Managing Organizational Change During SAP® Implementations

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Foreword

They say that the most uncommon thing is common sense. They also say that change management is not rocket science. But if this is true, then why do so many projects fail or suffer the consequences of not practicing common sense?

Projects begin with the best of intentions. At the beginning of every project, the importance of change management and the "soft" side of the implementation is emphasized. This is particularly true for SAP implementations, as benefits of an SAP implementation do not come from implementing old processes into a new solution but by innovating and improving on those processes and using a software solution to realize the changes.

When these projects are launched, the focus is on team members who have the best skills and extensive experience in SAP but not who are the best change managers. The overall budget never seems to be sufficient, so the first thing to fall out is the change-management area (even if budget resources are committed to this in the beginning of the project).

I believe that these things happen because this area is often considered to be too "soft." It is difficult to properly describe or accept the results of the work as hard deliverables from the project team.

In this book, the authors share concepts and practices on change and project management during each phase of a program lifecycle. Obviously, no book can give the one and only solution to a change-management issue, but a more structural approach to change management will serve projects well. After all, the objective of any change-management program is to increase the probability of success and also—more importantly—increase the benefits of innovation and improvement. The contents of this book will help those embarking on projects and those in the middle of projects to more concretely identify and deliver against the needs of projects in this area.

Good luck!

Scott Park
Senior Vice President of Processes & Systems and CIO
Volvo Construction Equipment Group
Preface

Leading the organizational change that accompanies your SAP implementation is like driving across new territory. There may be a multitude of maps and travel guides with interesting stories, but they will not get you to your destination. If you want to get there, you will need to get in the car and start the engine. Weather conditions may require you to slow down and accidents may occur along your path. More often than not, your driving skills, experience, and sense of improvisation will determine how you get across safely. The same goes for SAP programs: the implementation matters. Managing organizational change means harmonizing the interaction between the hard stuff and the soft stuff in the context of your organization.

How does this book address all the facets of organizational change and at the same time deliver practical advice? We found the answer by taking a step back and looking below the surface at the fundaments of human behavior: emotions and perceptions. We found the patterns to codify, organize, and demystify the organizational change agenda, and we linked them to the program management approach and the chronology of an SAP implementation. To keep an overview, we linked some old and new concepts to provide diagnostics or “radars”. That is how we translated the patterns we found into concrete actions at each stage of the program.

Organization of This Book

This book is logically organized into four Parts. These Parts make the book easier to navigate and read, and the sections are organized as follows:

Part I: Understanding SAP Organizational Change Management

This Part consists of six chapters, summarized here. The purpose of this first Part is to provide you with direct and pragmatic insight into the complex dimensions of organizational change during SAP implementations.
Preface

- **Chapter 1, Introduction: What is so Different About SAP Implementations**
The first chapter sets the stage for managing organizational change, and for this book. After reading this chapter, you are ready to start exploring the rest of the book.

- **Chapter 2, The Rollercoaster of Emotions**
This allows you to get a grip on the emotional dynamics that form the undercurrents of an organizational change. You will gain clarity about resistance and how it is best dealt with.

- **Chapter 3, Making Sense**
This chapter gives you a framework for creating a culture of change, based on the ingredients of change (skills, knowledge, and motivation). This chapter focuses on how you can use the resistance that occurs to make learning happen.

- **Chapter 4, Program and Project Management as Enablers of Change**
This chapter provides you with the context of SAP projects, but it does not stop there. This chapter introduces the concepts of benefits realization and program management along with the do's and don'ts of SAP program management.

- **Chapter 5, SAP Technology as a Co-Pilot**
In this chapter, you will see how the knowledge platform of SAP Solution Manager can help you manage the ingredients of change.

- **Chapter 6, Monitor Parameters of Change: A Radar View**
This chapter is revolutionary because it introduces marketing concepts with which to approach the internal organization. It sets out the basic dimensions for monitoring the hard stuff and the soft stuff during SAP implementations. More precisely, the concepts of “Hard Stuff Radar,” “Soft Stuff Radar,” and “Moments of Truth” provided in this chapter will enable you to better navigate through the remainder of the book.

