
Strategic Systems Implementations.

CHALLENGES AND INSIGHTS.

There are many reasons organisations choose to implement new systems, including:

- helping to increase revenue
- improving customer experience
- gaining greater operational efficiency
- providing a platform for new business operating models.

The size of the prize, if the project is delivered successfully, can be enormous. However, the implementation of a major systems involves and impacts many people. Consequently it is often a complex, disruptive and high-risk undertaking. To mitigate project risk and hence increase the likelihood of success, robust pathways and strategies for implementation should be defined and agreed.

In this paper we outline the challenges we've observed in major system delivery and how to deal with them.

A person is seen from behind, standing on a rocky mountain peak. They are looking out over a vast, hazy landscape of rolling hills and mountains. The scene is in black and white, with a blue semi-transparent overlay on the left side where the text is located.

The right sponsorship.

To be successful, major change programs require strong sponsors and change leaders. The sponsor is the one who first legitimizes a change. It is essential that the sponsor has the organisational power to authorize action and sanction change, and to allocate people and other resources to the effort. Without this legitimization; substantive, durable change is unlikely to occur.

Although sponsors are extremely important, they usually must enlist the support of change leaders. Projects typically require acceptance by people who may not have direct contact with the sponsor. In the corporate world, change leaders are usually mid-level managers who legitimize the changes at their level of responsibility. They manage the change communications and consequences at the local level to accomplish the specific objectives necessary for the strategic directives to succeed. Successful implementation of substantive change cannot occur without both committed sponsors and change leaders.

Detailing and managing the strategic intent.

Large systems implementations are by nature a complex undertaking. Although they are typically conceived by a few people they cannot be brought to fruition without large and often diverse teams.

To ensure success, it is vital that:

- a clearly identified and articulated problem or opportunity has been targeted
- the whole rationale for the programme is supported by data and driven by measurable objectives.

We refer to the activities associated with this area as strategic intent management.

Strategic intent management requires monitoring, adjustments and a level of creativity along the way. The main route is from clarity (aligning on a precise and explicit purpose) to expression (communicating the purpose) and to integrity (not being diverted from the original destination).

The Intent needs to be:

Complete so that the full understanding of what will be delivered is in one place.

Concise so that everyone can be continually aware of the intent at all times. Once the intent becomes too complex for people to remember, their decisions will begin to diverge.

Clear so that it can be easily communicated to and understood by all involved in executing the strategy.

The leadership team that initiates and sponsors the initiative establishes intent. They have the responsibility to communicate that intent to all involved in delivering the initiative. It is the leaders' statement of what they expect that must drive the initiative, guide decisions and answer questions.

Clarity around the operating model.

New systems can either be implemented against existing operating models or against future (often referred to as target state) operating models. Whilst either approach can lead to benefits it is important to be clear about which approach is being taken. Whilst the latter will likely deliver greater benefit, it will be a higher risk undertaking. This risk is heightened if the organisation does not have a track record of successfully implementing change.

In either scenario, some effort will be required to align selected business processes with the chosen system. This will help keep customisation costs to a minimum.

Regardless of which approach is taken, it is important to clearly define the target model - i.e. future or existing. This definition should, at a minimum, include key operating model elements such as:

- Organisational structure, roles and responsibilities
- Explicit process definition; and
- Key business rules.

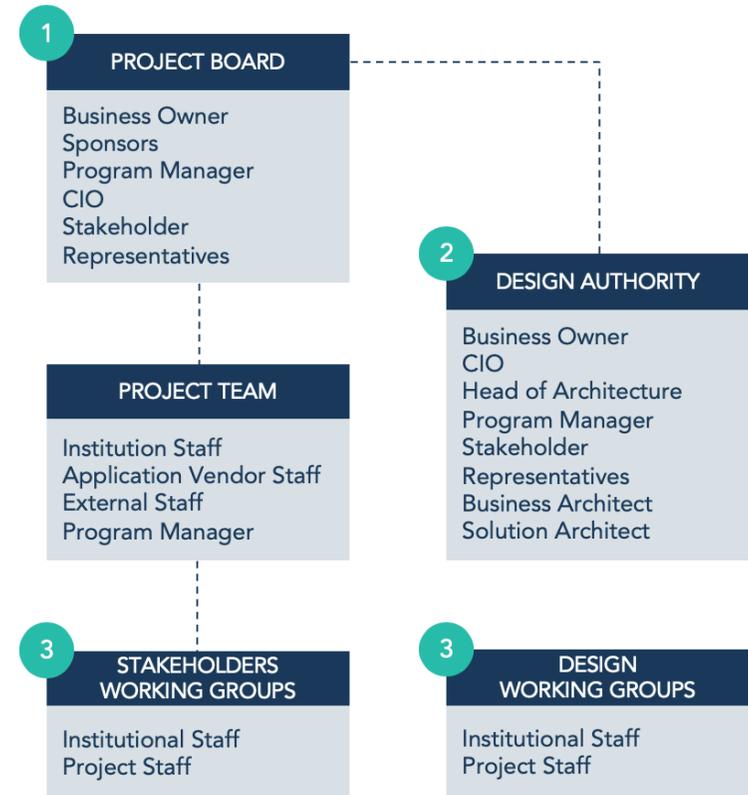


Robust governance.

