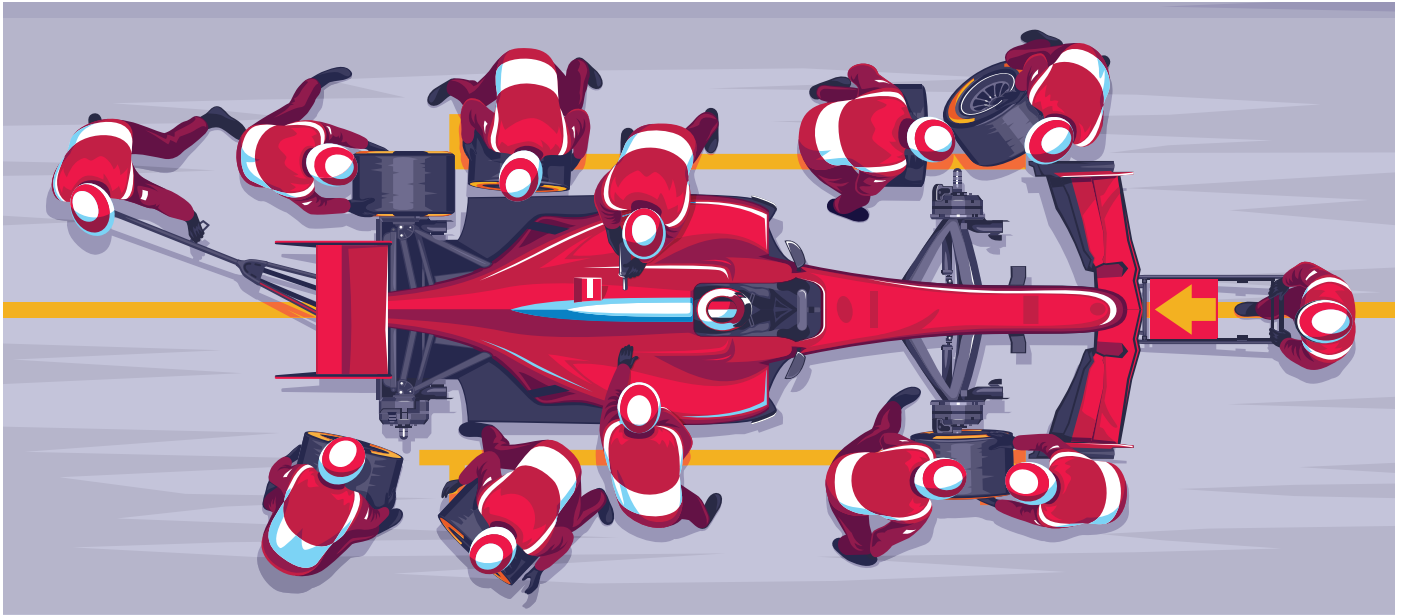


In Practice

ERP INSIGHTS | ACCOUNTING | PERSPECTIVES | MENTAL MODEL | INTERVIEW | Q&A | 10 STEPS



ERP INSIGHTS

Maximizing ERP Project Performance

Using PIT crews to accelerate change and user adoption for ERP projects

BY MIKE MUCHA

Enterprise resource planning (ERP) projects provide a number of unique challenges for local governments, and because they happen so infrequently, new issues come up that make planning difficult.

First, these projects are expensive and require budgeting with a level of uncertainty. Issuing a request for proposal (RFP) for ERP software will likely return a wide range of costs and cost structures, some of which—subscription fees, for example—will recur each year into the future.

Second, ERP projects require a new way of thinking, and staff must confront

status quo, “this is how we’ve always done it” scenarios, and consider modern approaches to business processes.

Third, ERP projects rely on external consultants. Governments need help when it comes to implementing modern systems, but not all consultants are equally effective or helpful. Consultants will have the technical expertise to configure the new application, along with varying levels of communication, problem-solving skills, or knowledge of local government.