The purpose of the next Part is to describe what should be addressed in each phase of the project lifecycle, proceeding according to the chronology of an SAP project. One of the things that makes this book stand out is the fact that we have blended this chronology into the change cycle. Thus, the remainder of the book falls down into Unfreezing, Changing, and Refreezing. Each chapter has a fixed structure. After discussing the phase specific characteristics and needs, and what happens at the level of the program, we discuss each of the four work streams of change management: Organization, Com-
munication, Learning, and Performance Management. Finally, each chapter closes with a summary of the Moments of Truth and deliverables typical for that phase.

**Part II: Unfreezing**

This Part is titled Unfreezing, because all activities are aimed at the creation of an environment in which change can happen. It has the following two chapters:

- **Chapter 7, Program Initiation**
  This chapter covers the biggest blind spot of all SAP implementations: Program Initiation.

- **Chapter 8, Program Setup**
  In this chapter, we discuss the Program Setup. It extensively focuses on the basic deliverables that determine—to a large extent—the course and the success of an SAP implementation.

**Part III: Changing**

This part describes the implementation part of the SAP program lifecycle. During the four chapters in this Part, the SAP program will transfer your organization into the future state. It is made up of the following four chapters:

- **Chapter 9, Design**
  In this phase, the system is blueprinted and the organizational change strategy is set out.

- **Chapter 10, Build**
  As system prototypes get built, this is the time to translate the organizational change strategy into a concrete and tangible plan.

- **Chapter 11, Test**
  Not only are systems tested, but organizational changes should also be reviewed and corrected.

- **Chapter 12, Deploy**
  As the tension rises, the organizational change is now reaching a point of no return. This chapter shows you how to manage that stage.
Part IV: Refreezing
The program isn’t over until this new balance has settled in. This Part discusses what you can do to facilitate this process:

► Chapter 13, Post-Implementation
This chapter closes the implementation loop by discussing the post-implementation phase and listing the topics that need to be taken into account when the program is closed.

► Chapter 14, Life After SAP
This final chapter discusses what you need to allow for when the implementation team has adjourned and it is up to the line managers to sustain the change.

The appendices include important supplementary information and examples to help you in your own change management process.

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And last but not least, we would like to thank all the people who have shown their interest and appreciation in our work. It has helped us to keep going for it.
This chapter illustrates how program- and project-management approaches enable the change triggered by an SAP implementation. You will learn why the technical part of the implementation is not sufficient for success. It must be supported by a program that integrates it with change management.

4 Program and Project Management as Enablers of Change

4.1 Vehicles of Change

A functional organization cannot change its own ways of working. The reasons for this are not necessarily to be found in the capabilities or the competences of the people, but in the fact that a functional organization is bound to execute its day-to-day jobs. Its people are focused on “getting the day-to-day work done;” e.g., taking orders, preparing deliveries, production, collecting money, etc. They don’t have the time to question in depth the ways of working, or to come up with new ways of working to improve efficiency. Projects are the most suitable vehicles of change, as they are temporary undertakings with specific objectives. To manage a project is to manage the movement from one state to another (Reiss, 1992).

In contrast to ongoing, functional work, a project is a temporary journey undertaken to create a unique product or service. A project has specific resources (human and financial resources, time, and knowledge) during the period of its duration. This has to be seen as an investment made by the organization to realize the change.

However, in the case of SAP projects the end result is a different organization supported by an integrated software platform. Because of their complexity and their scale of impact on the organization, SAP projects differ from most other projects because they threaten the functional organization in its current form. That is why we will argue in this chapter that a project approach is necessary but not sufficient. To succeed with such a heavyweight change, we will need a program.
Figure 4.1 summarizes the main differences between day-to-day operations and projects. First, the objective of operations is to perform according to a frozen stable pattern, such as producing 500 electronic components per day with a scrap ratio of no more than 1%. Every investment of time and money is aimed at continuing to maintain this objective. The constraints of day-to-day operations are resources such as raw materials and people. The way these constraints are countered is through corrective actions of single-loop efficiency (Argyris and Schön, 1996). Single-loop efficiency is focused on maintaining stability of operations. It means that every deviation from a norm is immediately corrected.

Projects, on the other hand, are supposed to break up a specific context, in order to change it and to freeze the desired state. A critical success factor of projects is whether they are able to maintain and protect their scope. Constraints of projects consist of time and resources. The biggest difference though, lies in the presence of a double loop: The focus of projects is to question and change the frozen norm itself.
4.2 Delivery of Benefits

Each change must result in benefits to the organization. If that is not the case, there is no reason to go through the change, let alone to have it supported by implementing SAP. You should never be implementing SAP for the sake of SAP. The investment should be directly linked to the realization of business benefits over the course of a payback period.

