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SECOND EDITION

ENTERPRISE
SYSTEMS FOR
MANAGEMENT

# CHAPTER 8

PROGRAM AND PROJECT MANAGEMENT

Learning Objectives

- Understand the difference between program management and project management.

- Describe the make up of the Project Management Office (PMO) and the areas it needs to address in an ERP implementation.

- Appreciate the skills needed to be a project manager.

- Identify critical success factors in an ERP implementation.

- Realize the value of a change control process for managing scope creep.

Preview

- A project team will create a strong foundation to implement an ERP that meets the business objectives on time and budget.

- The Project Management Office (PMO) ensures that project teams work well together and address issues in a timely, open, and efficient manner.

- A project manager must be able to:

  - Address issues related to how the system works.
  - Have good negotiation skills.
  - Work well with the teams.
 - Be politically savvy to navigate through the implementation.

Figure 8-1 Project Management
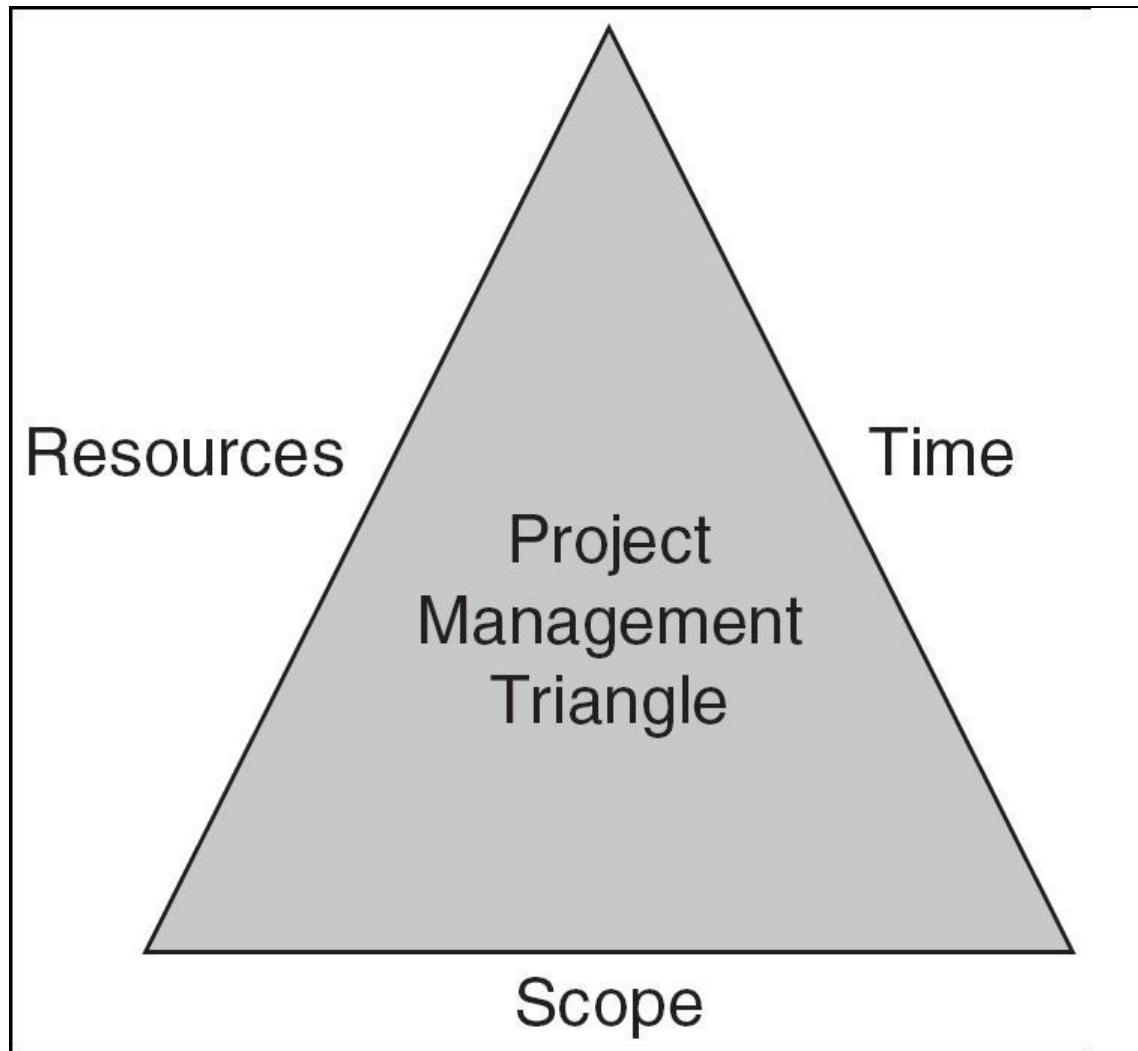
Project Team

