

Improving the Process of Technology Transformation

TTO^P IS A FULL SERVICE OFFERING THAT ALLOWS CORPORATIONS TO OPTIMIZE THEIR TECHNOLOGY INVESTMENTS THROUGH THE USE OF LEAN PROCESS AND DESIGN FOR SIX SIGMA TOOLS AND TECHNIQUES.

Ask a roomful of CEOs what their companies went through to implement enterprise resource planning (ERP) systems, and it won't take long before you hear the horror stories:

- "It cost us way too much and tied up resources for way too long. And we still aren't close to realizing the savings we had hoped for."
- "The vendors promised we'd be ready to launch the new system by March, and nine months later they're still fiddling around with it."
- "After all the training, our people still say it's too difficult to document and measure the results."

In a nutshell, the complaints seem to boil down to three types. First, implementation costs often turn out to be higher than anticipated as resources get tied up longer than planned, scope creep results in late completion, and major milestones are missed, resulting in deferred benefits. Second, once the systems are in place, they fail to live up to their promised capabilities. Third, in the worst cases, the new systems do more harm than good – resulting in a negative impact on throughput and business performance.



The software isn't the problem; it's the process

Given experiences like these, it's not surprising that many executives are increasingly skeptical about large-scale investments in technology transformation. But we think they're focused on the wrong problem. In most cases, it's not the software that deserves the blame, it's the design and management of the overall technology transformation process. Specifically, we see three common problems:

- 1. A poorly designed approach to implementation, particularly change management planning.** Many big technology projects go astray because managers fail to take a cross-functional view of the business and to ensure that all leaders are fully on board with the plan. Other derailers include weak project management and lack of up-front thinking about how the changes will be communicated and implemented all the way down the line.
- 2. A lack of well-defined business processes.** The case for investing in technology is largely about optimizing business processes; however, if companies don't have detailed processes to begin with, adding complex systems will likely hamper performance rather than improve it.
- 3. Bad execution.** The many danger signs of bad execution include ineffective testing, inadequate training, and insufficient participation by qualified internal resources.

In our view, there's no need to throw the ERP baby out with the bath water. We believe we've got a better approach, one that marries strategic process and change management with the best of proven Lean and Six Sigma methodologies. We call this **TTO^P**: Technology Transformation Optimization Powered by Process Improvement.

How TTO^P works

TTO^P is a rigorous, disciplined approach that applies proven Lean Six Sigma tools and techniques to address the problems outlined above. It helps companies make a solid case for the need to change, focuses on core business processes that drive value creation, and ensures that investments in systems integration actually deliver the promised benefits.

BUILDING THE CASE FOR CHANGE.

If you want people to change their behavior, you have to start by making a clear business case for change, and this message needs to come from the executive suite. Why are we doing this, and how will it benefit the bottom line? A successful approach takes a cross-functional point of view; employs sound principles of change management and project planning; and has everybody singing from the same songbook. That last point may seem obvious, but many ERP programs sink because of basic incompatibility and/or lack of collaboration among the client corporation, the systems integrator, the software vendor, and other third parties.

FOCUSING ON THE BUSINESS PROCESSES THAT REALLY MATTER.

Successful technology transformation focuses on the business processes, not on the technology itself. If the

processes aren't clear to begin with, no amount of software or hardware will fix the problem. Successful implementation requires getting the process details right in the design phase, based on a detailed understanding of the current environment and what needs to change. It also requires breaking down the functional silos that create barriers to change.

CAPTURING AND SUSTAINING THE BENEFITS.

Once the new systems are installed, employees must be fully trained and ready to take full advantage of the investments. Companies also must be prepared to iron out the inevitable bugs in the early days and to monitor the impact of the systems: fine-tuning as needed to ensure usability and compliance, looking for further opportunities to optimize processes, and measuring and validating financial results.

Our TTO^P methodology can be applied either before, during or after systems implementation. While the most efficient approach is to start during the initial planning and design phase, TTO^P is equally effective when used immediately after implementation, to resolve process issues that arise as a result of the new systems.