4.2.1 Benefits Quantify Change Efforts

“Too often, project managers find themselves in the situation that their organization ‘is going wall-to-wall SAP,’ and they are then left to implement the chosen application without a clear understanding of the expected benefits and the organizational changes that will be required.”

(Ward & Daniel, 2006)

SAP is integrated, process-oriented software supporting best-practice processes. It is also modular software, supporting functional domains such as Financials (FI), Controlling (CO), Production Planning (PP), Warehouse Management (WM), Materials Management (MM), and Sales and Distribution (SD).

As argued in Chapter 1, any SAP implementation should be embedded in a fundamental business initiative to transform the business. You are not implementing SAP for the sake of SAP or because of its features like multi-currency, the ability to define sales organizations, reporting, etc. You are doing so because you want to gain benefits that are essential for the survival of the organization. In Managing Successful Programs (2003), the U.K.’s Office of Government Commerce defines a benefit as follows:

*Change results in desired outcomes…Benefits are the quantification of these outcomes.*

Benefits formulate the goal of a program in terms of the success of your organization. These are the beacons, guiding the program to develop in the right direction. Benefits are the basis of the business case to justify the cost of the SAP implementation as shown in Table 4.1.
Realization of certain benefits can lead to the realization of other benefits. For example, the reduced average lead time for order intake-to-delivery may create more customer satisfaction.

You must be aware of how important the definition of benefits is for the success of the SAP implementation. Benefits can be identified in all functional areas, such as finance and controlling, customer relationship management, sales and distribution, profitability analysis, and materials management. Benefits can, for example, increase flexibility (agility), increase quality of service, reduce risks, reduce costs, or contribute to the realization of other benefits.

### 4.2.2 Reframe Features into Benefits

In an ideal world, the decision to implement SAP fits in an overall business strategic program derived from the company’s business vision. As mentioned earlier, the implementation of that strategic program must realize benefits for the organization that are in line with the corporate goals. In many cases, however, the decision to implement SAP is based upon a combination of more or less compelling operational features, listed here:

- Legacy systems need to be replaced.
- More integration of information is required.
- Better integration of the IT landscape is needed.
- The current version of SAP will no longer be supported.
- Common ways of working need to be implemented.
- The supplier of current systems doesn’t provide proper support, or worse, is no longer financially stable.

### Table 4.1 Examples of Outcomes and Benefits

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved closing process</td>
<td>Closing process reduced from seven to three working days</td>
</tr>
<tr>
<td>Increased integration</td>
<td>Reduced number of databases from eight to three</td>
</tr>
<tr>
<td>Improved stock control</td>
<td>Stock rotation improved by 20%</td>
</tr>
<tr>
<td>Improved order management</td>
<td>Reduced average lead time order to delivery with four hours for parts sales</td>
</tr>
</tbody>
</table>

Realization of certain benefits can lead to the realization of other benefits.
Data integrity.
System integration.
Up-to-date software functionality meeting the needs of a modern organization.
Up-to-date technological environment.
Improved continuity and enhanced disaster-recovery planning.

Unless you are able to convert these reasons into benefits that serve the organizations strategy, you will not be able to win the hearts of your stakeholders. In short: If you are unable to come up with quantifiable benefits, you should consider not moving forward with the SAP implementation. If you do, you risk getting lost in the fog without a beacon to guide you.

### 4.2.3 A Program of Integrated Projects

Implementing SAP demands huge efforts and is very complex. Many organizations come to that conclusion when they are halfway through the implementation. These organizations lack a program that provides a framework in which the delivery of benefits can be managed and followed up (program performance management). Program management provides a management layer above project management, focusing on the following:

- Selecting the required set of projects, each of them delivering "products" needed to achieve identified benefits (end state).
- Defining these projects.
- Providing an infrastructure where projects can be run successfully.

A program is successful when it realizes the benefits that the organization identified, within timeline and within budget. Program success is also highly dependent on the successful execution of each of the projects within the program. Because projects are the building blocks of the program, if delivery fails at the project level, the overall program will eventually fail. Table 4.2 provides further insight in the differences between projects and programs.
Additionally, in the context of SAP implementations, a program approach promotes a culture of integration. As the different projects practice the art of getting things done, the program ensures that all these defined and temporary projects synchronize and integrate with one another in terms of the benefits that the organization wants to achieve. Success in terms of the program is then formulated in relationship to the organization’s strategic ambitions.