Few people would disagree that good program governance is a critical success factor for the delivery of any large undertaking. Strong program governance allows effective and efficient decision making. That is, the right people making optimum decisions that meet the needs of the project and its stakeholders and making those decisions in a timely manner. In our experience a three tiered governance model is most effective in the delivery of large strategic programs. The governance model comprises the following:

1. The Project Board
2. The Design Authority and
3. Stakeholder and Design Working Groups

The membership and terms of reference of these governance forums and key members should be documented and agreed early in the project lifecycle by the sponsor and the program manager.



Active business involvement, engagement and sponsorship.

Every project needs people to make it work. Not only those working directly on the project but also those in the business who ultimately “own” the system. Regarding the latter, those people who

- recognise the need for change within their area
- have the ability, inclination and time to help the project deliver this change

are key.

Often referred to as change champions, these people may be feeling the pressure of serious problems that exist with the current systems, and/or; are motivated by the desire to seize an unrealised opportunity. Either way they will have a strong sense of personal commitment - a stake in the game. They will feel there is much to be gained by driving the effort forward.

These key people’s energies need to be harnessed through active engagement and involvement. Engagement is best facilitated through a formal, documented and well executed change and communication strategy, developed and delivered by an experienced change manager.

A key project challenge will be to free key resources from the demands of their busy day jobs. Securing their active participation will necessitate making difficult trade-offs between business as usual activities and project demands. However without adequate business engagement, involvement and, most importantly ownership, these complex projects will almost certainly fail.



Engaging the 'A' team.

A major system implementation is definitely not the domain of average performers. Rather the project team must be staffed with experienced 'A' team resources, including those that have been involved with programs of comparable complexity and size.

Whilst this applies to all resources, in particular it applies to the program leadership team (we refer to this as the 'program spine') comprising of:

- The Program Manager/Director
- The Change Manager
- The Business Implementation Manager
- The Business Architect
- The Solution Architect
- The Test Director; and
- The PMO Manager

Whilst some organisations will have the luxury of having this expertise in-house; others will need to import project capability from the external market via contract resources or specialist providers.

In some cases, institutions may decide to engage a prime contractor for the implementation. Regardless of which approach is taken, it is important that you engage the 'A' Team.

The right application.

Unfortunately, it is not uncommon for a lot of effort to be expended on major new systems that do not fit the business operating model nor the program's strategic intent (often because these have not been rigorously defined and tracked). Whilst base system function is critical, a number of additional factors should also be considered in selecting the right system. These are included in the following table.

CRITERIA	COMMENT
Flexibility around Business Rules	The most effective core business applications will have appropriate flexibility to establish custom business rules enabling efficient business processes and management. These business rules should apply to data relationships as well helping to ensure data errors are minimised.
Central Data Management	The systems solution should be the system of record for all key data elements and be founded on a robust, state-of-the-art relational database management system. Other systems should share this common business data. Consequently the customer and company experience should be seamless due to tight data integration among related systems. This will significantly reduce business process inefficiencies due to overlapping system data and function.
Reporting & Analytics	Organisations need to be clear about their reporting and analytics requirements. Does the solution provide concise, standard reports that conform to regulatory requirements in each location? Are these reports out of the box, or do they need to be developed? What level of analytics capability is provided as part of the base system?
Integration	How easily will the application integrate with other lines of business applications? Does the proposed integration approach conform with industry standard approaches?
Scalability	The proposed solution should have a demonstrable capability to not only handle existing transaction volumes but allow for significant growth.
Technology Foundation	Is the proposed application well architected and founded on contemporary technology components?
Support	Does the application vendor have the right quantity and quality of local support resources and infrastructure.
Ongoing Support & Upgrade Complexity	How much ongoing support (effort and cost) is required to support the application post implementation? How frequently are new releases issued and what effort is required to upgrade?
Product Future Direction	What is the application vendor's commitment to the industry and how closely does the product's future roadmap align with the organisation's needs?

Don't lose sight of the fundamentals.