The most difficult challenge that most local governments face, though, is determining how to staff the project internally. The staff members who

fulfill key roles on the project need to be knowledgeable about current processes, aligned with the organization’s vision for its future, well respected in the organization, and possess skillsets in project management, communication, and change management, along with subject matter expertise. Of course, those same people also keep the organization running and maintain current operations. Who will devote time to the project, and how many people are actually needed to deliver a successful project? This article looks at the challenges governments face and provides a different approach to the traditional project staffing model.

The key to success

When asked what government leaders would do differently with their next ERP project, many say things like “dedicate more staff,” “focus more on training or change management,” “provide more resources for testing,” “provide more backfill to key resources,” or “plan to have more staff.” Similarly, when GFOA asks ERP vendors about the main thing future clients can do to succeed with their ERP projects, almost all immediately say it’s to ensure that key staff members are dedicated to the project.

GFOA research has identified this theme for years. And despite early warnings and repeated lessons learned about not having enough staff, the reason so many governments struggle with project staffing is easy to understand—it’s impossible to clone subject matter experts and leaders, and it isn’t practical or advisable to devote 100 percent of their time to the project while they’re still responsible for day-to-day operations (even though this approach has been attempted in the past). Staff planning for an ERP project can seem to force organizations to pick between two bad options: Understaff the project at key positions, making it impossible to complete all project tasks, or risk burnout from staff working unsustainable hours.

The traditional approach to project staffing

Traditionally, ERP projects identify a project manager, technical staff, and “functional leads” to represent each major functional area in scope for the project. This could include accounting, project/grant accounting, procurement, payables, capital assets, human resources, time entry/payroll, benefits, and more, depending on the project. Those individuals would be largely responsible for the project and take on all process analysis, system design, configuration, data conversion, testing, training, and support tasks with the vendor consultants.

Project responsibilities will easily be a full workload for those positions, and decision-making and control of the project are concentrated in that core group. But

staying focused on the project can be difficult, since these people are also the organization’s experts on day-to-day operations. When problems arise outside of the project, the ripple effect typically means delays to the project, change orders, or skipped steps (like training or testing). To prevent this, organizations have, at least in larger organizations, isolated the project team in an area or facility that is far removed from day-to-day distractions. Locating project teams together, but not near regular operations, allows the team members to focus on the project. It also provides benefits from collaboration with other functional leads—but it distances them from the operational units they are representing on the project. For example, the procurement lead is no longer part of the procurement department.

On a lengthy project like an ERP deployment, the project team can start to lose connection with the organization. Communication and overall transparency for the project can suffer. From the perspective of those on the project team, it can be difficult to understand daily challenges in the department. From the perspective of the department, it can be difficult to understand the rationale for process changes or how the new system will really help working at ground level.

For traditional projects, this required an added focus on “change management.” If there is a disconnect between the changes the project team advocates for and the rest of the organization—whether it be resources in core departments like finance, human resources, or procurement, or more operational departments like public works, police, or parks and recreation—a more focused approach using change management principles can help bridge the gap. Vendors that offer change management for ERP projects often do so at a premium charge. Consulting resources focused on communications would build lengthy communication plans, risk assessments, and exercises designed to bridge the gap that was created when the project team was separated.

This unit can become an effective part of the project team and help translate and communicate issues between the project

and the organization, and vice versa. But an ineffective stand-alone change management function adds yet another silo that can separate the project team from the organization—while also consuming more internal resources and budget.

Taking a different approach

What if there was another way? The initial challenge that governments were trying to solve by separating the project team from the organization was to reduce the temptation for functional leads to work on day-to-day issues while also having 100 percent of their plate full with project team tasks. But instead of removing the burden of the day-to-day responsibilities, what if the organization reduced the burden of project responsibilities on those limited key staff members?