### 4.3 The SAP Implementation Program

The complexity of an SAP implementation demands a program approach. In this section, we explain what this means and how it alters your approach.

#### 4.3.1 Program Lifecycle

Each program has a lifecycle. Figure 4.2 shows that each phase of the lifecycle is dominant at a particular time. It also shows how a program moves
from one phase into the other. None of the phases are completely over until the full program is finished.

As you can see in Figure 4.2, even when the program is officially in the design phase, some activities belonging to the previous and next phases, such as program setup and deployment, will be going on as well.

In Chapter 3, we distinguished three separate blocks of a change cycle: Unfreezing, Changing, and Refreezing. This insight allows us to manage the program lifecycle from a change point of view. It allows us to synchronize the user’s learning phases with the program lifecycle and the project’s moments of truth (i.e., critical success factors).

Throughout the rest of this book, Unfreezing, Changing, and Refreezing are used as a framework to guide any program-related action. As Figure 4.3 demonstrates, the change cycle only proves its usability in practice once we are able to map it to the lifecycle of a program.

Unfreezing, Changing, and Refreezing determine the tipping point from one phase to another. On the lower part of Figure 4.3, the learning phases are indicated from a user’s point of view. You will note that the phase of unconscious competence does not appear. This is because this phase only settles in gradually and mostly long after the program has come to an end.
The program phases shown in Figure 4.3 provide the context of each project included in the program. Except for the program initiation and the program setup, it is important to note that these phases will be reflected in all the projects of the program.

Unfreezing
We will cover this more thoroughly in Part II of this book. The preparation of the program is the enabler to unfreeze the organization, preparing it for the intended change. Let’s see what this involves:

▷ Program Initiation
In this phase, the program manager is assigned, the business case is built for which the benefits need to be identified. A feasibility study is produced to make sure that the SAP implementation has an adequate chance of success. This fundamental phase sets the essential boundaries for the SAP implementation and the realization of underlying benefits.

▷ Program Setup
Once the program has been approved based on the conclusion of the feasibility study and the program steering committee is installed, it is time to
take action. Until now, the program only existed on paper. The hardest part in this phase is to declare the program into existence. Therefore, activities in this phase typically include: program office installation, program charter definition, claiming resources from the organization, scope definition, project portfolio development, program structure definition, and timing and budgeting rituals.

Changing
This will be covered thoroughly in Part III. The execution of the program is about making the change in the organization happen. Let’s get an idea of what this entails:

➤ Design
Once again, it is important to note that this is not only the design part of the technical software project but a phase that reappears in all underlying projects, such as the training and education project, and the data-cleansing project.

➤ Build
In a narrow project approach, this only includes the delivery of the prototype of the SAP tool. In a program approach, however, this is a phase that all projects have in common.

➤ Test
In the same way, this phase does not indicate the delivery of a fully tested, properly functioning system, but far more than that. Be aware that training, communication, performance management, and organization can be and need to be tested thoroughly.

➤ Deployment
Finally, deploying is far more than the technical go-live. Even in a “big-bang,” single-instance, single-user community, the program has more than one go-live moment. This includes the technical delivery of the software pilot go-live, and the subsequent deployment of the solution across the global organization. But there are many more moments of truth that determine the success of the SAP implementation.

Refreeze
We will cover this in Part IV. Once all the changes are implemented, the organization must be frozen again, through the following phases:
Post Implementation
Post implementation is a broad term that covers more than you probably have budgeted for in terms of time and budget. We include it as a distinct phase to make sure that the post-implementation activities are aimed at making the change last and anchoring it within the organization.

Life after SAP
The program only truly closes when all benefits are realized, but in reality this only happens after the second wave of improvement projects. This is not a flaw; you just need to wait until the users have the same level of proficiency as those who delivered the solution. Only then will they be able to pinpoint the real areas of improvement.

4.3.2 Projects: the Building Blocks of the Program
A certain number of projects are needed to realize the benefits that the organization wants to achieve. All projects must be integrated into the program framework and positioned in the program-change lifecycle.

With the delivery of each project, the program progresses towards realization of its targets. This breakdown into projects allows close monitoring of progress.