Improving the process of technology transformation TTO^P Model

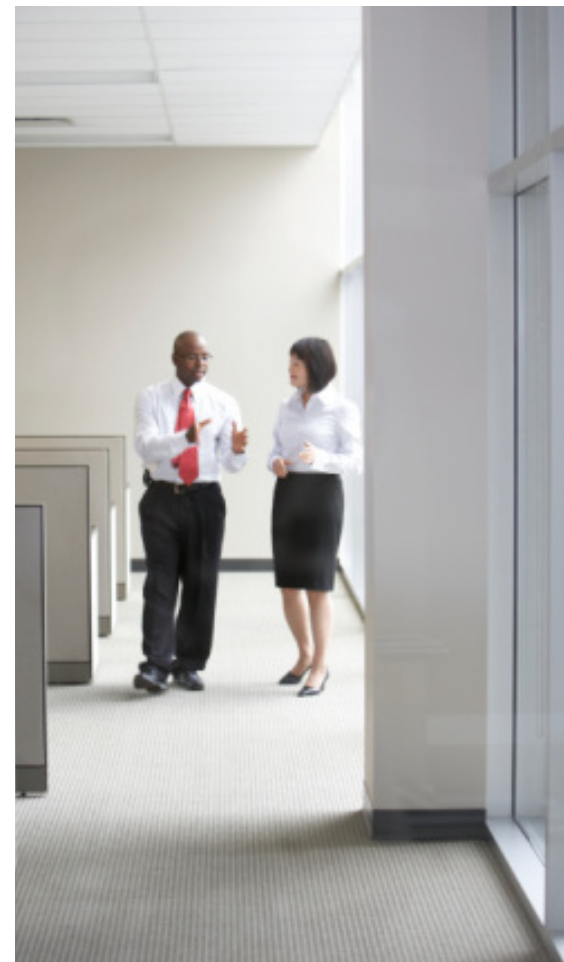


Case studies of TTO^P

Following are three examples of how SSA & Company helped clients use TTO^P to address the unforeseen negative effects of ERP implementation.

87% ERROR REDUCTION

\$1B Services Company: In this case, the company suffered increases in billing errors and delivery problems following its ERP implementation. Through detailed analysis of the process map and interviews with functional managers and associates, we determined that the service contract setup process was the root cause. Applying the TTO^P methodology enabled the company to reduce contract setup errors from 87% to less than 15% in 3 months. The work involved auditing quality metrics, creating feedback loops to associates, developing standardized forms for order entry, training people on standard operating procedures, and piloting the new solution at two facilities before rolling it out to all sites. Once defect rates were brought under control, we ensured that the solution would stick by implementing a weekly data collection plan and auditing of contract samples.



ON-TIME PERFORMANCE INCREASED FROM 26% TO 96%

\$1B Industrial Controls Company: For this company, a new ERP system resulted in a decrease in on-time delivery of work orders, an increase in parts shortages, and data integrity issues. The source of the problem, we discovered, was that users misunderstood the new system requirements, misinterpreted the system data, made random informal adjustments, and generally distrusted the system view. Our approach included interviewing process users, identifying application inconsistencies, communicating the benefits of the new system, developing standardized procedures, and training users to follow them. Thanks to TTO^P, the company was able to increase on-time performance from 26% to 96% in 10 weeks.

ENROLLMENT TIME REDUCED FROM 49 DAYS TO 6 DAYS

\$10B Global Financial Company: Before our engagement, the process for enrolling portfolio management accounts took 49 days on average, resulting in reduced revenue and client complaints. Our analysis revealed a process characterized by overly complex steps and routings, extensive rework cycles, poorly designed manual activities, insufficient controls, and inadequate feedback mechanism. The situation was exacerbated by users with limited process knowledge or training and a lack of clear process ownership. Using the TTO^P methodology, we were able to help this company reduce enrollment time to 27 days in the short term and ultimately to just 6 days.