Many tasks involved in an ERP project can be cumbersome, redundant, and time-consuming. They also require basic knowledge of the new system. Why not build team capacity to provide greater access to resources that can complete tasks—and for those resources, greater access to the new system during the decision-making process, development, testing, and other phases of implementation? Yes, more resources would be involved during the project. Still, with better-trained staff who were trained earlier and had a more transparent view of business process change, policy change, or new systems, there would be less need for training and change management at the end of the project. And by including more resources upfront, the burden of handling project tasks could be spread from the limited number of functional leads to a wider team of subject matter experts.

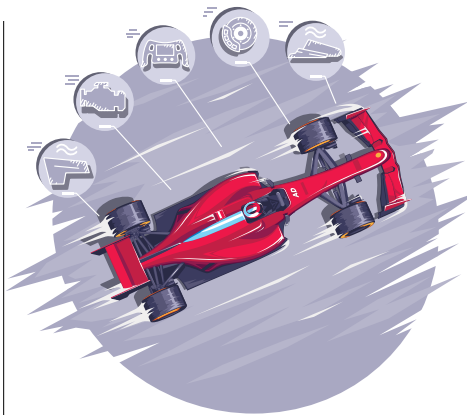
GFOA’s recommended approach to staffing ERP projects moves away from having a few functional leads to having more numerous and representative teams that can investigate issues, provide feedback from diverse perspectives, and share in ERP project tasks. We refer to these teams as PIT crews, with PIT standing for process investigation teams (or process improvement teams).

The PIT crew approach

PIT crews not only help distribute work to a larger pool of resources; they also involve stakeholders throughout the organization earlier in business process discussions, helping drive transformative change at all levels in the organization. Early in the planning process for an ERP project, GFOA recommends that organizations develop a PIT crew for each major functional area (accounting, budgeting, capital assets, procurement, treasury, human resources, payroll, etc.). PIT crews are made up of eight to 15 subject matter experts who represent different departments throughout the organization. Each PIT crew will also identify a lead (similar to the traditional functional lead).

Just like a pit crew that would service a race car, each member brings a different perspective and skill set to help analyze a problem. While a NASCAR pit crew will have different people focused on refueling, changing tires, or making car adjustments, the PIT crew for ERP project looking at purchasing card process, for example, will comprise people from several departments who focus on end user tasks including completing the purchase, documenting receipts, reconciling statements, paying for items under contract, reviewing the policy for fraud risk, or managing vendor relationships. Looking at each unique element of the current situation and coming together to discuss processes early in the project makes greater change possible and reduces change resistance.

Once the ERP implementation project starts, PIT crew members provide valuable support for design discussions and can help reduce the burden on key staff for configuration, training, testing, and project readiness tasks. One of the biggest challenges of ERP implementation is getting users to adopt the new system. Having a large stakeholder group of PIT crew members allows end-user readiness to start early, and those individuals can serve as champions for the entire organization.



Just like a pit crew that would service a race car, each member brings a different perspective and skill set to help analyze a problem.

Some organizations may have experience with a similar process, as GFOA's PIT crew approach borrows from key elements of a Lean process improvement "Kaizen" event. Kaizen events promote incremental improvements from within an organization by bringing together all employees in the improvement process. They create a culture of joint ownership and collaboration for both the problem and the solution.

In an ERP project, employees need to not only represent diverse areas of the organization, but also be able to identify the root cause of issues and explore improvements that may be based on policy, process, system change, or organizational role. PIT crews will then be part of the full project to define problems, identify options, make decisions on action plans, implement change, test solutions, and work toward continued improvement. Many stakeholders make business process change more transparent and create a better understanding of the purpose behind the change.

Developing your PIT crew strategy

A PIT crew strategy won't look the same in every organization. GFOA recommends that organizations develop a charter to define the roles and empower PIT crews. Also, assigning individuals to specific PIT crews gives those resources clarity about their roles, in that they better understand expectations. Effectively, they are being asked to serve as part of a "mini task force" to look at options for process improvements and to then support the implementation of those improvements as part of the larger ERP project. The number of PIT crews and the specific makeup of each one can differ based on the project scope and the culture of the organization.