The implementation program will consist of project streams, which aim at realizing specific outcomes. These projects are distributed across the program change lifecycle. Most of them will exist during the whole lifecycle, and a number of them only will exist during certain phases within the lifecycle. The most common project streams you will find within the SAP program are described here:

SAP Implementation Stream
The objective of this stream is to design, build (configure and develop), and implement SAP as a tool that supports the organization in its new ways of working, develops the interfaces, and migrates data.

IT/IS Stream
This stream includes all projects that are required to prepare the IT organization for the change, but also the installation of the infrastructure that is required for the SAP implementation.

Testing Stream
Testing is so crucial for an SAP implementation that it needs to be handled as a separate track. There are unit tests, integration tests, user acceptance
tests, system performance tests, etc. The track also includes the preparation of the test activities.

**Integration Stream**
The objective of this project stream is to ensure integration of processes, IT/IS, and organization. This stream is also responsible for re-integrating resources into the organization when the implementation is finished.

**Program Management Stream**
Projects involving management of the program are launched within this stream. These projects would include risk management, quality follow-up, resource management, budget assignment and follow-up, progress follow-up, and performance management.

Finally, there are four specific streams that relate directly to managing organizational change during SAP implementations. These streams are outlined in Figure 4.4 and are described next:

![Figure 4.4 Project Streams of Organizational Change Management](image)

**Organization Stream**
The purpose of this stream is to define and implement a new organization structure and to define and realize new ways of working. Within this stream, all the physical and logistical pains and inconveniences of restructuring are managed. The outcomes are new ways of working based on best-practice processes efficient realization of the corporate strategic goals. The overall objective in this stream is to refreeze a new workable organization structure.

**Communication Stream**
The purpose of this stream is to support the program during its complete lifecycle in staying in touch with the organization. The main outcome of
this project track is the social construction of a new reality in the hearts and minds of employees. In this stream, you manage perceptions of what is going on.

- **Learning Stream**
  This stream aims at upgrading the skills and knowledge of the organization. The main outcome of this project track is to preserve the quality of data input and the knowledge that will be shared across the organization.

- **Performance Stream**
  The purpose of this stream is to alter the appraisal systems, reward mechanisms, and performance measurements so that they support the culture of integration. The outcome is a new psychological contract that rebuilds the commitment of the organization.

It is clear that each of these project streams has its own goals, but they will only reach their targets if we are able to integrate them properly. The outcomes realized by one of the streams will not lead to a benefit for the organization as long as all the other outcomes are not aligned.

### 4.3.3 Service Level Agreements: the Moments of Truth of a Program

As already discussed extensively, participation is the key element of user buy-in. The best way to measure participation is through moments of truth, such as training, user acceptance testing, breakout sessions with key users, department meetings, steering committees, and data-cleansing workshops. Moments of truth are contacts between the implementation team and the stakeholders of the program on occasions that are emotionally important for the stakeholder. Moments of truth are vital for the following two reasons:

- They provide a way to build a learning relationship with the organization.
- They provide you with the necessary feedback to keep you on track and prevent you from project cocooning (as explained later in this chapter).

We borrow the notion of “moments of truth” from Richard Normann (2001), who argues that a service company's overall performance is the sum of countless interactions between customers and employees, the so-called moments of truth that either help to retain a customer or send him to the competition.

To make the learning relationship within the organization a lasting one, we strongly suggest specifying the moments of truth into a bi-directional Service
Level Agreement (SLA). The SLA describes the level of service that both parties have to provide to each other. It allows formal follow-up of what the program delivers to the organization, but it also avoids users asking for additional functionality while you are rolling out the system.

We will cover how you should approach SLAs in the context of SAP implementations and how SLAs are used to pace an implementation throughout the complete program lifecycle.

4.3.4 Usability and the Second Wave

From a pure system-usability perspective, the majority of legacy systems are better than any of their SAP successors. Legacy systems were designed within the scope and the benefits of the functional castles. But even when implementing off-the-shelf software tools supporting best-practice processes, a basic degree of user friendliness is required to get acceptance from the user community. In all the implementations that we have been involved in, we have never seen an SAP implementation that meets all (user) expectations from the moment of go-live. Some examples are given below:

► Users complain that their day-to-day work has expanded with futile system interventions.
► Key users say that the system is too slow.
► Managers say they lack reports.
► During deployment across the organization, requests for changes to the system pop up. At best, these are requests that improve the system, but often they are requests to change the system so that it meets the current ways of working.

