

CHAPTER 8: PROGRAM & PROJECT MANAGEMENT

CHAPTER OBJECTIVES:

- Understand the difference between program management and project management
- Describe the structure of the PMO (Project Management Office) and the areas it needs to address in an ERP implementation.
- Realize the skills needed to be a project manager.
- Identify critical success factors in an ERP implementation.
- Comprehend the value of a change control process for managing scope creep.

CHAPTER OUTLINE:

- I.** Opening Case: ABC Manufacturing: A Hypothetical Case in Unresolved Issues
- II.** Chapter Preview
- III.** Project Team
- IV.** Module Experts and Subject Matter Experts
- V.** Project Leadership
- VI.** Critical Success Factors
 - a. Decision-Making Process
 - b. Project Scope
 - c. Team Work
 - d. Change Management
 - e. Implementation Team & Executive Team
- VII.** Managing Scope Creep
- VIII.** Implication for Management
- IX.** Real World Case: HR Implementation at the Institute
- X.** Appendix A: Sample Goals and Measures

CHAPTER OVERVIEW

This chapter discusses the project and program management that is necessary for effective ERP implementation. Project teams are made up of staff and consultants from various functions of the organization. Before proceeding any further, it is best to explain the difference between project management and program management. Program management is the coordinated management of interdependent projects over a limited period of time in order to achieve a set of business goals. Project management is tactically focused versus strategically focused program management. Program management also focuses on achieving business results to create a competitive advantage; while project management tends to focus on planning and executing the work required to deliver the end product. It is important to note the business goals of program management, as they are necessary to gauge the effectiveness of the new system (i.e. increased customer service, increase in market share, etc.). Since the typical ERP implementation involves multiple projects at once, it is wise to have both a project and program manager.

The PMO, also known as the project management office is responsible for ensuring that project teams are working well together and addressing the functionality issues in a timely, open, and efficient manner. The PMO must make sure that team activities remain synchronized and that progress is made while focusing on three major aspects; time, resources, and scope. These three make up the project management triangle which must remain in sync at all times. Should any of these three become unbalanced a lack of progress in implementation will occur. Project managers must possess a wide range of skills such as the ability to negotiate, working well in teams, and demonstrating political savvy.

The module experts and subject matter experts are considered the heart of many projects. Module experts are responsible for analyzing requirements and converting them into solutions within the ERP. They provide direction and application knowledge with respect to business process design, configuration, testing, training and implementation. Subject matter experts provide coordination and facilitation of communications between the project team and the organization. SMEs prioritize functional requirements of the project and provide leadership and expert knowledge. The module experts are project driven individuals where as the SMEs are not. The SMEs do not necessarily possess the teamwork or project process methodology and must be trained to work in a project driven environment.

Project leadership comes primarily from the project manager. These individuals are flexible, disciplined, quick learners, who possess a likeable personality, excellent decision-making and effective motivational skills, as well as political clout within the organization. The PMO, which again is responsible for addressing the efficiency and time of functional areas, must also be wary of other issues during implementation: project start-up interaction or goals between technical and functional staff, commitment of senior management for the length of the project, ERP staff and professional consultant turnover, second guessing project decisions, and passive-aggressive staff and users.

In this chapter there is also a discussion of the critical success factors of PMOs, which include: decision-making process, project scope, teamwork, change management, the implementation team and executive team. Not surprisingly, teamwork is ranked as number one in importance because of the team oriented aspects of project and program management. One of the important critical success factors is change management. ABC manufacturing had positive energy from staff and management however, the skill set of these individuals was not up to the level it needed. Project executive Kathleen Taylor suspended the implementation so that they could reevaluate the situation, and make changes.

If problems occur during implementation changes must be made by using change control documentation ("scope creep"), which helps to outline the advantages, disadvantages, and implications (technical & end-user) of options. By not enforcing change control, deadlines and budget overruns can quickly happen.

Finally, the implications for management are based on communication and the skill set of the PMO. Monitoring multiple activities and issues through the length of the implementation, and communicating project status to management are two of the most important issues facing a

PMO. Meetings and discussions that are well organized help to accomplish communication objectives such as staff ideas, concerns, and opinions.

ADDITIONAL RELATED INFORMATION

1. “ERP implementation and project management [Production & Inventory Management Journal](#); 2001 3rd/4th Quarters, Vol. 42 Issue 3/4, p75-81, 6p
2. IT integration improves maintenance performance: linking ERP with project management systems has delivered certifiable results. (SECTIONS: Generation) *Warren Utt*.
3. Company Example www.sageproerp.com.
http://www.sageproerp.com/products/success/Green_Valley_Growers.pdf
4. <http://www.legalsupportnetwork.co.uk/public/pages/files/174/ERP%20Project%20Management%20-%20Saturn%20Legal.pdf>
5. Project Management War Stories: an audio blog with interviews from project managers/executives <http://www.pmwarstories.com/pmwarstories/>
6. Delays, added costs threaten university's ERP apps rollout: project management, testing cited as issues. (Electronic Registration Program)(University of Wisconsin) *Marc L. Songini*.