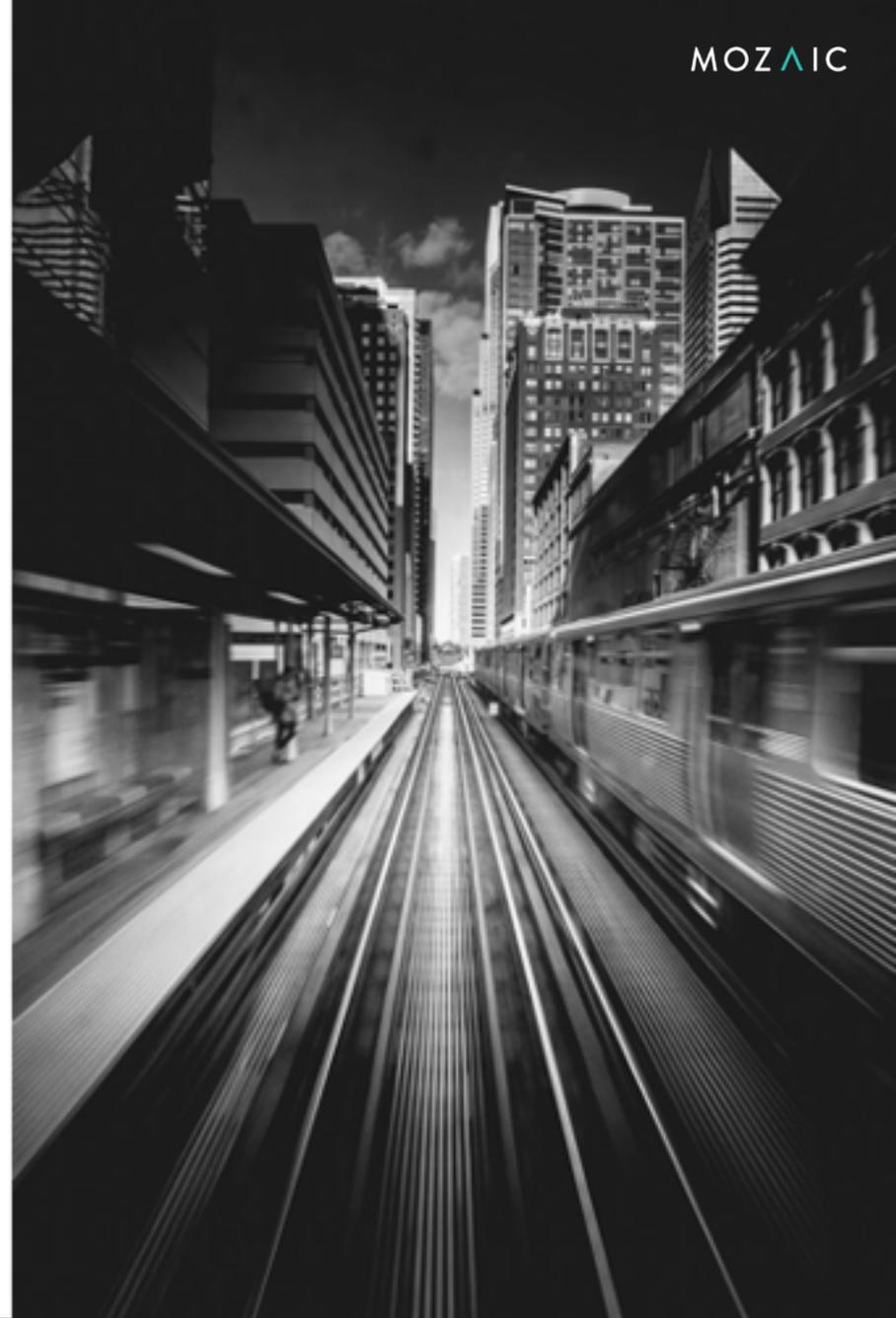
In our involvement with major projects, all too often we see projects suffer due to lack of fundamental project disciplines. Listed below are real life examples of issues that we've observed - a number of which have led to major project 'train wrecks':

- Not managing the **project scope** and entertaining too many "nice to have" features. This includes trying to force fit the application (via extensive customisations) to the existing operating model rather than accepting that some compromise and hence process change is inevitable.
- Insufficient attention paid to **data migration and data cleansing**. This risk is amplified when large volumes of data needs to be transferred or when the existing data is not well understood or of poor quality.
- Not enough attention paid to the identification and management of **strategic project risks**.
- Insufficient **testing rigour** - not only application testing, but downstream and end to end process testing.
- Utilising a methodology (e.g. agile) without the requisite **experience, expertise and discipline**; and
- Insufficient attention and rigour applied to **vendor management**.

Whilst this list is far from exhaustive, unfortunately they are far too common.

Closing thoughts.

Major system implementations are not easy, with research showing that 7 out of 10 major initiatives fail to meet their objectives. Regrettably there is no silver bullet to project success. Being mindful of the challenges and considering the insights outlined in this paper however, should put you on the right path to success.



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