System-change management is therefore an important program process that safeguards and controls the core design of the system. This is also where SAP Solution Manager (see Chapter 5) adds value.

However, there is another reason users perceive the delivered solutions as not being user friendly, and that has to do with our own perception of a user. Here are some false assumptions that are emphasized by the illustration in Figure 4.5:

► They have the same technical interests and skills as any SAP project team member.
They have lived through the same history we did, so they understand why a process or a transaction is designed and configured the way it is.

They have been fully exposed and dedicated to the software as long as we have.

Instead of complaining or blaming the users when our assumptions are proven wrong, we should instead look at the four phases of learning that we discussed in the previous chapter. We need to realize that different groups go through the learning cycle at different rates.

Remember that the majority of the user community tends to hit the wall of their conscience incompetence during the training sessions shortly before go-live. In organizational change, our job is to put every effort into bringing them over to a phase of conscious competence. That is the moment at which users will stop reporting inconveniences due to their lack of skills and start reporting on real shortcomings of the system. However, at that moment all shortcomings are still equally important to them.
As illustrated in Figure 4.6, we recommend waiting until the phase of unconscious competence before you start to set priorities for addressing all of the shortcomings. As the figure illustrates, the difference between conscious and unconscious competence for a user is precisely the fact that they can differentiate their own shortcomings from shortcomings of the system.

As a result, it is better to review your expectations of users and to accept that all of the users expectations will not be met at moment of go-live. That is why you should wait until refreezing has taken place by means of unconscious competence before launching the second-wave project to fine-tune and improve the current build.

### 4.4 Principles for Success

If you want to make your SAP implementation a success, some basic principles must apply. This section summarizes the basic principles you need to respect.
4.4.1 Commit to a Set of Common Rules

Most successful programs have sets of rules that are carved in stone. All sponsors should explicitly agree that these rules are treated as sacrosanct. Here are some examples of these holy rules:

- No other major initiatives run in parallel (e.g., installing a new organization structure independent of the program).
- Clear sponsorship of executive management (e.g., through the appointment of program directorship and steering committee membership).
- Business engagement (e.g., through the appointment of stream leaders and process owners and through the use of a business case).
- Declare holy standards (e.g., one global chart of accounts, global reporting process).
- Validation committees ensure business involvement and signoff (e.g., the steering committee and various validation workshops with business representatives).
- Safeguard continuity during the transition (e.g., by monitoring signoff criteria and benefits realization).
- Use a disciplined and structured approach (e.g., through the use a program approach and a choosing for and committing to a program management methodology).
- Know the business (e.g., through the use of business process mapping in swim lanes).

These are examples of fundamental agreements that can never be violated.

4.4.2 Autonomy and Accountability

Most of the time, your SAP program will change your organization; in fact, it will turn it upside down. Even in the case of an upgrade project, you will encounter situations where your stakes are opposed to those of the functional organization. Therefore, we recommend that the team be able to act and make decisions independently. This has to happen in a “protected environment” under the following conditions:

- Validation committees should be organized to ensure there are no surprises. Even if the program team takes a certain decision, the business owners must be informed properly, and they must confirm that they have been.
Involving Internal Audit makes sure that there are as follows:

- A minimal set of internal controls.
- Proper delegation of duties.
- Compliance with regulatory imperatives such as Sarbanes-Oxley for public companies, BASEL II in Europe, and FDA Part 11 for biotechnology and pharmaceutical organizations.
- An independent view on the business case of the SAP implementation.
- Support with regard to risk-management.

Autonomous also means that individuals in your project team are formally assigned, dedicated, and co-located in the project team. When we look at the strengths of autonomous teams, we see the following two major advantages:

- The fundamental strength of an autonomous team is focus. Everything the team members and the team leader are doing is concentrated on successful results.
- The second strength is the optimal cross-functional integration. Autonomous teams can attract and select the team participants more freely than can other program structures.

However, full autonomy calls for full accountability. Autonomy only works when your team will be held accountable for the final results of the program.

4.4.3 Requisite Variety

Requisite variety is the academic term used to indicate that the composition of your team should reflect the same complexity as the environment in which it must operate. Just as a chameleon is able to pick up the hues of its environment and adapt its colors to the surroundings, different project teams need to know the language of the organization they work for.