Setting clear expectations for a PIT crew

Not only do PIT crew members need to understand the task, but all individuals on the project need to understand what PIT crews are empowered to accomplish. In organizations where new ideas and key decisions come from the top, this structure is different. Ideas are developed by the teams, and recommendations are made to executives at a steering committee level. When setting expectations, remember to:

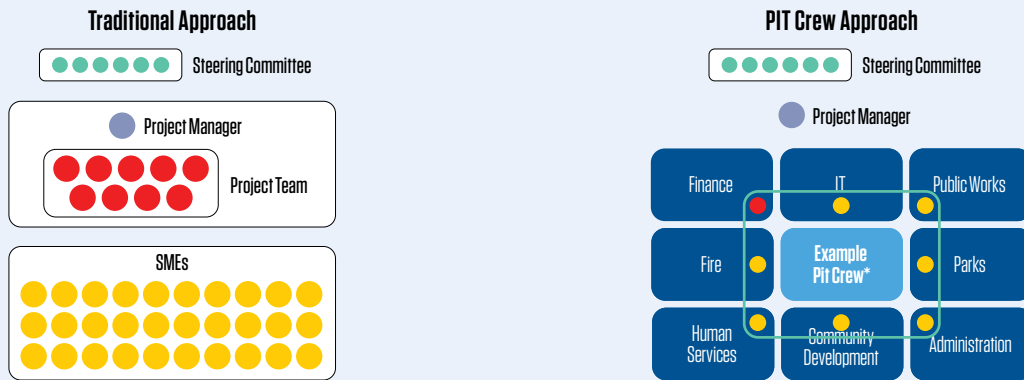
- Establish official PIT crews and task each with exploring improvement opportunities and/or supporting a particular functional area for ERP implementation.
- Recognize that individual departments do not "own" the function and that discussion among all stakeholders is beneficial.
- Don't isolate the project team. The project should be accessible to PIT crew members, and decision-making should be transparent.
- Work to build champions throughout the organization.
- Challenge the status quo. This is a time to ask difficult questions about "why we've always done it this way."
- Develop recommendations and documentation of future action plans.

Traditional Approach Versus PIT Crew Approach

The primary difference between the traditional project approach and the PIT crew approach is how subject matter experts are used on the project. In a traditional approach, the project team (represented in the image below by the red dots) is a small team, usually between seven to ten people, who control much of the project—but also run a significant risk of burnout. The more decentralized subject matter experts from operating departments are largely used “as-needed” but don’t fulfill an official role and aren’t assigned to a specific team. They are both underused on the project and can be a source of resistance.

With the PIT crew approach, each PIT crew is made up of a lead (red dot) and a few assigned subject matter experts (yellow dots).

The subject matter experts now both have a formal role on the PIT crew and can represent their departments in the project, working to facilitate change. When tasks are required on the project, the functional lead doesn’t need to shoulder the entire burden. Common tasks that provide organizations trouble—like data conversion, testing, and end-user training—can be shifted from functional leads to subject matter experts, who are then able to communicate at a peer-to-peer level throughout the rest of the organization. Plus, including the subject matter experts in the project early makes them capable of communicating key changes to their departments, providing transparency and support for policy or process change.



*The number of PIT crews will depend on the scope of the project. Typically, governments will have between 5 and 15 different PIT crews for a standard ERP scope.

Defining the role of a PIT crew member

Not every person in an organization is a fit for this type of work. First, members will need some availability to meet as a team. Generally, PIT crews will meet one or two times per month for a few hours throughout the duration of the project. Second, individuals will need to fulfill the PIT crew’s purpose: Drive change in the organization. To do this, GFOA recommends that PIT crew members:

- Approach change with an open mind and work to understand issues and problems before focusing on solutions.
- Learn about best practices and successful examples from peer organizations.
- Develop relationships with other PIT crew members in the organization to share ideas.

- Serve as a point of contact for employees from operating departments who aren’t involved in the PIT crew process.
- Help document requirements or goals that can be used to develop a request for proposals.
- Participate in system selection activities to provide diverse perspectives to system and vendor selection tasks.
- Understand how modern systems work and how your business function and role can apply to a new ERP system.
- Support the implementation and be available to assist with implementation tasks.
- Take the initiative to be first and develop a better way to conduct business.

