

# Are you about to derail your ERP project? – the top 20 failure points

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ERP & Friends is founded on the strong belief we have the competence to support companies in doing successful ERP renewal programs. We have our own proprietary methodology, Ready. Set. Go! which is designed to fight all shortcomings we have seen in earlier projects. We peeled back the onion to find the true root causes of failings in ERP projects. We ended up with three factors:

- Weak management team ERP change experience
- Weak project team ERP experience
- Weak anchoring of project goals

Every problem we have ever seen flows from these three root causes. Nowhere do we blame vendors although in specific cases they may have misled clients, but we think those cases are not very common.

Regardless if the project is about to begin or have been running for a while the inventory of 20 potential mistakes you may have made will guide you in what you need to address. The biggest benefit is that you get clear indications of where your weak spots are so you can take action. If you want to dig even deeper into these areas to find detailed actions you may use our downloadable self-evaluation tool “Startklar” (to be found on our homepage [erpandfriends.se](http://erpandfriends.se)).

## 1 Project scope

In this main section, we dive into the subsections of goals and other governing decision taken by executive management early on in a project.

### 1.1 Project goals

Will the goals be achievable and measurable and can be used to steer the project? Vague project goals, just to cover your bases, is like no goals since the project team cannot infer what to do, neither will the vendor. It is like going to the car dealer asking to have light colored car of any make and horse power while you have a specific car in mind. Say which one!

### 1.2 Project exclusions

Asks if it is clear what “de-selections” that have been made, it says as much about the goals as the goals themselves and helps keep the project on target.

### 1.3 Prioritization model

Extremely important factor in ERP projects as the number of stakeholders are many and expectations are all over the place. The solution scope can only be controlled if the prioritization model is crystal clear. This is usually the most important explanation of failing projects since failure to clearly present the targeted solution promotes misunderstanding and disappointment which equals failure to many. It is all in the eyes of the beholder.

## 1.4 Solution procurement

Being relaxed vs the vendor and expecting the vendor to be a mind-reader and sell you exactly what you want is extremely naïve in an ERP context. This is big ticket items and the vendors many times do anything to win your business. To no surprise the number of cases where ERP buyers sue the vendor for cheating them are many! But it is you as buyer who should assume the responsibility to be professional and do your homework properly. That is what we ask about in this section.

So, with those kind of strategic steering principles covered we move over to see if the project has the right structure in place to function properly throughout its life cycle.

## 2 Project model

This section is here to validate that the project setup is well designed and appropriate for the client. Most of the time the vendor will provide their proprietary model which is “one size fits all” and not adopted to the culture, organization and competency of the client. Hence, following it blindly will lead to frustration and disappointment. Most clients have not done ERPs before and therefore trust the vendor to provide all the answers...but they do not.

### 2.1 Project phases

The most important aspect of project phases is that you have clearly defined decision gates in which quality of delivery is accepted or rejected. This is a key role for the steering committee to fulfil – to be the guardian of a certain quality level delivered to the business from the project. Decision to accept a subpar quality level needs to be taken with full understanding of the consequences so it can be brought to the attention of line management by the steering committee members.

## 2.2 Project organization

Of course, to carry out a complex ERP implementation requires skilled project members. To be able to judge the members competence, role descriptions and required past experience must be clearly stated to identify if there are any risks arising from assigning a specific team onto the project.

### 2.3 Project tools

The tools in themselves are not that important, a good team will devise the tools they need. But the absence of tools, documentation and plans are a giveaway of a poorly functioning project.

### 2.4 Quality management

Quality means to meet the decided goals. Since ERP projects are prone to continuous development as the project proceeds, especially adapting the vendor solution to the technical landscape at the client, it is notoriously hard to at all times present what the solution contains. But, with a strict and well managed change process and decision logging, this is achievable. The absence of such quality management is disastrous for ERP projects.

So, with a good project model you can rest assure you have a structure in place which can be built upon. And most of the shortcomings in this section can be remedied pretty straightforward.

## 3 Change management

“Since you as project manager really only must manage the plan you are expected to do the change management as well” – ask any ERP project manager and they can testify to the previous statement. Further, plenty of research underlines the need for strategic change to be communicated not by the project team but...top management. And a change of the employees’ responsibilities should be conveyed by the employees’ direct manager.

### 3.1 Management/sponsor

Find out whether the management team in their dedication to change management has revealed their understanding of the need for structured change management.

### 3.2 Change Project management

Is the understanding of the need of change management manifested in a proper role for driving change as well as structure and tools and a way-of-working with such matters in the organization?

### 3.3 Employee understanding of Organizational change management

How well anchored is the change management project is with different stakeholder groups.

### 3.4 Earlier experience with CM

How “normal” it is for the company to manage change with dedicated resources and tools.

So, I think it is clear that if you get low scores in this section you are leaving the tracks, you will sooner or later derail your project. If your response to this is “how hard can it be?” you have clearly not had enough exposure to complex ERP projects.

## 4 Project competence

In this section, it is more an investigation into the way the organization is used to, if at all, running projects and in particular internal development projects. If this is the normal way of operating there is usually a large crowd in the company that gets it.

### 4.1 Project experience

To what extent is the general employee population used to managing projects in general

### 4.2 Requirements experience

To what extent is the company good at system procurement and system design specific to ERP situations.

### 4.3 ERP project experience

Basically, asks about how many actually have done ERP projects before, a low number of such employees is a strong warning signal.

### 4.4 Process development experience

Since ERP projects cannot be done without processes designed to fit the way of working with the system setup it is key to have sufficient knowledge in the company of these type of efforts.

With strong competence in this area you have a solid base of competency and experience to build from. Of course, experience on paper needs to be translated into effective project deliverables which is another matter for to the PM.

## 5 IT competency

For this section I want to point out that some of the questions asked more means that the competency has been acquired, be it internal or provided by an external party. Only large companies with a substantial IT department would otherwise achieve a pass in this section.

### 5.1 Development

Do you have software and database development capacity and development process in place?

### 5.2 Infrastructure

Does your company have platform management and policies for it in place?

### 5.3 Maintenance

How well developed is the IT department in terms of standard maintenance processes and organization

### 5.4 Technical project management

Does it exist established processes and organization for technical project management.

If the above items are not in place at the outset of an ERP project you will not get far before you have to fix these. Of course, going for a cloud based model allows you to outsource most of it, that is a good reason for smaller businesses to handle their shortcomings in IT competency by buying all of it.

## 6 Final word

I wrote this article as an explanation of the breadth of topics to consider at the outset of an ERP project. Usually we see that clients jump into the engaging topic of designing detailed requirements in the strong belief that they are about to design the final solution and then buy it – how hard can it be? This way of reasoning will put you in the deep end of the pool. Instead, address the aspects in this article, then worry about designing the solution and implementing it in a way that ensures you will reap the benefits you have built your business case on.