We borrow this idea from systems thinking (Ashby, 1956). For example, if your project team is assigned to design and implement an SAP landscape for the maintenance of a chemical plant, maintenance engineers of the plant should be dedicated to the project. The point is to make sure that every party that affects or that is affected by your project is represented in the program team.
4.4.4 Emotional Intelligence
By their very nature, SAP program teams are collections of extremely competent people. However, competence is not sufficient: We need experts with the ability to interact. As noted in the previous chapter, participation and interaction with the organization at every stage of the program lifecycle is essential for the success of SAP programs. To do so, every team member needs to be equipped with at least the minimal interaction skills needed. In fact, the interaction with the organization is best identified as a must-have competence. We have seen more than once that the involvement of one or more generalists with outstanding emotional intelligence to act as translators is not a luxury.

4.4.5 Automated Project Office
The complexity of leading an SAP team will soon lead you to scream for administrative support. All the simple tasks ranging from time registration to the logistics of running a proper meeting are hygiene factors for any large project. They do not influence the success positively, but when they fail they will soon become burdens and time consumers. We have had our best experiences with junior programmers who are lazy by nature, so that they want to automate just about everything that has to do with project administration to the benefit of every team member.

4.4.6 Teamwork
Generally speaking, we can say that program team members essentially have two basic responsibilities: their own functional responsibilities and the team responsibility.

Functional Responsibilities
Functional responsibilities are accepted by the individual core team member as a representative of his or her function (Clark & Wheelwright, 1992), as examined here:

- Ensuring the functional expertise of the program.
- Representing the functional perspective of the program.
- Ensuring that sub-objectives that depend on their function are met.
- Ensuring that functional issues impacting the team are raised proactively within the team.
**Team Responsibilities**

Core team members also wear team hats. The core team is accountable for the success of the program, and it can blame no one but itself if it fails to manage the program, execute its projects and its tasks, and deliver the performance agreed upon at the outset. The team has the following accountabilities (Clark & Wheelwright, 1992):

- Sharing responsibility for team results.
- Reconstituting task and content.
- Establishing reporting and other organizational relationships.
- Participating in monitoring and improving team performance.
- Sharing responsibility for ensuring effective team processes.
- Examining issues from an executive point of view (answering the question: “Is this the appropriate business response for the company?”).
- Understanding, recognizing, and responsibly challenging the boundaries of the program and team process.

### 4.4.7 Proper Risk-Handling

You should be aware of the risks that might impact the success of the program at all times.

When examining risks, you need to assess what the impact of the risk would be on the program and the organization, and the probability of occurrence. The matrix in Figure 4.7 illustrates the distribution of these risks to evaluate how critical the situation is. Having one single risk in the upper right hand corner may be sufficient to jeopardize the entire program.

**Figure 4.7** Risk Assessment and Risk Handling

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<tr>
<th>Probability of occurrence</th>
<th>Degree of Impact</th>
<th>Credibility of Mitigation Plan</th>
<th>Probability of success</th>
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Risks are not static. They evolve during the lifetime of the program. This means that you need a valid counterweight in the form of a credible risk mitigation plan. As obvious as it may seem, the distributed risk portfolio is not only there for information purposes, but as a guide in proper decision-making. This brings us to the next topic: the pitfalls you should be aware of when making decisions.

### 4.5 Pitfalls to Avoid

When you run an SAP implementation program, you must avoid pitfalls that might endanger the success of the program. To stimulate your awareness, we shall discuss some mistakes that we have experienced and that you are likely to make.

#### 4.5.1 Project Cocooning

The fact that a program has its own objective(s), budget, organization, resources, and management is not a reason it should exist as an island within the company, having no contact with the rest of the organization. A remarkable phenomenon is that many teams isolate themselves in their own cocoons, having little contact as possible with what is—for them—outer space. This phenomenon is not surprising if you consider the following:

- The declaration and labeling of the program automatically creates the separate identity for the implementation team as opposed to the rest of the organization. Even though the organization needs to take ownership of the program and adopt its identity, this only happens long after go-live (assuming you are successful).
- Competent implementation teams like being competent. They are not interested in moments of truth based on interactions because every sign of skepticism puts most of them at the edge of their comfort zones.
- Resistance is mostly countered with resistance. The implementation team will very soon state that it is not a charity initiative or a complaints desk. Project cocooning is a natural reaction in an atmosphere where you ask for feedback and all you get is complaints that have nothing to do with the subject. Due to a lack of interaction creativity or qualitative meeting techniques, a lot of teams close out and start designing by gut feeling. It should be obvious that this behavior only pushes the problem on to a phase where it will be even more painful.
4.5.2 One Size Fits All

SAP integrates processes, and this requires standardization. Standardization is required to strive towards more unity, but also to detect areas of performance improvements.

