Wayne Wilson & Company
Business Advisory Services

5 Steps to a Successful Software Implementation

By Wayne Wilson

"Over 50% of enterprise software[1] implementations fail to accomplish their intended business objectives."

Over the years, I have heard numerous versions of the above statement. Like all "urban legends," it contains an element of truth though not necessarily "the complete truth." According to The Standish Group's **Chaos Report,** only 15% of over 13,000 information technology (IT) projects surveyed were classified as "out-and-out failures" while 34% were rated unqualified successes. The remaining ". . . 51 percent of all IT projects . . . [experienced challenges] with cost overruns, time overruns, and projects not delivered with the right functionality to support the business."[2]

Academic studies have focused primarily on IT projects at large companies[3] rather than the small- to medium-sized enterprises (SMEs) where industry specific, off-the-shelf enterprise software packages can provide enormous business benefit. One study focused primarily on SMEs found that "SMEs can expect to have an easier time implementing [enterprise software] . . ."[4] than larger organizations. However, **proper project planning is critical** to ensuring a successful enterprise software implementation regardless of the size of the company.[5]

Here are 5 steps which can help ensure that your enterprise software project comes in on time and on budget while delivering the business benefits you expected.

Step #1 – Choose the right solution

With the variety of software products on the market, choosing the right solution for your business is crucial. And clearly defining your business objectives and specific functional requirements early in the process will make that choice easier as well as more rigorous.

Some questions to consider include:

- Is the software specifically designed for my industry?
- Does it include features and functionality that can improve my operations?
- Does the software have a reputation for performance and reliability?
- Will the software "scale" as my business grows?
- Can the vendor provide references from satisfied users that show quantifiable results?
- Will the vendor be around to support me?

Sometimes, companies also have concerns about the specific hardware required to run a particular software package. In this area, the "latest and greatest" is not necessarily the best answer. Don't make your project a "technology project." Choose software that runs on a rock-solid hardware platform with a long-standing reputation for reliability, stability and security.

When deploying mission critical enterprise software, the last thing you want to worry about is whether the hardware can carry the load or whether a team of technical specialists will be required to manage it.

Step #2 – Partner with professionals

Implementation of enterprise software can be complex and time-consuming – it is not for the faint of heart. To be successful, an enterprise software project requires a close partnership between a company's internal project team and the outside implementation professionals recommended by your software vendor. Many vendors provide implementation services through their resellers or business partners while other vendors offer implementation services directly to their customers.

Some key questions to consider:

- Do the outside professionals have experience implementing my chosen software for companies in my industry?
- What is their track record?
- Do they use a formal project management process?
- Who will be my project manager and what is the level of his/her experience with companies like mine?
- Will they be my "business partners" or are they just "vendors for a day?"

Your company's internal project team is also critical to a project's success. Neither side can complete the project alone. The internal team knows the business, the people, and the processes and they must live with the project's results while the external team brings familiarity with the software, experience with other companies, and a structured implementation process. Choose both carefully – especially the dedicated project manager on each side.

Step #3 – Plan for project profitability

Project profitability comes in two flavors: 1) bringing the project in on time and on budget and 2) delivering the project's benefits to the business. Neither kind will happen without extensive preparation and planning nor do you wish to fall victim to the old adage that "he planned to fail because he failed to plan."

Prerequisites for proper planning include:

- Business owner or a member of his executive team who will visibly champion the project,
- Realistic expectations regarding project timelines and budgets,
- Alignment between the business managers and the technical staff on the project,
- A commitment to realizing key business benefits quickly versus "bells and whistles," and
- Commitment of the necessary resources (people, time, and money) early on.

Then, develop a formal plan, including a Vision Statement, to communicate to the organization what the project is, who is involved, and why the company has undertaken the project. The plan should also provide for on-going communications within the project team and with the executive staff, including a formal process for resolving issues as they arise.

With the proper organizational commitments in place, the project team can focus on the tactical elements of the project:

- Detailed requirements and timelines,
- Development of any necessary modifications or interfaces,
- Data file conversions and staging, and
- Quality assurance, testing and training.

Enterprise software projects are planning intensive – every hour of upfront planning will yield multiple hours of benefit when it's time to "go live." Invest the time, energy and resources upfront to make your project a success.

Step #4 – Resist "scope creep"

"Scope creep" – allowing frequent and unplanned changes to the scope of a project after it gets underway – is the mortal enemy of successful IT projects. More false starts, project overruns, and late deliveries probably result from scope creep than any other single cause.

Enterprise software is about systematically improving a company's ability to grow its business, improve its margins, and manage its costs. The "80/20 rule" or the Pareto Principle applies here as well. That means that focusing closely on the 20% of the software functionality which will drive 80% of the business value is essential to a project's economic success. Companies frequently ask for software modifications or enhancements because they think they need them or because they have them now rather than asking "will the change add significant business benefit?"

Be strong. Determine upfront which functions will provide the most benefit to your business, and then save the other requests for another day.

Step #5 – Train, train, train . . . and then train some more

Software is a tool designed to help the users (your employees) do their jobs better, more effectively, and hopefully, more efficiently. To gain those benefits, users must clearly understand what the software can and cannot do, how it works, and how they can best use the software in completing their daily tasks.

Enterprise software also often requires changes to a company's underlying business processes to gain the software's full benefits. This is especially true if a new layer of technology, such as RF scanning, is being added to the company's business processes at the same time new software is being implemented.

Ensure project success by:

- Including key employees at every step in the planning process,
- Clearly defining and documenting all necessary business process changes upfront,
- Devising training exercises customized to your business' requirements, and
- Successfully completing a **"conference room pilot"** which allows the project team to run the software through multiple activity cycles in a production environment and demonstrates that the training was effective.

Failing to commit quality time and resources during the training stage is a bit like fumbling the football on the five-yard line. When you have come that far, make sure you can push the ball over the goal line for the score.

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While there are no guarantees, following these five steps will greatly improve the probability of a successful enterprise software implementation.

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Notes

[1] For our purposes, "enterprise software" includes enterprise resource planning (ERP) software, customer relationship management (CRM) systems, and e-commerce platforms, as well as any other type of foundational software required to execute a company's core business operations.

[2] Ephraim Swartz, "IT Myth 5: Most IT projects fail, **InfoWorld,** August 13, 2004 found at http://www.infoworld.com/article/04/08/13/33FEmyth5_1.html?s=feature

[3] See for example Motwani, et al, "Successful implementation of ERP projects: Evidence from two case studies, **Int. J. Production Economics** 75 (2002) 83-96 found at http://scholar.google.com/scholar?q=author:%22Motwani%22%20intitle:%22Successful%20implement

[4] Frederic Adam and Peter O'Doherty, "Lessons from enterprise resource planning implementations in Ireland – towards smaller and shorter ERP projects," **Journal of Information Technology**, Volume 15, Number 4, December 1, 2000, pages 305 – 316, found at http://taylorandfrancis.metapress.com/(dvzczm3xkzs3t445xqhsnz3u)/app/home/contribution.asp?referrer=parent&backto=issue,6,7;journal,13,30;linkingpublicationresults,1:100185,1

[5] See for example Injazz J. Chen, "Planning for ERP systems: analysis and future trend," **Business Process Management Journal**, Dec 2001, Volume 7, Issue 5, pages 374 – 386 found at http://www.emeraldinsight.com/Insight/viewContentItem.do?contentType=Article&hdAction=lnkpdf&contentId=843490

