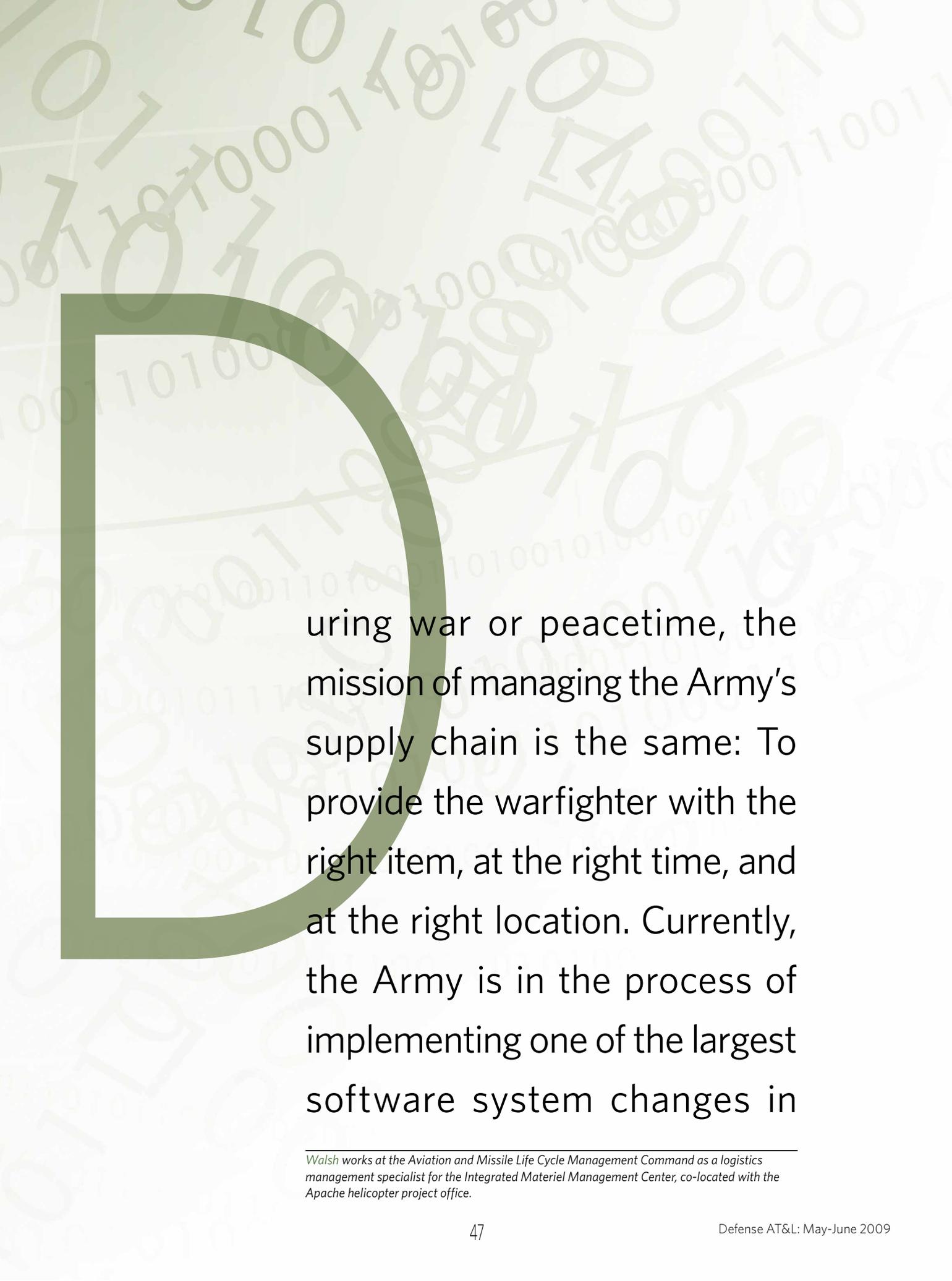




Managing Change

During an ERP Implementation

Brittany C. Walsh



uring war or peacetime, the mission of managing the Army's supply chain is the same: To provide the warfighter with the right item, at the right time, and at the right location. Currently, the Army is in the process of implementing one of the largest software system changes in

Walsh works at the Aviation and Missile Life Cycle Management Command as a logistics management specialist for the Integrated Materiel Management Center, co-located with the Apache helicopter project office.

its history. During the implementation of this new system, the mission of supporting the warfighter does not change. This article details how to ensure the transition from a legacy system to a new system doesn't impact the overall operational mission, using the Aviation and Missile Life Cycle Management Command (AMCOM)'s enterprise resource planning (ERP) experiences in implementing the Logistics Modernization Program as an example. Although the experiences detailed in this article are Army-specific, the lessons learned can be applied across the Department of Defense.