- Program management is the coordinated management of interdependent projects over a finite period of time in order to achieve a set of business goals.

- Project management is tactically focused, whereas program management is strategically focused.

- The program manager's role is to keep all projects moving in the same direction to achieve the business goals outlined in the business case

- The implementation of an ERP will require several different project teams over the course of several months or years to manage business goals

Figure 8-2 Sample Organization Project Executive
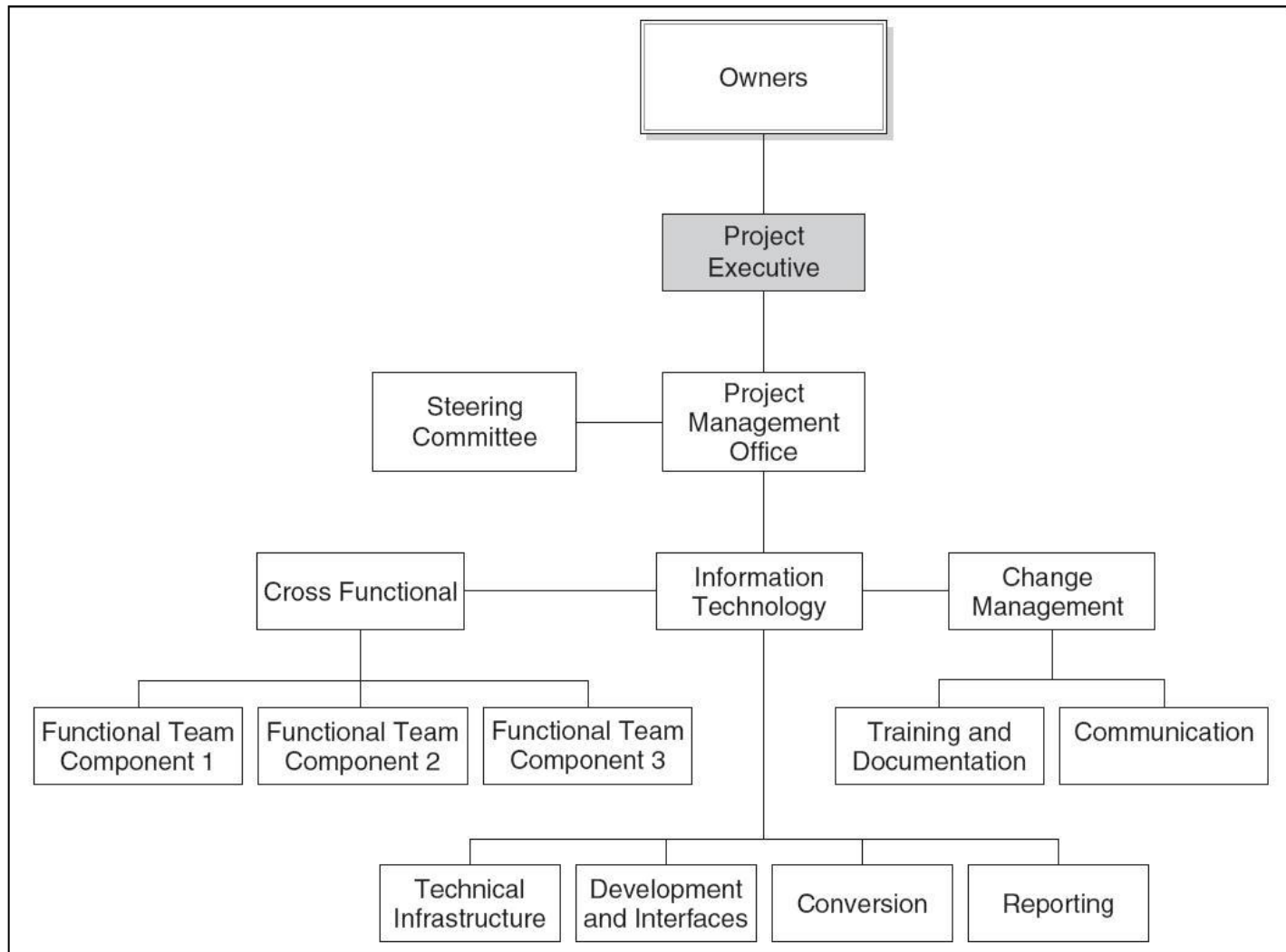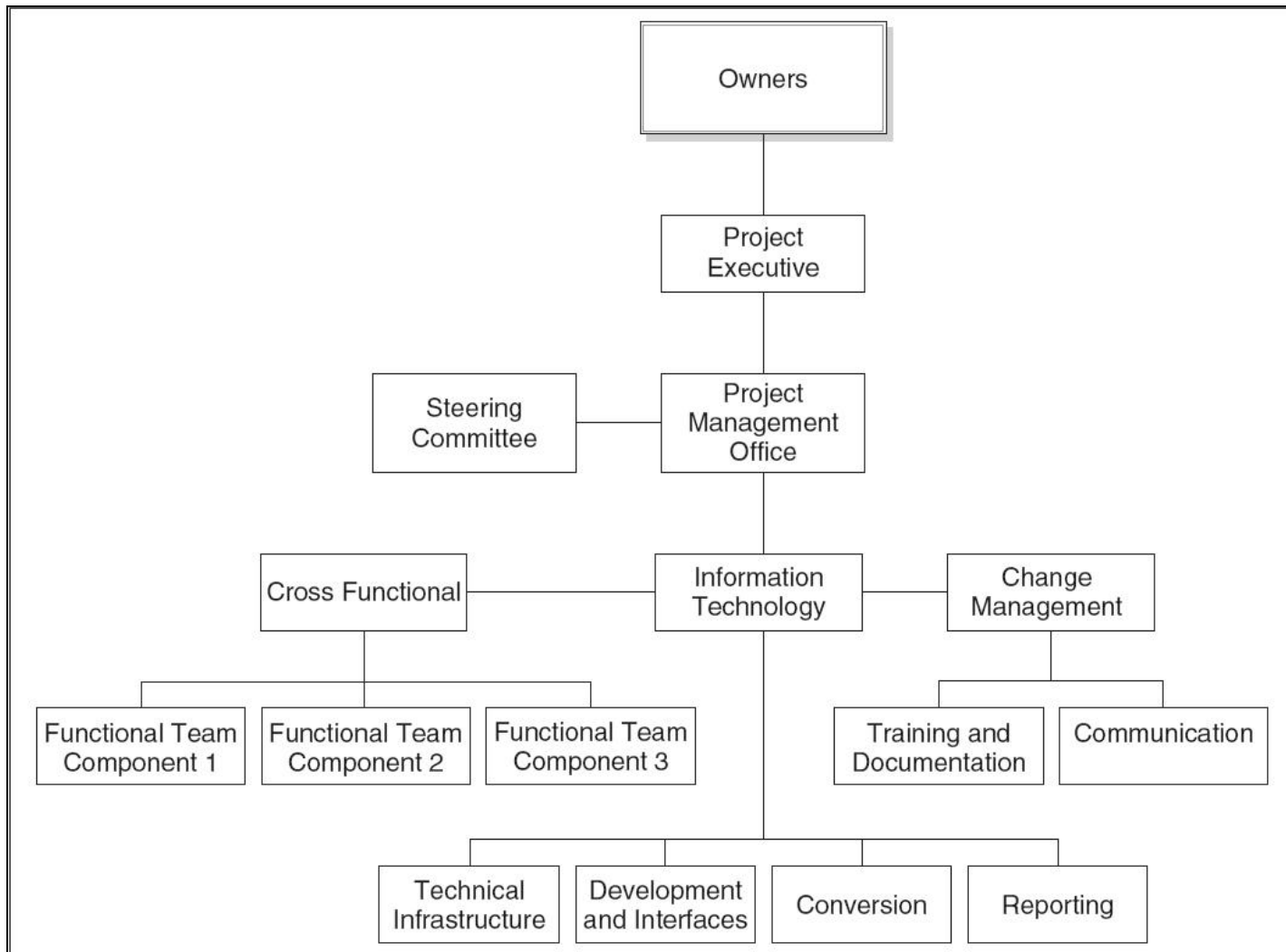
Module Experts and Subject Matter Experts