As an example, an invoice generated in the U.S. is not technically different from an invoice generated in Sudan. Nonetheless, certain processes and procedures must be customized to the local needs, depending on factors such as geographical location, type of business, historical way of working, payment behavior, cultural trade and business behavior, and legal requirements.

You should never ignore these kinds of local specific characteristics, because that will lead to unsuccessful SAP implementations. But they should at all times be limited to the strict minimum. Examples include:

- Impose specific payment terms to be applied globally when these do not conform to market habits.
- Not allowing creation of accounts that are required for legal reporting
- Not allowing a pro forma invoice to accompany the goods, which is illegal in certain cases.
- Deployment standardization that is too strict and can damage performance.

Most of the time, SAP implementations are initiated in the company’s global headquarters. We could call it global headquarter cocooning. To make things worse, if a plant, a distribution center, or a sales office is located in the physical neighborhood of the global headquarters, it automatically becomes the benchmark of all plants, distribution centers, or sales offices around the world.

4.5.3 Postponing Responsibility to the Second Wave

Closely related to the project cocooning pitfall is the NIHS attitude that is abundant in engineering environments. NIHS stands for Not Invented Here Syndrome and characterizes implementation teams who take nothing for granted. As stated earlier, competent people like being competent, and as a result their resistance strategies tend to be more sophisticated.

Their fear for committing to the unknown is hidden behind their incredible hunger for details. On the surface, they look like hard-working people making a lot of progress. However, when it comes to taking decisions and setting
directions, these implementation teams start to over-intellectualize the circumstances to postpone any hard decision for the future. In the end, the program does not bring the fundamental business change it is supposed to. The end result is new software that is over-engineered to support the existing functional castles. Game over.

Our advice is to confront the competent risk avoiders with their behavior. At times like this, a bunch of pushy consultants can do no harm. It will be a learning experience for both sides.

4.5.4 Outsourcing the Driver’s Seat

There is no greater insult for frontline workers than to receive the vision, the benefits, and the inspiration for the implementation from an outsider. By now you are aware that the SAP implementation is not a technical software installation effort but a fundamental business initiative that transforms your organization. The best way to kill it is to have it communicated and reinforced by consultants.

Many organizations are learning to use consultants, while not becoming dependent on them. This approach requires adapting, not adopting, the consultants’ models. SAP implementations engage the heart, the mind, and the hands of the people, and this is the responsibility of the business leaders. After all, a program is just a midwife to deliver the benefits to the organization. After go-live, it depends on the organization for nurturing.

4.5.5 Ignorance of Organizational Maturity

The capability maturity model presented in Chapter 1 is a good indicator of organizational readiness for certain initiatives. We highly recommend matching the program ambitions to the maturity of the organization.

It should not surprise us that quality-measurement improvement processes or performance management processes turn out to be useless when the organization has not yet figured out a way to stabilize and put discipline into its processes. Each level of practices builds on the previous one, so it makes no sense to try to run before you can walk.

4.5.6 The Illusion of Full Control

Don’t believe you can predict everything up front. The more precisely you plan, the more a coincidence will affect you. The success of your SAP imple-
mentation depends on the commitment, flexibility, and experience of your program sponsor, program owner, and program manager.

A program must provide infrastructure to manage the unpredictability of the change you are implementing. This translates into the need for creating buffers in time and resources whenever corrective measures must be taken. This also means that your project portfolio will change over the duration of the SAP implementation. Whenever necessary, you must initiate a new project to bring things back on track.

### 4.6 Conclusion

Without proper program and project management, it is impossible to make the change related to an SAP implementation happen. You will need a program approach to connect the software implementation to the realization of benefits. Then, you must be conscious about how each phase in the program lifecycle relates to the change cycle of the organization. And even then, success is not guaranteed. Our experience teaches us that to guarantee success, there are also some principles to follow and some pitfalls to avoid. It will take a large dose of perseverance, discipline, and empathy to succeed.

In Chapter 5, we will investigate how SAP technology supports the organizational changes as we explore the knowledge management features of SAP Solution Manager.
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