

International ERP deployment:

Change management

How to break down resistance
& influence behaviour

We will take you through some key principles of managing change and influencing behaviour, which can help you to ensure early involvement and positive backing for new global processes in an international organisation.



What's inside

We'll look at the following subjects

#1

Introduction

#2

Look before you leap

#3

The conditions for acceptance

#4

Influencing people and motivating acceptance

#5

What's next

Introduction

Effective deployment of ERP systems is as much about people as it is about technology and processes. A major reason ERP projects can fail is resistance from users to adapting to the required changes. In fact, a study by Panorama Consulting shows that 63% of all companies experience difficulties in addressing human and organisational change issues when implementing a new ERP solution¹.

Never underestimate human beings' natural aversion to change.

Implementing an ERP system and new, optimised processes is similar to any company development that brings about change. Take for example a situation where two companies decide to merge. The management team may have spent months or even years exploring different scenarios, negotiating, creating a new vision and agreeing on all the details to make a merger happen. But what happens when management ecstatically delivers the great news to their employees? Stunned silence. Shock. An information bomb has just been dropped. If you do not take the time and effort to help people process the information and get committed to the change, they can have the same reaction to a new ERP solution.

In a scenario with a new ERP solution, headquarters decides that global processes need to be implemented together with the implementation of

a new system. They believe that harmonisation of global processes will bring benefits, such as increased administrative efficiency, improved customer service and better reporting. However, if they do not handle the human factor conscientiously, this can lead to user resistance to adoption, which can sabotage the entire project. Human nature and cultural differences should not be underestimated when trying to make changes to business processes.

The principles of change management.

This paper looks at people's resistance to the change brought by harmonisation of processes in international companies. Whether you lack a buy-in for change or people are actually actively resisting it, you want to do everything you can to make sure that your entire organisation focuses on the optimised future scenario, rather than today's shortcomings.

What can you do? First, make sure your assumptions regarding the need for change are correct. Next, do the groundwork necessary to prepare for implementation of change in the organisation. Finally, involve the entire organisation in a way that motivates them to get behind the change. This paper will take you through these important principles for managing change and influencing behaviour, which help ensure early involvement and positive backing for harmonisation of processes and systems.

Look before you leap

Make sure your assumptions regarding desired change are correct.

Why change? Harmonisation of global processes.

Harmonisation is the alignment and consolidation of different reporting, processes and systems used in the various countries and companies of an international organisation. It is undertaken in order to improve business efficiency, visibility and collaboration. A less visible motivation for harmonisation is often the desire for more centralised control.

There are, however, a number of challenges that need to be overcome before an organisation can reap the potential benefits of harmonisation. One type of challenge relates, not to the implementation of processes, but to the quality of the processes themselves. Before implementing a process across your international organisation, it is important to make sure that they are appropriate for, and add value to, the entire organisation.

Often global processes are challenged at the local level, and it is not always due to general resistance to change. If acceptance of the new process is not because of a human-behavioural problem, then this suggests that either the process has quality

problems or it simply cannot be used due to differences in local conditions.

For example, in one international implementation, headquarters identified a best practice procedure for the centralised management of inventory, replenishment procedures and methods for transferring stock between branch and engineer locations based on optimised inventory cost and control.

However, in a number of less sophisticated territories of the client's organisation, there was a need to pass the responsibility for stock distribution to local locations due to regional conditions and logistical constraints. These local modifications were met with the help of pre-defined Excel templates that allowed for local inventory control. At the same time, however, they retained the main concept behind the centralised global best practice.



Testing the quality of existing practices.

In order to mitigate significant organisational change management issues, it is important to have tools and methods in place to check the quality of the best practice that you intend to standardise throughout the international organisation.

For example, Business Process Blueprinting is a critical component used for any ERP implementation project. It helps us work with customers to identify improvement areas and design future processes that will both improve their business and drive the new system development. One of the key tools of Business Process Blueprinting is the Future Backwards technique.

In some cases, a more evolutionary approach to harmonisation may be the solution.



Unlike traditional process-creation tools, which build on existing processes that may be flawed, the Future Backwards technique looks at a series of events starting from the desired result. For example, if a domestic company wanted to expand and sell their product in a foreign country in three years, you would plan backwards from the first delivery of their products in the foreign country, how to establish distribution in the foreign country, how much to increase the domestic capacity needed to ship products, and finally, how much to increase domestic capacity to produce the quantity to be supplied to the new market. In this way, you avoid automatic assumptions and make sure that the current way of doing things is actually a best practice before imposing it on the entire organisation and meeting inevitable resistance to a potentially flawed process.

Different organisational models require different ambition levels

If a company is mature, centrally driven and it is most efficient to drive decisions from operational headquarters, then it makes sense to have everybody working on the same system. However, this still requires broad early involvement, not only to capture the correct scope and requirements, but also to start building acceptance and commitment to the new way of working.

If this doesn't happen, then resistance will later rise, which can be a disruptive and expensive mistake to make for any organisation.