- **Module Experts**
  - Analyze requirements and convert them into solutions within the ERP system.
  - Provide direction and application knowledge with respect to business process design, configuration, testing, training, and implementation.

- **Subject Matter Experts (SMEs)**
  - Provide coordination and facilitation of communications between the project team and the organization.
  - Provide leadership and functional expertise in support of the implementation with specific knowledge in one or more business processes.

Figure 8-3 Sample Organization Teams

Organization chart:

Owners
→ Project Executive
→ Project Management Office — Steering Committee

Project Management Office branches to:
- Cross Functional
- Information Technology
- Change Management

Cross Functional:
- Functional Team Component 1
- Functional Team Component 2
- Functional Team Component 3

Information Technology:
- Technical Infrastructure
- Development and Interfaces
- Conversion
- Reporting

Change Management:
- Training and Documentation
- Communication

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Project Leadership

- To be successful, the PMO must manage the risks involved in a project implementation.

- PMO will likely need to monitor or address the following during an ERP implementation

  - Project start-up (Hiring the right staff and initial setup)

  - Interaction or goals between technical and functional staff

  - Commitment of senior management for the length of the project

  - Staff and professional consultant turnover

  - Second guessing project decisions

  - Passive–aggressive staff and users

Figure 8-4 Sample Organization Project Management Office
