



## ERP INSIGHTS

# Wearing One Hat at a Time

## How to avoid confusion and conflict when leading your ERP project

BY MIKE MUCHA

**D**eveloping an effective governance structure for your government's enterprise resource planning (ERP) project requires identifying the necessary roles, the responsibilities for each of those positions, and the individuals who will take them on. ERP project governance is not easy. It takes the typical top-down hierarchy that exists within a department and combines it with the need to also coordinate across departments. For procurement and finance staff, working on an ERP procurement project adds yet

another challenge in that employees must fulfill their project roles while maintaining their traditional roles in coordinating the procurement process.

Finance and procurement serve important customer service functions for other departments. For all purchases, procurement staff typically interact with external suppliers, conduct market research, develop requirements, prepare the request for proposal, facilitate the evaluation process, and lead contract negotiations. Similarly, finance staff support those same projects by identifying funding sources, developing a budget, processing payments, and

producing financial reports. Subject matter experts provide expertise and form an evaluation panel.

What makes ERP projects unique and challenging is that finance and procurement also have a key role as one of the "customers." But they aren't the only customer, which makes the need for clearly defined roles even more important. Joint decision making is critical in ERP projects, and key procurement decisions must also be considered from other perspectives, including human resources, information technology, and other operating departments like public works, police, fire, parks, and human services. Taking on both roles simultaneously can create confusion or a perception of bias, which erodes the traditional independent authority that finance and procurement can provide in other highly visible and significant purchases.

In larger governments, a governance structure containing a steering committee, project manager, project team, and other subject matter experts provides clarity for the overall roles and decision-making authority for the project. Organizations can also select key staff for important positions, leaving others off the project entirely. For smaller governments or organizations with limited staff, however, key personnel will likely end up wearing multiple hats on the project. For finance and procurement staff, this could entail both coordinating the process and fulfilling decision-making roles within the process.

This is where it can get difficult, confusing, and potentially even controversial. Finance and procurement professionals need to make sure they are only wearing one hat at a time and that everyone on the project can see it. GFOA's research series on fairness ([gfoa.org/fairness](http://gfoa.org/fairness)) identifies fairness as essential to public finance. For major decisions, all stakeholders, including all those who will need to participate in the ERP project, need to believe that the process was fair, that all people were treated fairly, and that there was a fair outcome. Not all decisions will be unanimous, but if established processes were followed, everyone can accept the results.

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Unfortunately, staff members are often tasked with serving multiple roles in ERP projects. Sometimes there simply aren't enough employees to fill each role with a different person. Other times, governments want the same person to fulfill multiple roles. ERP projects are significant investments for an organization, and the choice of which system or vendor to contract with is important. It's understandable why governments try and have senior-level resources serve multiple roles at the same time on a project. But this is almost always a mistake.

When assembling any kind of team, leaders have to figure out how to staff key roles. For example, consider a youth baseball team. The coach needs to determine how to assign a position to each player. A baseball team with more than nine players can put a different player at each position on defense. Each player's role is then defined. Now, if the team has a superstar athlete, it may be possible to put that player in a position that takes advantage of their skills, but it still isn't a good idea to try playing a game with fewer than nine players on the field by assigning our superstar to cover multiple positions at once and leave others on the sidelines.

Finance staff can face a similar challenge when defining who fits best in which role. In a standard governance structure containing a steering committee, project manager, and project team, it's not wise to assign the finance director to every position. Yes, the finance director may be the most qualified for each one, but this is like having one young

athlete play pitcher, shortstop, and first base all at the same time. Eventually that resource will be overburdened and not perform any of the roles very well.

ERP procurement projects can put procurement staff in a similar position. Someone will need to coordinate the entire process and ensure compliance with established policies and laws. Slotting in one person to fill two roles can not only overburden the resource but also create conflicts, muddying perceptions of trust. Having someone from procurement both coordinate the process and be part of the decision-making process would be like assigning a catcher to also be the umpire. Yes, the catcher is in a great position to call balls and strikes, but no, others may not view those calls as being objective or fair.

Sometimes, putting one person in multiple roles can't be avoided. For example, it's not ideal, but if only seven kids show up to play baseball, the coach will make the most of the situation by adjusting positions and allowing fielders to cover more ground than normal. Similarly, in a small government with limited staff, key individuals may need to take on a larger role. As resources take on greater responsibilities, however, they must retain clearly assigned roles, and everyone on the team must understand the role this person is playing at any time (wear only one hat at a time). Organizations also need to understand the impact of having one person take on multiple roles.

When embarking on an ERP project, assigning individuals to roles is a key step in project readiness. But it's also

important that individuals be assigned strategically to align project roles with organizational hierarchy, promote role clarity, and avoid confusion or controversy that can come from perceived conflicts. Below is a list of common roles that focus on ERP system procurement, and some hard lessons learned for staffing positions with the appropriate individuals.

**Steering committee.** The overall steering committee for the ERP project provides strategic direction for the project. The committee is responsible for making or validating key decisions, identifying budget and resources for the project, managing risks, holding the project accountable to goals, and serving as an escalation point for disputes. The steering committee staff are often the most senior-level champions for the project. With ERP procurement, the steering committee will confirm the scope, approve the RFP, and ensure that a fair process is followed in deciding on a finalist vendor.

