

# Aligning Your Business For Local Success

## 帮助您本地化成功

### What Went Wrong? 问题出在哪里?

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### Preview 概要

In Shanghai, discussion in the glass-walled conference room fell silent. Eyes darted anxiously here and there between team members and the floor. No one spoke. Despite the project being on schedule and much of the work completed, the project manager and team members all recognized the project was going to fail. They were struggling to create an alternative outcome; but they now realized the problems could not be solved by effort or expertise. The issues were bigger than the team, beyond them. What could be done? Could they pretend all was OK and bill the client anyway? Should they walk away from the project? Why was this happening? They had all worked so hard, so well. What exactly went wrong?

在上海，一间玻璃幕墙写字楼会议室里，空气变得凝滞，参会人员目光游离，没有人发言。虽然项目按期按量进行着，可是项目经理，项目组成员都知道，这个项目一定会失败。他们没有其他解决办法，问题已经不能通过努力和经验解决，问题的严重性已经超乎他们的预期。怎么办？难道可以装作问题没有发生，照常向客户收钱，或者放弃这个项目？到底发生了什么？问题出在哪里？

#### Creating the environment for successful implementation

- Sponsorship and champions
- Communicating the why's effectively
- Joint project management
- Time to do things right the first time

#### 创建ERP成功实施环境

- 项目主办方与项目“冠军”
- 有效的交流
- 项目管理
- 要做就第一次做好

### Article 正文

This was the first in a series of eight, perhaps 15, projects that had been agreed for rollout to China by the consultancy and the manufacturing client's regional CIO. Yet, the consultant's knew this project and the subsequent rollouts would never be. The problem was set long before project kick-off. It was multi-faceted and complex; but simple to address. Yet, it would not be easily fixed. The problem was rooted in client's approach. It related to the project sponsorship, internal management communication, project management structure, and project philosophy.



### What Went Wrong | 问题出在哪里?

Specifically, the project sponsorship did not have power in the network of local Chinese businesses. Communication between managers and key people was parsimonious; and thus, ill understood. The project management structure looked good on paper, but did not required adequate commitment from stakeholders. Finally the client, which had the time; money and people, did not have goal or local commitment to "do it right the first time". What can we learn from this situation? What about operating in China made this project different?

### Project Sponsorship and Champions 项目主办方和项目“冠军”

When companies seek to implement ERP, serious consideration should be given to the authority, office and personality of the individual that 'drives' a project. In the west, these people are often referred to as "champions" after Greek mythological heroes who led a great victory in battle. In a modern corporate context, this leader must be able to supersede organizational resistance, establish his visible leadership, and function as the "owner" of the project. In a single manufacturing plant or business this often means the general manager or someone who really carries his or her authority.

In the case described, the regional CIO although very successful regionally did not have authority, or significant influence, over local executives in the Chinese locations who "owned" the businesses. The CIO was not physically present and did not have the local authority to become a "champion of change" to lead the local implementation. In China, especially when businesses are located in multiple locations, it is vitally important to have local leaders who can and do command respect to lead a project effort.

When implementing in China an ERP solution, which holistically affects an organization, a physically visible and tangible leader is required. This kind of leadership is needed to 1) provide encouragement when facing difficulty, 2) breakthrough resistance when change is not wanted, and 3) at times crush rebellion. These local "champions" should be leveraged as focal point for communication and influence. By doing this, the champion empowers a project and as a result takes pressure off of a project team, so the team can go about the work of implementing the project.

### Internal Management Communication 内部管理层协调

When effective sponsorship and leadership is established, an organization is better positioned to guide a project in China. These non-technical aspects change the emphasis of a project by increasing, focusing and directing communication between the people in the organization. In the past in China, often companies have erred by placing too much emphasis on the technology and the process to be changed, rather than addressing how employees think about the change. As China has "opened" commercially so have the minds of Chinese employees. At times when new approaches have not been explained staff have resisted change. However, in the vast majority of cases when given the chance to understand, interact and collaborate, Chinese line staff grows eagerly with projects. The important issue is to ensure the "Whys" and not just the "Hows" about a project are communicated. It is important to realize that an ERP project can change how an organization thinks about itself. While a project is being technically implemented, it is vitally important to take the opportunity to guide the culture of the business as well.

Simply speaking, ERP projects affect organizational motivation and the quality of an employee's work. If transition is managed well, Chinese employees adapt quickly and realize performance improvement. If handled poorly, an organization takes several steps backwards before seeing the benefits of new functionality and automation. By investing effort in internal communication and clearly communicating the "Whys" about a project, executives can positively change the culture among the employee base.

Chinese employees need to hear clearly and repeatedly that a project will positively affect their future. They need to hear this because ERP at times radically changes the way a business is controlled. So employees need to hear that short-term difficulty in adjusting will provide for longer-term improvements. They need to understand that cooperating with the project will increase their value to the organization.

In China, where implementing ERP can be a major jump in technology for an organization, strong internal communication is a key lever to realizing the benefits ERP enables. Without good communication with employees ERP will remain a technical solution in a computer, rather than a lever for empowering an organization to greater productivity.