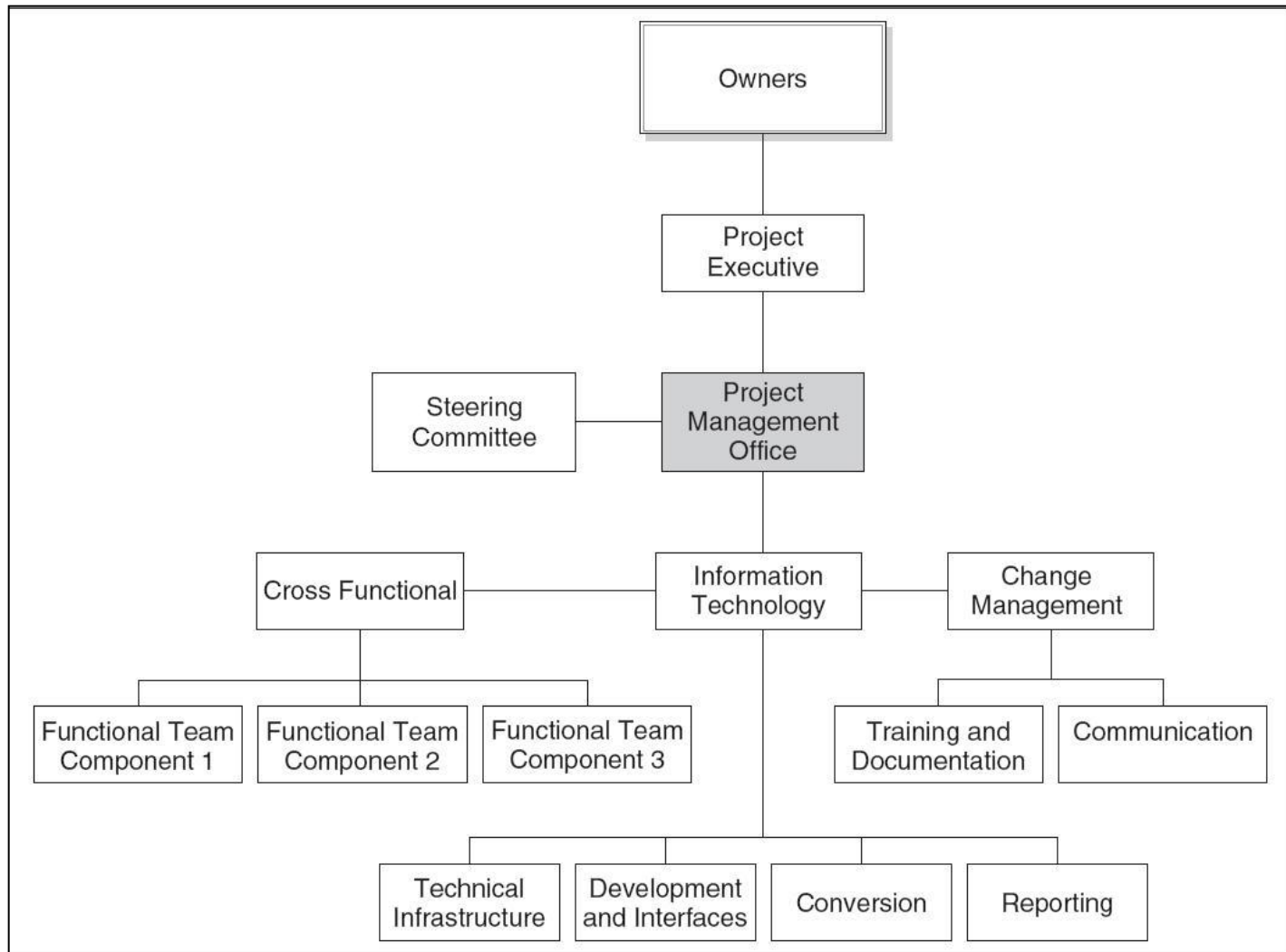
Critical Success Factors

- ## Decision-Making Process
  - A well-defined decision-making process will minimize a number of issues related to scope, efficiency, and productivity throughout the project implementation cycle.

- ## Project Scope
  - Scope defines what needs to be delivered by the project, and a changing scope means the project will have difficulty in achieving project goals.

- ## Teamwork
  - Project teams are assembled by bringing together staff from the existing organization, new hires, and possible external consultants and they need to work together for a common goal.

Critical Success Factors

- ## Change Management
  - It is up to the project manager to communicate the importance and significance of the project to the entire organization, top to bottom, through effective communication and training.

- ## Implementation Team and Executive Team
  - The program manager and project manager are critical to a successful ERP implementation.
    - There are three options in choosing an implementation team: the internal IT organization, consulting organizations, and the package software vendors.
  - Executive management support and commitment throughout the project is essential.

Managing Scope Creep

- A well thought out process to manage changes to scope is critical to a project's success.

- If a key element of the functionality does not work well during this process, there may be a need to make changes to the original scope.

- When changes are made in the scope of the project, the options, costs, and timeframe must be documented for the project to evaluate and decide a direction.