As a result, the steering committee should be staffed by department-level representatives from critical stakeholder groups on the project. For most local government projects, GFOA recommends a steering committee made up of between five and ten individuals representing the most senior level (director) from the finance, human resources, and information technology departments, and a representative for the departments that will be most influenced by the changes at the user level. For example, parks and recreation, public works, fire, or other similar departments often have complex processes for procurement, payroll, and projects, and they can serve as critical champions for change.

*Lessons Learned:*

- Include operational departments on the steering committee. A committee made up of only central service departments will lack perspective to solve many of the pressing challenges of ERP change management.
- Avoid having individuals on the steering committee reporting to other steering committee members.



**Evaluation team member.** If the steering committee's role is to monitor the process and approve key decisions, organizations need a team to conduct the work. For ERP procurement, this is the evaluation team. The evaluation team will read all proposals, participate in demos and interviews, and score each proposal, ultimately determining which provides the best value for the organization. Evaluation teams must be able to dedicate the time necessary to performing a quality review, which could be many hours—GFOA estimates that evaluation team members can easily spend more than 100 hours in this role. Like the steering committee, the evaluation team should be made up of subject matter experts representing key functional areas on the project (accounting, procurement, grants, capital assets, human resources, payroll, benefits, information technology) and some staff from outside of the core departments to represent more generic users. The ideal size for an evaluation team is between seven and fifteen people, depending on scope and size of organization.

*Lessons Learned:*

- Don't include steering committee members on the evaluation team.
- Avoid having evaluation team members who report to other members of the evaluation team.
- Avoid redundancy. It's better to have a smaller evaluation team than to have individuals with similar roles in the organization.

**Request for proposal (RFP) facilitator.**

The RFP facilitator serves a critical independent role to ensure fairness in the decision-making process. This role will prepare the RFP, manage the timeline for the procurement, serve as point of contact for potential vendors, and ensure overall fairness in the process. This role serves as the umpire for the process and therefore plays a critical role in avoiding perceptions of bias and ensuring that each member of the evaluation team is able to contribute and provide feedback and

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Having one person serve at multiple levels of the project can be a huge risk. Not only can it overburden key staff, but it also has the potential to create conflicts and perceptions of bias that are not conducive to trust and effective change management.

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scoring. A February 2023 *GFR* article (“The Decision Architect,” by Richard Riis and Jared Peterson) explains that “decision making is messy. It is often done by groups, so there are conflicting points of view... And it is done by humans, so it comes with the myriad well-documented cognitive biases and inconsistencies.” The decision architect’s position is like the umpire in a baseball game. By establishing the rules and calling balls and strikes, they are able to maintain a fair process.

*Lessons Learned:*

- The RFP facilitator needs to be separate from the steering committee and evaluation team.
- The RFP facilitator needs the support of the steering committee to exercise good judgement and protect the integrity of the process.

**Overall project manager.** The project manager is responsible for both developing and implementing the overall project plan. Procurement activities form a portion of the project, but the organization must also coordinate a wide variety of tasks intended to prepare the organization for implementation. During the procurement phase, it is normal for the project manager to work with the RFP facilitator to assist in coordinating resources, facilities, and communications related to the procurement project. Once the implementation project begins, the project manager will take over full responsibility for day-to-day activities on the project.

*Lessons Learned:*

- Identify someone with a project management skillset. The project manager doesn’t need to be an expert in finance, human resources, or other functional areas on the project.
- Avoid having a project manager who is also on the steering committee or serving as a subject matter expert on the project.
- The project manager should be able to dedicate 100 percent of their time (or close to it) to the project.

**Subject matter experts/functional leads.** ERP projects require detailed subject matter knowledge that exists throughout the organization. These resources, who are often referred to as subject matter experts or functional leads, make up the project team and lead process change, system configuration, data conversion, testing, training, and more on the project. They are also typically involved in organizational readiness, defining RFP specifications, and more. In many projects, roles will differentiate functional leads (the leader for a specific functional area) from other subject matter experts (support resources with less of a commitment to the project).

*Lessons Learned:*

- Functional leads often make the best evaluation team members.
- Avoid identifying steering committee members as functional leads.
- Don’t forget about non-centralized department staff. They often have


a unique perspective and detailed knowledge that is important for the project.

**Contract administrator for current legacy system.** While organizations navigate the procurement process, the current administrative system will need to be maintained. In many cases, the vendors supporting the old system may also be potential proposers for the upcoming RFP. During any RFP process, it’s essential to avoid perceptions of bias and to avoid instances where one proposer may have unfair access to evaluators or coordinators.

*Lessons Learned:*

- Avoid having the contract administrator serve on the evaluation team.

### Summary

ERP project governance requires clearly defined roles and individuals who are fully committed to carrying out the roles to which they are assigned. For most ERP projects, governance will include a steering committee, project manager, and project team. While it can be tempting, having one person serve at multiple levels of the project can be a huge risk. Not only can it overburden key staff, but it also has the potential to create conflicts and perceptions of bias that are not conducive to trust and effective change management. When preparing for your project, start early and make sure key stakeholders understand their role and the roles of everyone around them. 



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