

Q&A



ERP CHANGE MANAGEMENT 101

A practical guide to change management in ERP implementations

No matter how good your ERP system's implementation may be, you will not realize the full benefits of your project unless the user community embraces the new system and process. Users' acceptance of the "new way" is the No. 1 reason that a project will be successful. Unfortunately, it is often overlooked or underemphasized in the project. Change management is a strategic, leadership-driven process of transitioning from one way of accomplishing work to another. In this Q&A, we cover the basic questions about the concept of change management, what and who is involved, and how to integrate it into your ERP plan.

Q Isn't change management just training?

It is not—and that is probably one of the biggest misconceptions and hurdles to overcome. A change management team is responsible for ensuring that your organization is ready, willing, and able to adopt the new processes and tools. Traditional training, however, is part of a good change management process.

Change management itself is a discipline and a science, defined by some of the more common strategic thinkers in the field such as Bridges and Kotter. This Q&A is an abridged guide to how you can apply some of their thought processes and know-how to any project—even if you are not an expert in change management.

Q What are some of the phases of a properly executed change management plan?

Depending upon which change management book you read or whose discipline and thought leadership you adhere to, there are many different roads to reaching the same goal. Whichever path you choose, there are some key steps that will help your community adopt the "new" way and realize the benefits of the project. The following is a basic roadmap for integrating change management into the plan.

The Benefits of Change Management in ERP:

- Reduce cost of ERP implementation
- Increase return on investment (ROI)
- Decrease implementation time
- Limit operational disruptions
- Boost efficiency and effectiveness
- Improve employee performance and morale
- Promote communication and collaboration
- Increase employee retention rate

PHASE	GOALS
Planning	Develop a change management plan identifying the future state vision and benefits of change vs. the current state Identify change agents Isolate mitigation factors/challenges for adoption Develop a detailed communication and training plan
Awareness	Make the user community aware of the upcoming change Begin to educate users on the building blocks of knowledge required to accept the change (you may experience resistance to change due to misinformation or a lack of information)
Understanding	Build a positive perception for the change by having the user community develop a deeper understanding of the changes and how they will affect them Have the team continue to monitor the effectiveness of the communications and learning activities
Acceptance	Follow up with users to confirm knowledge transfer Conduct follow-up training where required (including one-on-one training) Certify that the user groups are ready for the change

Q Who is involved in change management?

The short answer is: everyone. However, there are five key roles that need to be identified in the planning phase:

1. Change Management Team Lead—Responsible for managing the change management plan and process throughout the four phases identified above.

2. Change Champions—Typically senior executives who have the authority, credibility, and capacity to be beacons for change. They set the tone and example for the rest of the organization to follow. If leadership is not behind the change, it is not likely the team will be behind it either.

3. Business Line Change SMEs—Roles that are typically filled by personnel in the business line. They take their lead from the change champions but provide a bridge between the overarching change strategy and the tactical implementation of the change. They work closely with the change management team lead and the user community.

4. Implementation Team—Comprised of business and technology analysts who are implementing the system. They play a critical role in the change process because they understand how the system functions and how users will be impacted. However, they will likely assume that training alone is enough to make the project successful from a change management perspective.

5. Users—Last but not least, the users are the audience for the change management efforts. Without a solid understanding of this group and its concerns, the project will fail.

Q What are some of the change management tools and techniques related to an ERP project?

Today there are countless low-cost, highly effective mediums for communicating with and training your user community. These include but are not limited to:

- Websites and project portals
- E-mail communications
- Newsletters
- Social networking hubs and intranets
- Video communications and training
- Frequently asked questions, message boards, and wikis
- Conference calls
- Webinars and lunch-and-learn sessions
- Computer Based Training (CBT)
- Traditional classroom training and buddy system training
- Interactive quizzes
- Procedures and quick reference guides

This is a small subset of the tools at the change management team's disposal. What will work for your community depends upon the attributes of your users and your project. But keep in mind that in a large-scale implementation, lack of knowledge or access to information can create a "shadow" communication medium whereby users share amongst themselves snippets of information that may or may not be correct or comprehensive. Never assume that something is "known," and be sure to mix your communication methods to include both passive and direct approaches.

Q How do I know if change management is working?

Conducting milestone checkpoints with dashboard analytical reporting for key stakeholders is a critical part of the change management team lead's role. Determine what key statistical indicators are important for your project (e.g., number of people attending training class, percentage of quiz questions answered correctly, etc.). In addition, the change champions play a key role in the process. Part of their job should be understanding the pulse of the user community, as well as determining how the project is progressing in their eyes and how their jobs will be different after the project is completed. The change champions should conduct town hall type meetings at major checkpoints, either in person or virtually, to answer questions and understand the concerns of the community.

Q How do I convince the stakeholders that change management is a critical component of our project and that we should invest time and money in these efforts?

This can be one of the more difficult aspects of the project—getting started. Many stakeholders understand the need to convert the data, build the report or interface, and test the application, but the change management aspect is harder to quantify in a traditional "tactical" ERP project sense.

Set up time early in the project to understand your audience and determine what their concerns or objections may be. Quantify what will happen if the project fails because of the human element. The interfaces and reports may work just fine, but if no one knows how to use them, how useful will they be? How much money will be lost in missed sales, lost staff productivity, turnover, or retraining efforts? A relatively small upfront cost in building the change management plan can have huge back-end benefits in both perception and real dollars.



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