- *White Paper*—Consists of a description of the issue or new functionality, including the options available with advantages and disadvantages.

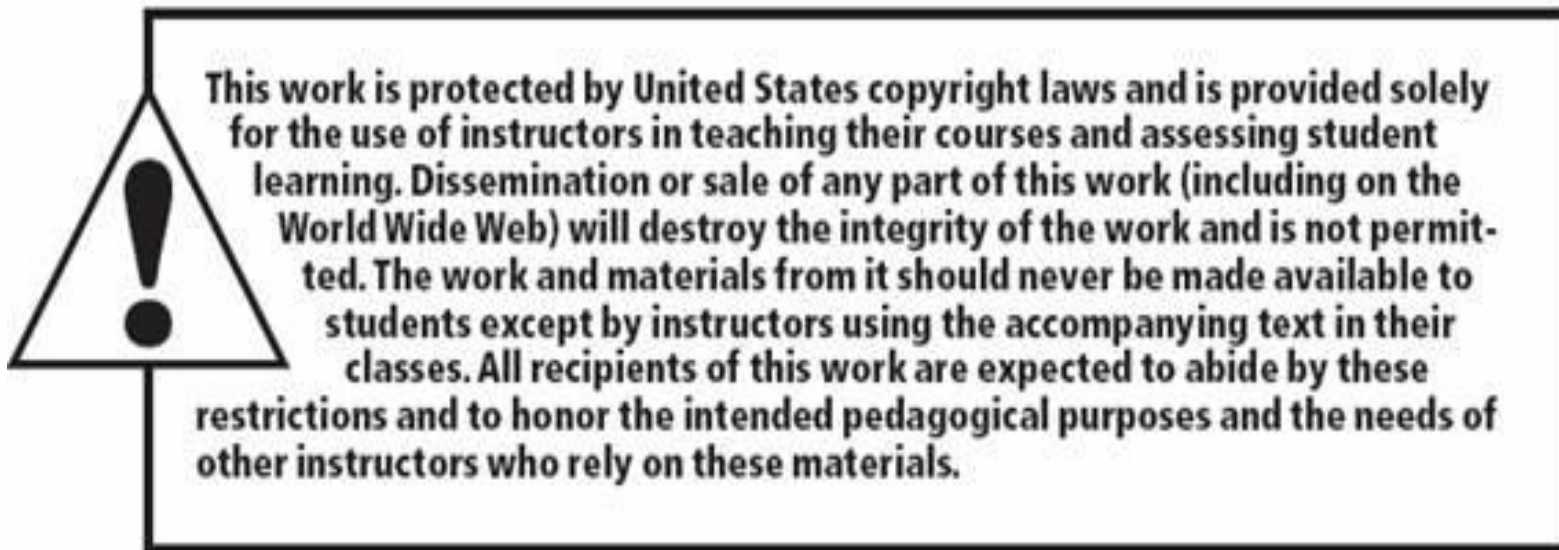# Implications for Management

- The success or failure of a project often rests with the skills and abilities of the PMO, project staff continuity, and a well-defined communications process.

- The PMO must monitor a number of activities and issues throughout the length of the implementation.

- The PMO needs to be sure that management is always informed and up to date on the project status.

Summary

- Project management and the PMO must identify/monitor the critical success factors of an ERP implementation.

- The PMO must address daily project priorities, and also focus on the business goals and to communicate them continually to the teams.

- Scope creep happens when changes are requested that are not in the initially defined project scope.

- Project leadership and the skills, knowledge and abilities of program and project managers are important ingredient to the success of an ERP implementation.

- Project and program managers should work together closely during an implementation.

Review Questions

1. What is the role of a project manager and program manager?

2. What are the skills, knowledge, and abilities required to be a project manager?

3. Name five critical success factors and why they are important to the success of a project.

4. What role can the company executives play in an implementation?

5. What is "scope creep" and why is it important to manage during an ERP implementation?

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