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### Project Management Experience

#### 项目管理经验

When implementing ERP projects in China, project management should be thought of as more than just a schedule and budget monitoring organization. Serious consideration should be given to ensure that project management and governance “reaches” deeply into an organization to support transformation. At this stage when Chinese companies implement ERP, a great opportunity is presented to change a company.

To best prepare to direct this change for future benefit, consideration should be given to structuring the inner-project management team with people with mix of experience. This team’s experience ideally should include previous ERP implementation experience, deep knowledge of the business, and exposure to similar external projects.

In the case described above, the mix of experience did not permeate the organization. The CIO and international experts along with the local “champions” and the consultant did not blend together to form the project management team. These people were identified as project participations, but they were not drawn into the project management team. Or to say it another way, the right ingredients just were not blended together to create the right management “soup”.

A broad, diverse wealth of experience inside the project management team helps to guide a project by leading better and by better risk mitigation. Having internal and external participants in this team supports better dialogue and decision-making. It also reduces the likelihood a business will think too narrowly in its vision for the project outcome.

### Project Philosophy | 项目哲学

The fourth issue we should consider is the preparation of a project philosophy. An ERP project is an extraordinary undertaking that is not routine for an organization. At times, great effort is required and this can be painful. So, obviously when we take on a project we want to reach successful completion without unneeded effort and without delay.

To best realize success, organizations should plan resources with the objective of completing the project once the very first time. This means fully committing the resources and quality time to ensure a positive outcome. In China where productive competitiveness is often based on cost, sometimes it is tempting to try to minimize effort or reduce time. However, this can be counter-productive and costly. It is usually better to plan with honest schedules, adequate resources, and bit of flexibility.

Sometimes organizations in developing areas seek to cut corners to lower expenses or to finish prematurely. However, this behavior can cost an organization much more than added time or effort. The real costs are the unrealized solution productivity, and how this loss dilutes the original investment.

There is no better way to preserve long-term cost effectiveness of a project, than to ensure the project gets completed in a high-quality manner according to plan the first time. So, consider thoroughly investments and commitments required and the quality and impact its outcome may produce.

## To Sum Up 综述

In this article, we have considered how to create an environment conducive to achieving successful outcomes from ERP projects. We saw how projects can “fail” in China before a day of project work has been done. For example, if the leadership and project management are not well planned.

Fundamentally, ERP projects achieve strong results when the right context for a project is prepared. To drive this strong, influential executive leadership is required when leading local efforts. This should be complemented with effective, clear communication and a well-rounded, diversely experienced project management teams. Finally, an organizational commitment to excellence is required. Specifically, planning and committing to do things right the first time.

Through these preparations, organizations in China can reasonably ensure ERP projects are conceived, nurtured and delivered successfully. In this way, organizations can align for local success and avoid the situation of asking, “what went wrong?”



## Case 案例

In 2005 the regional CIO of a fortune 500 industrial equipment manufacturer initiated the rollout of ERP across multiple organizations across China. An internal team of ERP experts was drafted into the project and a global consultancy was awarded the contract to “bring the China businesses online”. Since the client had rolled out the template in Europe and the Americas, China was seen as no different, and in many ways it was not. However, a handful of senior level actions influenced the outcome of the first plant, and subsequently derailed plans for all the other sites in China. What went wrong?

1. The regional CIO, country and global leadership failed to grasp the critical success factor of choosing the right project champions and sponsors. The Chinese companies operated independently within a matrix structure with differing priorities. Many local executives did not correlate ERP with profit and loss, so they did not prioritize the project or push for project success. As a result the project had weak localized sponsorship and in reality no project champion.

2. The national executive team along with the regional CIO and the consultancy failed to communicate effectively to the local business’s executive teams. As a result, local resources were under allocated to the project and were only allocated on a part-time basis. The project functioned like a non-core task at the local businesses. Key project members contributed when convenient only after “more important” daily work was completed, so the project suffered. As a result the consultants delivered the solution, but the business’s core team did not understand the solution and the opportunity to improve the business was lost.

3. Since the client had rolled out the solution in other countries previously, external project management and oversight in China (both client international management and local consultancy management) was kept at a minimum to manage costs. However, the impact of reducing the seniority of project management translated into weak bargaining position for the project’s interest vis-à-vis local business executive’s priorities. Key resources were diverted to short-term operations and fulfillment issues rather than the project, which would have addressed long-term operational issues.

4. The regional CIO well understood the local businesses’ development issues and recognized the solution. However, regional, national and local executive management did not create the environment for project success by firmly setting a project philosophy. In this case, “doing” things right the first time.

In summary, the client at senior levels failed to understand how local complexity in China might affect coordination among interested parties. The local Chinese management failed to communicate effectively to regional management about project by smoothing over problems and making issues appear trivial. They did this because the project would have diverted resources away from annual performance targets. Finally, the consultancy’s relatively junior project management was afraid to “blow the whistle” and risk the appearance of failure. These all indicate the importance of creating the right environment for success. It is critical for senior leadership to create the right environment for successful ERP by setting direction and aligning the business from top to bottom before an ERP project begins.