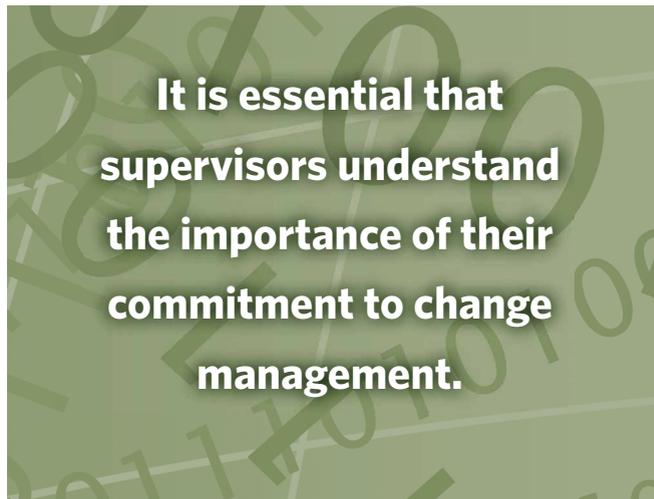
Background on the LMP

The Logistics Modernization Program is an ERP software solution based on a platform developed by SAP, a developer of enterprise software solutions. LMP leverages SAP's industry-leading ERP technology to address all business practices associated with moving goods from factory to foxhole. LMP fully supports sourcing and acquisition, production scheduling, order processing, inventory management, transportation, warehousing, and customer service. Today, U.S. troops in Afghanistan, Iraq, and other regions of the world reap the benefits of this technology. (For more information, see "LMP Makes Strides Toward Full Deployment" by Col. Scott Lambert, *Defense AT&L* January-February 2009.)

Army Materiel Command consists of several major subordinate commands, and one of those subordinate commands—the Communications and Electronics Life Cycle Management Command—has already implemented LMP. The technology will eventually be used throughout AMC to manage supply and maintenance data at the national level. AMCOM is AMC's second major subordinate command scheduled to deploy LMP, and with this deployment, the technology will also be implemented at Corpus Christi Army Depot, Texas, and Letterkenny Army Depot, Pa.

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LMP will replace two software systems—the Commodity Command Standard System and the Standard Depot System—in addition to smaller software programs in use at AMCOM, Corpus Christi Army Depot, and Letterkenny Army Depot. The Commodity Command Standard System is used at AMCOM to maintain and access supply data. The



Standard Depot System is the legacy system used by AMC depots to manage data. During the AMCOM implementation, LMP will replace the current end-to-end processes for the wholesale supply and inventory management of helicopter and missile systems.

Top-Down versus Bottom-Up Change Management

The LMP implementation is not without risk. In their 2001 ERP implementation survey, Robbins-Gioia LLC found that 51 percent of companies with ERP implementations believed their implementations were unsuccessful. However, the surveyed companies that had a dedicated ERP project management office had only a 36 percent failure rate. If those statistics are an indicator of what makes an ERP implementation a success, the Army substantially increased the likelihood of LMP's success by establishing a project office within its program executive office for enterprise information systems.

A project office will manage the process of change, which is vital in order to achieve the business objectives of the project. Those in a project management office as well as managers and supervisors need to understand the importance of managing change from two perspectives: top-down and bottom-up.

Top-down change management is the traditional management paradigm in which all direction and authority flows from the uppermost managers down to everyone else and, unfortunately, is the only methodology many supervisors employ to manage change. The top-down approach manages change from above without close involvement from first-line supervisors and employees. That may result in higher failure rates because of low employee buy-in and a lack of flexibility and empowerment at lower levels of the organization.

In 1998, Spikes Cavell & Company conducted a survey for French computer company BULL. The survey included 203 telephone interviews with project and information

technology managers. Ninety-one percent of those surveyed believed that success required end-user commitment and that communication strategies were necessary to manage expectations. Although that is just one statistical example, the overall trend is that change management is most successful when supervisors actively engage employees in the change process through bottom-up change management techniques to manage expectations and secure end-user change commitment.