If, on the other hand, an organisation has not already harmonised processes and has diverse operational processes in place, then they should be cautious in terms of their ambitions for harmonisation and consistency.

In some cases, a more evolutionary approach to harmonisation may be the solution.

A flexible approach that keeps you moving

A flexible implementation method can enable you to continue towards international harmonisation without delay. For example, we approach such projects using what we call a company CORE solution where all entities have the option to run on individual copies of what is essentially the same harmonised platform. A CORE solution includes all the common company-wide processes and features.

In this way, changes can be made if needed without jeopardising processes in other entities or companies running on the same system. In these cases, broad involvement can also be postponed, while only one or a few key stakeholders need to take part in setting up the central processes.

In any case, before you can begin to think about tackling resistance to change, you must consider the potential reasons for resistance. Are they really due to a general resistance to change, or are the processes themselves flawed or inappropriate for your organisation.

Do the global processes you want to impose have the necessary quality? Is your ambition level in line with your organisation's level of maturity? Make a realistic plan for change first, and then you can begin to think about how to manage the change in your organisation.

The bottom line

An understanding of your own organisation and which global processes are necessary and feasible to implement is a pre-requisite to successful change.



Global

Make sure desired global processes are best practices that can benefit the entire organisation.



Ambition

The level of ambition for change should match to the maturity level of the organisation.



Flexible

A flexible implementation method can enable international harmonisation without delay.

The conditions for acceptance

Prerequisites to acceptance of global processes.

The last section touched on the reasons for harmonisation in an international organisation and the importance of checking your assumptions regarding new standardised processes. Even if a global process does have the necessary qualities to be implemented in the entire international organisation, however, there are still some challenges and issues you must deal with.

First, you must have a clear vision for the reasons behind the harmonisation and how it will impact people. Next, internal stakeholders and management must be willing to nominate and empower global process owners. Finally, the global process owners themselves must be prepared to take full responsibility for creating and safeguarding the process on an ongoing basis, and for the impact it will have on business.

Global processes can bring a great deal of benefits with them, but people tend to forget that it is hard work both to implement and maintain the quality in the long-term. Maintaining global processes can be costly, in terms of human resources, time and money, and that has to be taken into consideration when evaluating your process harmonisation business case.

You are putting a completely different internal business paradigm in place, which requires a significant commitment to the new way of working. Be sure to measure the costs and

benefits of the processes to make sure that you get good value for money before investing in new processes.



Three typical barriers to global change



Global processes have not been defined.

Solution: Evaluate the business case and operational business process landscape

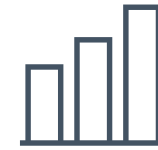
- Determine which processes should be in scope for harmonisation
- Empower the global process owners and align expectations



Process stakeholders do not agree on the global process.

Solution: Determine the cause of disagreement

- Identify whether it is caused by general resistance to change or if there is a local business problem
- Provide an external facilitator and act on results of analysis



Expensive and time consuming to maintain global processes.

Solution: Implement a change request system to keep stakeholders informed

- Track and report progress
- Agree on and anchor the service level with regard to process changes



Maintaining global processes can be costly, in terms of human resources, time and money

Growing forward.

The problems outlined previously can get you started off on the wrong foot causing resistance in the organisation later on. If, however, you put the solutions into practice, then you have the prerequisites in place for positive acceptance. You are then ready to tackle the issue of motivating people to back the change, which will be discussed in the next section.

The bottom line

- Have a clear vision for the reasons behind the harmonisation and how it will impact people.
- Nominate and empower global process owners.
- Keep stakeholders informed as to the changes in processes and reasons behind them.
- Make sure you have a system for handling requests for change.

Influencing people and motivating acceptance

How do I change the behaviour in my organisation?

This paper has looked at the issues of qualifying global harmonisation processes and doing the necessary preparation before implementing them across your international organisation. Now, it will look at how to deal with the human resistance to change one meets when carrying through on plans.

The amount of effort it requires to introduce and maintain harmonised processes in an ever-changing global world comes as a surprise to many organisations. There is a limit to how much change people can absorb during a transition, while still attending daily operations.

Human nature and cultural differences should not be underestimated when trying to make changes to business processes. No matter how well you understand and respect a different culture, you cannot eliminate all the issues that differences in culture carry with them.

Corporate culture is often defined as patterns of accepted behaviour and the beliefs and values that promote and reinforce them. Beliefs are what one considers to be true – either about the company (e.g., “this company rewards good work” or “it’s hard to succeed here without personal connections to management”), or about people and work in general (“most people are lazy” or “most people want to do good work”). Values are what’s important to individuals personally. This can be things like ‘being part of a close-knit team,’ ‘making lots of money,’ or ‘serving customers well.’

The cornerstone of change management lies in managing behaviour.

Culture is deeply anchored and not easily changed. Changes bring people out of their comfort zone and cause fear of the unknown. Therefore it is wiser to put aside culture as a means to solving change-management issues, and instead focus on what we can influence: behaviour.

