to Team Leaders).

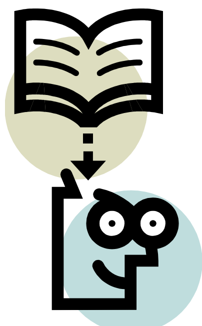
Since this project is going to introduce change to the organization, some team building / change management exercises should be conducted with everyone involved…yes, that includes senior management representatives.

All members of the team will be required to sign a specific, project-related rules of engagement agreement. If you don't have this, team accountability is lost.

Analysis

This stage of the process is where you look at what you do now, immediate improvements that could be made and what you're going to need to support your strategic business plans. The outcome of this stage sets up the next four stages.

Education



There are components of education for each group. The entire group needs to have an understanding of the goals of the project, the overall selection process and their responsibilities within that process. The PM should have both the education and experience of managing capital budget projects. The PM, TL and SME levels should receive detailed education relating to the type of acquisition and typical solutions that would work. For instance, does the team know the interactions that occur between operational and financial applications and the processes that are executed?

RFI (Request For Information)

The RFI stage of the process aids in the elimination of unsuitable vendors by requesting answers to key questions of functionality. Example: Does your ERP solution support multiple languages in its user interface? If so, which ones?

RFP (Request For Proposal)

The RFP stage is much more comprehensive and is created while the RFI stage is in process. First, the vendors agree to a non-disclosure and engagement rules agreement. This is a step that most organizations miss and can have substantial consequences later. Then there is very detailed questionnaire that the vendors need to provide answers to in terms of both functionality and preliminary pricing information. This will take some time as the vendors are now enabled to ask questions of the organization.

RFQ (Request For Quote)

After the RFP stage reduces the vendor list to a maximum of three, the RFQ stage includes demonstrations of functionality with detailed estimates of time, cost and resources required. A copy of a standard contract is now rendered for review.

Quote Validation

The price of the software isn't going to change but you do want to make sure that the modules that you are purchasing are: a) all that you need; and, b) not 'padded' with functions that you don't need. Remember, you're going to not only pay for the module you don't need up front but you're also going to pay for the annual maintenance and support fee for that function that is not being used.

Where you want to make sure to spend time is on validating the project plan and your own internal human resource requirements. There should be a completely resourced and balanced project plan produced and signed off by all parties. This plan forms the structure and budgeting for the Statements of Work (SOWs) that the parties will agree to during the implementation stages. If you don't get this done properly then your project budget and timeline for implementation is going to end up adding to the failure percentage.

Summary

Organizations that spend the time and resources, and put the controls in place, before signing the contract have very little reason to fail during implementation. For the rest, may we suggest that you read the definition of: "Caveat Emptor"?

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