

How to align project organization with scope?

To be successful in implementing a new ERP solution it is critically important to assign a project organization with the right roles, responsibilities and interfaces. And to then to recruit the matching competence into those roles.

Look at your line organization first

An ERP project influences how work will get done in the company post go-live. So, to design a project organization you need first to look at your line organization to identify all roles needed. Then do the same with your IT organization.

First things first

Just like you need careful consideration in how you organize daily operations in your line organization you must be as careful in how you organize the project.

Let us start with an example.

Replacing an ERP will guaranteed change the way the accounts receivable process is managed in the finance department. If you do not assign a role in the project team that understand this impact on the finance staff, change management, training and building understanding will be overlooked and the go-live a disaster for the AR staff. This line of reasoning translates to many parts in a company.

There is no such thing as a standard project organization

There are a few useful principles for analyzing what organization you need. The overarching one is “Organize around the process”. So, once you have laid out in what way you are going to deliver your project goals by doing a high-level Work Breakdown Structure (WBS), you will have an idea about what processes you need to get the work done. From there you may design the roles.

More practical aspects to cover when designing the roles of the project team are:

Interfaces – how roles within the team interact with each other and how team roles interact with the line organization.

Mandate – who will decide what. When figuring this part out you need to think down the line about different stakeholders wanting to know who has decided a certain way-of-working and the team being able to defend criticism. This is about the old “not invented here” syndrome at play.

Communication – an ERP project requires a lot of communication to various stakeholders. Have you covered all demands with your team structure?

Organizational Change management – your project team needs to initiate and guide line management in the changes that will come and be able to build engagement and momentum. What roles and responsibility split is right for your project given your goals and your situation?

Technical as-is situation – you may be starting with several legacy systems, one for each subsidiary and wanting to go to one platform. What does this mean in terms of local roll-out teams, local knowledge about transition from as-is to the to-be state and so on? Further, what technical capabilities do you have in house and what roles do you need to staff from vendors to get you through? Are you going for a cloud solution and are going to externally procure most of the services needed throughout the project?

ERP vendor alignment – the vendor normally has their template project organization that they prefer. This needs to be mixed into your company’s project team so the project runs smoothly. Ensure you get the vendors model

early on. If you have not yet chosen a vendor, start with the assumption that they will have four key roles; project manager, solution architect, application consultant and technical environment consultant. Usually you will also come across developers but not interface your team with them.

Role coverage – without this being an exact science you may estimate each functional area (e.g. finance, production, warehouse etc.) contain about 50 main and sub scenarios (aka use cases). When you start adding the country dimension the sub scenarios will increase depending on how many countries or legal jurisdictions your project will cover.

Housekeeping – will the size of the project be so that you need a project office covering planning, cost controlling and admin support. Do allow the PM to spend time on running the project, not be an admin PM.

Change control – how will you steer the project scope in terms of solution design once you are in the roll-out phase? You set up a Change Control Board as part of the organization.

General recruiting aspects

Many times, we see that companies staff an ERP project by picking the ones that either “are available” and/or “raises their hand”. We only have one comment to this; is that the way you are staffing your line organization as well?

When instead writing the internal ads for the project roles do include these key traits as part of the requirements list:

- Previous experience from development projects
- Process oriented mind-set and deep competence in the assigned area
- Self-starting and motivates others
- Strategic thinker but also able to detail the “nuts and bolts” type stuff
- Thrives on overcoming resistance and is

unfazed dealing with executives

- Diplomatic and leads by building consensus
- Has a solid footing with key players in the line organization
- Delivers on commitments

Now, go back to the ones you had in mind for the project team. Do they match?

The team effectiveness will be as good as your project environment

Some companies have little experience in doing internal development projects and do not deliver projects to clients either. In these companies, the concept of a project may be completely misunderstood. In such cases the project will struggle to explain and manage the interfaces with the line organization. A good description of split of responsibilities of stakeholders in the line as well as the project is a good mitigation for this challenge.

Dry run your project organization design

To test your intended project organization design you need to test run a number of common scenarios. This will also be the starting point for your way-of-working document (which we highly recommend). Try to simulate on paper each step of these scenarios to stress test your design:

- The Board of Directors wants a status report
- A stakeholder escalates a concern about the solution design to a member on the executive team
- The Change Control Board cannot agree about a certain Change Request
- The line manager in charge of one business unit blocks the roll-out
- The User Acceptance Test results in an unexpected Change Request flow

- The finance team does not have the competence needed to provide necessary requirements to build the solution
- Necessary subject matter experts are not supplied to workshops by line management
- The Executive Team does not reach agreement about the roll-out roadmap
- A critical Change Request is identified in the midst of the roll-out in one business unit

There are of course many other scenarios but the above shows up in every project so it is good if you have these covered.

Build line management understanding

As with the project environment topic, line management understanding of their role in an Organizational Change project cannot be overlooked. It is key that the line understand that they are the ones to communicate both the strategic reasons for the ERP project and its importance for the company as well as convey the messages about in what way employees daily work will be affected. The project team is only responsible to talk about the ERP solution, processes and implementation plans and so on.

Homework – design these project teams with the aspects laid out above.

Exercise 1

Here you will do an ERP project that covers one country, one business model, several companies and company level finance departments that are expected to be centralized post go-live. The company has on premise legacy systems that are unintegrated. One key goal for the future solution is for it to be in the cloud but integrated with other key systems such as payroll, banking and the consolidation tool. Another goal is to

integrate into the eco-system of vendors and customers.

Exercise 2

The change relative to Exercise 1 is that here you cover several countries and you have country level finance. Otherwise it is the same conditions and goals. Hint: think about the WBS and in what way you would imagine the roll-out to take place.

Exercise 3

Here we add complexity with throwing in additional business models but maintain everything else as in Exercise 2. How would you cover this addition scope in the WBS in an effective way? Hint: which processes will be unique and which processes will be the same.

Finally

We hope you have gotten a sense of what aspects to cover in your work of designing the project. Also, we hope you have gotten an appreciation of the unique features of your ERP project to be. If you have any questions and need guidance please find our contact details on our homepage at erpandfriends.se.