It is essential that supervisors understand the importance of their commitment to change management. Supervisors have immense influence on an employee's perception of change and of the new system. The first-line supervisor is an important source of information from upper management and will be in a position to communicate most directly with core system users.

Methods for Managing Change

The supervisor should begin managing change as soon as possible by doing an assessment of each employee's attitudes toward the change and an employee's knowledge of the new system. The assessments should be made throughout the change process to identify issues needing managerial attention and to measure the effectiveness of training.

Attitudes

During the ongoing assessment of each employee's attitudes and knowledge, the supervisor can communicate expectations in an individualized manner. Those personal one-on-one discussions allow the supervisor to provide feedback and mentor employees through the implementation.

While assessing attitudes, it is important to distinguish between genuine concerns and complaints from naysayers. The manager should use concerns as an opportunity to educate employees about the changes and their impact on the process. Supervisors need to minimize the effect of negative attitudes to ensure they do not harm morale or productivity in the office. It is best to address negative issues as early in the process of change as possible to manage challenges to organizational objectives and the success of the implementation.

It is important to remember that change can be challenging, and although it is inevitable, it is most effectively managed when the office works together towards a clearly articulated goal.

Knowledge

Pre-implementation LMP training is being delivered to users by expert trainers. Most of that training is function-specific and is determined based on role-mapping and job descriptions.

Continued on-the-job training will begin after the system goes live to train new employees and maintain/improve the

skills of existing employees. Those training programs are within the supervisor's power to establish and control.

Existing training programs were designed to provide employees with the skills necessary to operate pre-LMP systems. With the introduction of LMP, existing on-the-job training processes and materials need to be revised.

The first step in managing office training is to evaluate what essential knowledge and skills employees need to perform their jobs. Next, supervisors need to find out what ongoing training classes will be available throughout the command. The analysis of knowledge and skills should include processes and systems that are seldom used by employees. After the gaps in knowledge are found, it will be necessary to decide who is qualified to conduct the training and how often it will be delivered.

Training can be conducted by either external or internal trainers. Supervisors may send employees to learn from external trainers. The instructors should be experts in the fields they teach and should be well-equipped to provide detailed explanations to system users. The use of external trainers can be very effective when used to expose employees to system-wide changes or to review skills and processes used infrequently.

Supervisors may also create in-house expertise by designating employees to receive extra training in specific areas of the system. Sending members to deepen their knowledge in strategic areas may take time away from the office in the short-term, but will benefit everyone in the long-term. By proactively adjusting workloads to allow



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individuals to get advanced training, the office will benefit from the knowledge brought back to the group. It's advised to keep the office aware of the available in-house expertise and to select in-house experts who will be willing to share their information. Additionally, all on-the-job office training materials should be periodically reviewed to ensure they remain up-to-date and relevant.

While deciding the best methods to manage office training requirements, the supervisor should keep in mind the number of employees requiring training, the availability of outside training through other programs such as internships, and individual training requirements.

Last-Minute Preparation

During the final stages of the implementation, as the go-live date nears, supervisors need to consider short-term actions to help everyone adjust. Supervisors should expect varying expertise in the office and may need to balance employee's duties or adjust workloads to ensure the completion of mission necessary tasks. That will be especially important when LMP initially goes live and the legacy system is turned off. Patience is strongly recommended, as some employees will learn and adjust faster than others.

Finally, all of the mentioned strategies will require management execution. It would be a mistake to assume that managing attitudes and training will automatically develop over time; supervisors must proactively manage

change and not be distracted by the daily requirements of normal business.

Working Toward a Successful Project

AMCOM has reviewed previous successful ERPs, and by applying effective change management practices outlined in this article, the transition to LMP software will be done with relative ease and without loss of the mission. Utilizing the bottom-up perspective of change management during the LMP implementation will help create additional assurances of a successful project. The paradigm depends on keeping front-line supervisors informed and empowered to manage change with their employees. By considering the individual strengths of their employees and by managing the entire team, front-line supervisors are uniquely situated to solve the upfront workload burdens of a new system. By managing employee expectations through communication and education, it is possible to increase the chances of a successful system-wide change.

Above all, as AMCOM implements LMP, currently scheduled for May 9, 2009, it remains the duty and responsibility of all users of the new system to continue their day-to-day activities in support of the warfighter.

The author welcomes comments and questions and can be contacted at brittany.walsh@gmail.com.