In a Forbes article, Erika Andersen writes about how in nature, there are basically two kinds of change: evolutionary and disruptive. Evolutionary change is gentler and less destructive, but it takes a long time to complete.

Disruptive change is fast, and sometimes necessary – but extremely destructive.

Many, perhaps most, change efforts are done according to the disruptive model (“Let’s shake things up around here!”) and that is precisely why they tend to fail.

The accelerated evolutionary approach to change.

There is, however, a third road you can take. Rather than trying to create a completely different culture overnight, you can follow the approach put forth by Katzenbach,

Steffen and Kronley in the Harvard Business Review, which proposes an accelerated version of the evolutionary approach. The article asserts that people will change if they see the new behaviour as easy, rewarding and normal. What do they mean by easy, rewarding and normal?

By easy, they mean that the person being asked to change has the necessary prerequisites and that nothing stands in the way of their taking up the new behaviour. They have the skills and knowledge, and there are no organisational or bureaucratic barriers. Next, they define

rewarding as a new behaviour that brings about an emotional or practical result, such as positive interactions with customers or less time used on administrative tasks. Finally, by normal, they mean that the new behaviour appeals to people's natural desire to feel that they are behaving in the same way as their peers and others whom they admire. When all these three conditions are met, you enable an accelerated evolutionary approach.

How to make change desirable on a human level.

Many efforts to change – both personal and organisational - fall apart because those who want to catalyse the change don't approach it as an evolutionary challenge. In most cases, resistance to change occurs because the idea behind the change has not been anchored in the individual's consciousness.

This is exactly what needs to happen when harmonising global processes.

First, make change easier by removing bureaucratic and organisational barriers. Next encourage acceptance by communicating the potential rewards that the change will bring. Get early involvement of the stakeholders, create a joint vision, and communicate in an open and honest way. Finally, prioritise the behaviours that will have the greatest impact on your company's ability to implement its strategy. Choose ones that will be widely visible to others and are most likely to be emulated.

If you can figure out what needs to change, and how to make the new ways of operating easier, more rewarding than the old, accepted norm, then you can activate accelerated evolutionary change.

People need to understand the bigger picture regarding the scope, consequences and potential benefits of the change. The underlying vision of why this new process is a good idea must be visible. The change you propose may be a game changer and people need to understand that tomorrow's success criteria are different from today's. For example, they may not be aware that a local process change that improves local efficiency by one percent may have a higher cost if it prevents cross-company synergies. However, when people believe in the change, then they embrace the new way of working fully.

**Many efforts to change – both personal and organisational
- fall apart because those who want to catalyse the
change don't approach it as an evolutionary challenge.**

² <http://www.forbes.com/sites/erikaandersen/2012/08/17/3-things-you-can-do-to-change-peoples-behavior>

³ HBR, Culture Changes that Stick, July-Aug, 2015

The bottom line

Anchor the idea behind the desired change in the beliefs and values present in your organisation by motivating people to accept it as a norm.

- Remove organisational and bureaucratic obstacles to change
- Communicate the potential rewards that the changes will bring
- Promote the behavioural norms and values that will help bring about the changes

People's resistance to change is simply a law of human nature. That is why, in order to reap the benefits of harmonisation, an international organisation is wise to take change management seriously.

Understanding your own organisation and its existing processes, communicating a clear vision and motivating people to embrace change will keep your people focused on the positive aspects.

Let's drive forward

To support international Microsoft Dynamics NAV ERP implementations, Technology Management partners with Pipol.

Represented by over 160 offices in 65 countries, Pipol is the largest international provider of ERP consultancy and implementation services based on Microsoft Dynamics software.

Tel: +44 (0) 1902 578300

Email: hello@tecman.co.uk

Web: www.tecman.co.uk



SE 7006

SE 7007

SE 703

Contact us

We help Manufacturing and Distribution organisations enhance performance with Microsoft Dynamics NAV, Dynamics 365, Dynamics CRM and Office 365. Having delivered over 4,000 successful projects, we've plenty of experience implementing business systems, Microsoft Dynamics solutions and the technical infrastructure to support them.

We are a Microsoft Gold Certified Partner for ERP & CRM and can deliver Microsoft Dynamics solutions on your own IT infrastructure, hosted in our UK data centre or in the Microsoft Cloud.

Talk to us today for a jargon-free discussion on how we can help your organisation enhance performance:

Get in touch

Wolverhampton

St Mark's Church, St Mark's Road,
Wolverhampton WV3 0QH

Newcastle

The Axis Building, Maingate Team
Valley, Gateshead NE11 0NQ

Call: +44 (0) 1902 578 300

Email: hello@tecman.co.uk

Visit: www.tecman.co.uk



Microsoft Dynamics

Office 365

Microsoft Azure

Microsoft
Partner



Gold Enterprise Resource Planning
Microsoft Dynamics NAV
Gold Customer Relationship Management
Silver Small and Midmarket Cloud Solutions