

Business Risk Mitigation

Critical Success Factors For Large Deployments of Forum[™]

From its numerous engagements with clients of various sizes deploying Forum[™] at their distributor sites, Sify has identified a few mandatory ingredients of success in these complex implementation projects. These, Sify believes are critical success factors none of which can be ignored in any project without endangering its likelihood of success.

Organisations in India are familiar with the complexities and challenges of ERP implementations. Both vendors and clients today have enough shared experiences between them to ensure that ERP

implementation projects are managed in a tightly controlled manner with focus on all the key success factors. While this does not necessarily eliminate all the challenges outright, detailed attention to these factors minimise the effect of potential threats.

Implementation of solutions in the downstream supply chain across hundreds of distributors and wholesalers (who are external organisations) can often be even more challenging as compared to ERP implementation within the concern. Some of the common underlying reasons are listed in Table 1.

Table 1: Challenges

In the Extended Supply Chain	Internal to the Organisation
<ul style="list-style-type: none"> ➤ Lack of widespread computer literacy ➤ Relatively small penetration of computers and packaged software solutions in small and medium businesses ➤ Proliferation of customized legacy applications provided by small neighbourhood vendors (built often on outdated platforms with limited long-term scalability; normally developed to meet specific user requirements, not necessarily reflecting industry best practices mastered from vast market deployment) ➤ Inherent inability / unwillingness to invest in computerization ➤ Unwillingness to enable genuine transparency in business operations ➤ Perception that there is nothing in it for the members of the distribution chain ➤ Resistance to change 	<ul style="list-style-type: none"> ➤ Lack of clear organization-wide buy-in, especially from sales & distribution (S&D) ➤ Insufficient organizational commitment especially from S&D to drive adoption and usage of the solution ➤ Absence of an appropriate Empowered Project Team* charged with the success of the project ➤ Resistance to change ➤ Tendency to customize software application at length to suit legacy practices** ➤ Resistance to enabling complete transparency in sales operations ➤ Fear of short-term hardships in meeting revenue targets as systemic pipeline stock corrections are undertaken as a consequence of the project implementation ➤ Absence of linkage between project implementation progress and ongoing usage from S&D team's performance targets

*See Table 2 **See Table 3

Table 2

The Empowered Project Team

- A Cross-functional team drawn from Sales & Distribution and Information Technology (IT) streams, enjoying complete faith of the company's top management that its judgment would be appropriate for the long term benefit of sales & distribution operations of the company
- Made Responsible for the success of the project
- With the requisite Capability, Authority and Time to:
 - ❖ Map business processes to the supply chain management (SCM) solution* in fine detail
 - ❖ Provide quick answers to operational issues encountered in course of implementation and post-implementation usage
- With the Authority to fine-tune business processes where necessary to enable smooth business operations
- With the organizational authority to drive buy-in both within the concern and with distributors. This commonly requires that the Project Team is led by senior Sales Managers who would command necessary authority over the user community (distributors and company sales organisation)

*Note: Like ERP applications, SCM solutions too bring in industry best practices. It is important to map the specific business processes of the company to those offered by the SCM solution and where necessary, fine-tune practices

Table 3:

Pitfalls of Relentlessly Customising a Standard Solution / Product

- Instability and bugs can easily creep into the product as it undergoes changes. Customization often compromises the resilience that out-of-the-box solutions are designed for. The top reasons commonly encountered are:
 - ❖ Customisation running contrary to or outside the scope of the system design
 - ❖ Tight time constraints for delivery leaving insufficient time for comprehensive quality assurance
- The client loses an opportunity to leverage best practices that have been incorporated with time and experience, into the solution
- The implementation keeps getting delayed, the project team is de-motivated, they see it affecting their careers, nobody wants to be part of the project.
- The vendor does not see progress, project complexity increases and cost of managing the project shoots up, resulting in de-motivation

Given the complexity and sensitivity of project, it is of utmost importance to get the approach right the first time. Failing which, frustration sets in, distributors are alienated and the organisation is so scarred that any initiative in this domain becomes untouchable for a long time. In summary, the company loses an opportunity to take a significant leap forward and in fact, is set back in its quest for long-term competitiveness.

Drawing from its own implementation experience with various large organisations and distributors across more than 300 towns in India, Sify has identified certain Critical Success Factors. Sify has also undertaken further enquiry through detailed interviews with project managers and implementation teams engaged in other successful projects with other SCM solution vendors to corroborate these conclusions. There has been unanimous agreement.

Table 4:

Critical Success Factors

- **The right Project Team.** Since success of the project is critical for the company,
 - ❖ It is best to commit the best resources and to draw members who have worked in the field, enjoy the respect of the company's sales team and also the distributors.
 - ❖ It is advisable to incorporate promising, high-potential junior sales manager(s) who understand distributors' business processes in detail, who can understand SCM solution's capabilities in detail and map processes.
 - ❖ IT resources should preferably act as facilitators in the project
 - **Authority.** The Project Team should have the Authority to take decisions with sign-off from top management where relevant.
 - **Responsibility.** The Project Team should be responsible for leading the initiative to success and the clear brief that no external cause can be a reason for failure.
 - **Detailed Process Map.** After identifying a suitable SCM solution vendor based on strategic concerns and a broad but sound fit with the company's operations, business processes should be mapped in fine detail at the start of the project before implementation. It may be important to incorporate distributor representation in this exercise where necessary. The team should agree on business process changes where relevant with sign-off from top management.
 - **Minimise customization of standard solutions.**
 - **Selection of regions for roll-out.** The progress plan should focus on key markets with significant revenue contribution to the company. It is sometimes important to first identify a market that is more amenable to the anticipated changes so as to develop a good model, giving a taste of the project's benefits. It also helps to gather momentum.
 - **Detailed implementation plan** with regional phasing. This should be drawn out jointly with the vendor's agreement so as to enable greatest attention to hassle-free implementation and user training.
 - **Training of regional Sales & Distribution (S&D) teams.** It is important to have the regional S&D team completely conversant with the use and benefits of the solution. This ensures that the sales team benefits quickly from the deployment and they drive acceptance and usage among relevant distributors.
 - **Training and hand-holding / troubleshooting support to distributors.** Significant focus and commitment is required from the vendor in this regard. The client's Project Team needs to agree on the deliverables with the vendor and regularly monitor status. It needs to be in deep and regular engagement with the concerned distributors.
 - **One-point contact: Project Team.** It should be the one-point contact to all stakeholders including company managers, distributors and the vendor on all key concerns covering business processes, solution-related queries, operational issues. The Project Team should be coordinating all queries and challenges from within the organisation and from the distributors. Where necessary, the Project Team should coordinate with the vendor. Multiple interfaces between distributors, company and vendor on these aspects should be avoided.
 - **Making it priority for relevant S&D team.** Success of the project should not only be the charge of the Project Team but also the respective regional S&D team. This ensures necessary focus on the project and easier acceptance by distributors.
 - **Periodic review with vendor.** The Project Team should conduct periodic review with the vendor to communicate future areas of focus and also to communicate feedback on field service levels.
 - **Periodic review by senior management.** The project holds enormous promise for the organisation. Success requires periodic review by senior management.
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