Defining the role of a PIT crew lead

Each PIT crew will also be assigned a leader to help organize activities. These

PIT crew leaders are often individuals who would have been functional leads under the traditional model. But they also need project management and team leadership skills to manage and get the most out of their group. For example, PIT crew leads should:

- Support an inclusive environment that encourages discussion.
- Facilitate effective meetings with a clear purpose and scope.
- Take notes and document recommendations.
- Work to encourage participation from all members of the PIT crew.
- Collaborate with other PIT crew leads.
- Escalate issues and request assistance and direction.
- Support decision-making as a team.
- Hold the team accountable to support the project values and overall goals.

Maintaining the PIT crew structure provides an enterprise-wide approach to continued governance of the enterprise system.

Aligning ERP implementation strategy with the PIT crew approach

PIT crews can play a role throughout the entire ERP project, including initial planning, readiness, procurement, implementation, and post-implementation phases.

- **ERP project planning.** During initial planning steps, leaders should identify who is on each PIT crew, set clear expectations and roles for the PIT crew, and empower the PIT crew to facilitate change. During the initial planning phase, governments can develop staffing expectations for the level of effort and ensure that individual departments support PIT crew participation.
- **Readiness.** Leading up to an ERP implementation, governments will be assessing processes, researching potential improvement opportunities, and developing recommendations for change. In addition, governments will plan to modernize policies and begin working on data cleanup and documenting unique rules, calculations, or connections to third-party systems. PIT crews provide critical support to ensure that the needs of the entire organization are represented.
- **Procurement.** Generally, the PIT crew leaders will serve as the evaluation team for an organization, but all PIT crew members should be invited to watch demos, help assess proposed approaches for risks, and contribute feedback. The procurement process is an excellent time to consider new ideas that vendors may have and to work on ensuring that the contracted approach matches the vision of the organization.

Also, during the procurement process, governments need to ensure that the vendor understands this more inclusive approach to ERP staffing.

- **Implementation.** From an ERP vendor's perspective, the PIT crew approach is different from a traditional approach to project staffing. Vendors should be aware that the PIT crew approach:
 - Creates a larger project and more people to get involved in the initial training.
 - Increases the importance of project management to coordinate a large number of people.
 - Requires greater participation for review of deliverables and acceptance of test phases.
 - Reduces the need for vendor-led change management.
- **Post project.** The PIT crew not only creates greater participation in the project but also assists in creating a culture of continued improvement after go-live. The Lean process techniques embedded within the PIT crew approach can naturally lead to additional improvement initiatives. The reality of ERP projects is that they don't end; they evolve into a support role. Key project structures like the ability to gather diverse stakeholders, identify improvement opportunities, make and accept recommendations, and execute plans will be constant for making upgrades and implementing new features, or additional challenges that come from internal or external triggers. Maintaining the PIT crew structure provides an enterprise-wide approach to continued governance of the enterprise system.

Additional resources and PIT crew tools

ERP system implementations offer much promise for improving business processes, empowering employees with tools to become more effective, and ultimately transforming the entire organization. But organizational transformation does not occur solely through system change. Implementing these systems is a complex effort, and organizations often struggle to realize many of the promised benefits because their approach to an enterprise system fails to involve the whole enterprise.

GFOA's PIT crew approach to ERP projects increases awareness of the project, builds champions, creates a collaborative environment to support process and policy change, and addresses the staffing challenges and pressures of an ERP implementation. It also maintains morale, builds leadership capacity in team members, and fosters relationships through better integration among key departments. PIT crews also provide a starting point for ongoing improvement efforts and a culture of continuous improvement.

For more resources on GFOA's approach to ERP readiness, please visit gfoa.org/rcc.



Mike Mucha is deputy executive director for GFOA and director of GFOA's Research and Consulting Center.