ANSWERS TO END-OF-CHAPTER REVIEW QUESTIONS

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

The role of project and program managers differs because project managers focus on achieving tactical objectives, whereas program managers attempt to achieve strategic business goals. Typically, project managers are responsible for single ERP modules, i.e. the customer relations' information. The project manager must help set up goals between the technical and functional staff of their module. The program manager's role is to coordinate projects over a set period of time in order to achieve business goals. Both project and program managers must address critical success factors of the project

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

A project manager must be a disciplined, flexible individual that has business and ERP experience. Other skills that are helpful include political clout, formal education, a likable personality and, perhaps most importantly, the ability to motivate. The lack of experience of the ABC manufacturing staff was the reason its ERP implementation failed. The project manager did not have the experience with large ERP systems implementations or with project management; it is not surprising that the initial implementation failed.

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

The five critical success factors of the PMO are the decision-making process, project scope, teamwork, change management, and the implementation team and executive team. The most important success factor is teamwork. Through training and team-building exercises, teamwork can help to keep the project moving along, using fewer resources. Change management uses communication and training to address concerns of staff that will ultimately be working with the ERP modules. These critical success factors are absolutely necessary

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

Company executives are essential to implementation because of their individual support and commitment to a project. The change management that most likely will occur is more effective when executives are involved. Staff feels more secure when executives speak during kickoff meetings and explain how the organization will improve because of the implementation. Some speaking points may include cost savings, gained efficiencies, specifics about each department, and growth within the new system.

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

Scope creep is the unforeseen or uncontrollable changes that may happen during a project. If a problem arises during the implementation process, changes must be made while keeping all areas of the project in mind. The “white paper” is a document used to describe new functionality development. Options, costs, and timeframe are all involved in the white paper and can help to prevent scope creep. If these areas go unaddressed project deadlines and budgets can be over-run.

DISCUSSION QUESTIONS

1. ERP implementations usually bring together staff from a variety of places, both internal and external to the business. Discuss the value that training and teamwork will bring to the success of the project.

The importance of teamwork cannot be emphasized enough. In most ERP implementations, project teams are assembled by bringing together staff from the existing organization, new hires and possibly external consultants. It is important that the entire team understands the project goals and objectives, and be able to communicate in the spirit of teamwork to successfully meet those goals and objectives.

Communication and training are the keys to a successful change management effort. It is normal for people to resist change and have a fear of the unknown. However, there is a proven way to calm user fear, and that is to implement an aggressive training program.

“Nothing eases a team's apprehension when starting a new project better than knowing they will be trained in what they have to do.”

A good/savvy project manager will make sure that the team members' issues and needs are taken into consideration along with those of the organization. This nurtures a feeling of cohesiveness—successful teamwork. Also, allowing the team to share in the ownership of the system provides for a smoother changeover.

- 2. The project management office is perhaps the single most important group as it relates to the success of an ERP implementation. Describe the role and components of the PMO and why it is critical to the success of the project.**

The role of the PMO is to ensure that project teams work together and address issues in a timely and efficient manner. It helps to make sure that activities are proceeding according to plan and measure progress against plan. It keeps the team focused on the end goals as well as the intermediate steps. The PMO also manages time, resources and scope to make sure a quality end product is delivered on time, on budget with the required functionality.

A PMO is critical to the success of the project because they ensure that the project is moving forward while evaluating risks and managing human and financial resources. It also ensures that communication is flowing amongst all team members and progress is communicated up the ranks.

CASE STUDY QUESTIONS: HUMAN RESOURCE IMPLEMENTATION AT THE INSTITUTE

- 1. What were the key strategies or success factors for HRMS ERP implementation?**

The phased implementation approach worked out well for the HRMS implementation because of the structured detail that went into the planning of the implementation. Every portion of the project from the governance to the various strategies was detailed and followed without exception; allowing the phased approach to be implemented without exception.

The key project management strategies that led to a successful HRMS implementation revolved around the governance that was in place such as; the Information Technology Management Committee (ITMC), Change Control Board (CCB), Technical Review Board (TRB), and Capital Planning Board (CPB). These committees and boards set the framework and consistency needed to run a successful ERP implementation contributing to evaluating processes and key strategic issues.

- 2. Why was the governance so important to the project?**

The institute's project had clear governance and was able to meet changes and challenges as they came along.

3. In setting up goals for each system component, what did the institute do that many businesses or institutions do not do with an ERP implementation?

The institute managed the project as an investment; emphasized delivery of product and monitored performance on a schedule basis with full benchmarks. Often times large ERP implementations do not address the performance of staff and the system when implementing. The institute was able to balance the need for measurement and the value of the ERP system to meet its overall needs.