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transform with *SPEED*

Reasons Why ERP Implementations Fail and How to Avoid Them

In today's evolving Cloud ERP (Enterprise Resource Planning) landscape, Cloud ERP plays a pivotal role in efficiencies and business processes streamlining and with Oracle Cloud ERP advancements like **Redwood UX, Oracle Modern Best Practices with AI**, and the exciting possibilities of **Oracle AI Agent Studio**, achieving **Business Value at Scale** is more attainable than ever, enabling organisations to grow. However, despite the numerous benefits of Cloud ERP many implementations fail.

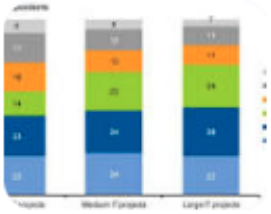
Failures are common

According Gartner Magic Quadrant

A simple search online for "volume of ERP projects failing according to Gartner Magic Quadrant" reveals the following;

AI Overview

According to Gartner, a significant portion of ERP (Enterprise Resource Planning) projects fail to meet their objectives, with estimates ranging from 55% to 75%, according to Rand Group. This means that between more than half and up to three-quarters of ERP implementations do not achieve their intended goals.



While the exact definition of "failure" can vary, it generally implies that the project did not deliver the expected benefits or outcomes. This could include failing to meet deadlines, exceeding the budget, or not achieving the desired functionality or performance.

Some common reasons for ERP implementation failures include:

Poor planning and requirements definition:

Not clearly defining the project's goals, scope, and requirements from the outset can lead to misalignment and ultimately, failure.

Lack of executive sponsorship and user buy-in:

If key stakeholders are not committed to the project and actively involved, it can be difficult to drive adoption and achieve success.

Insufficient testing and training:

Inadequate testing before go-live and insufficient training for users can result in errors, frustration, and ultimately, project failure.

Underestimation of resources and costs:

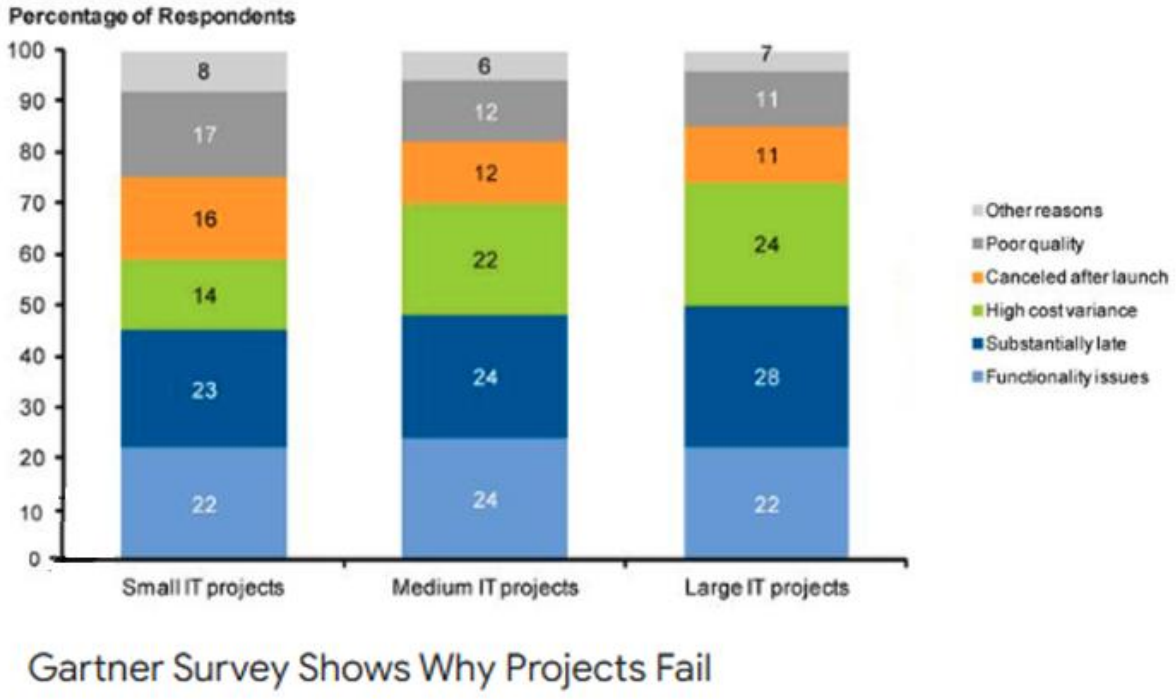
Underestimating the time, budget, and resources required for an ERP implementation can lead to delays, cost overruns, and ultimately, project failure.

Inadequate change management:

ERP implementations often require significant changes to business processes and workflows. If these changes are not managed effectively, it can lead to resistance and ultimately, project failure.

Poor vendor selection and management:

Choosing the wrong vendor or failing to effectively manage the vendor relationship can also contribute to project failure.



Gartner Survey Shows Why Projects Fail

The pattern is the same with many other trusted publishers' studies reporting similar figures.

Understanding the reasons behind ERP implementation failures is crucial for businesses looking to embark on this transformative journey.

In this article, we walk you through the "Reasons Why ERP Implementations Fail" and help you gain insightful strategies on how to avoid these pitfalls.

🔍 *Common Reasons Why ERP Implementations Fail*

1. *Scope Creep*

Throughout the initial stages at the very critical stage of the project when the demand on your SMEs is high, the traditional Implementation methods rely on extensive and complex requirements and design charter via workshops, driven using slide decks engineered to explain the functionality and to identify key decisions, detailed requirements and design.

These are very complex, requiring deep knowledge of both your existing processes and future needs in order to agree alignment to functionality and future processes and if well managed aligning with modern industry best practices.

Although this stage sets the exact scope of delivery, very often the commercial brief does not align well with what takes place on the ground and the detail in these workshops open the flood gates for opportunity for increased scope, timelines and costs resulting in poor delivery.

2. *Complexity and confusion between what you sign up for, versus what you actually need*

Preparing a comprehensive RFP (Request for Proposal) is crucial in order to ensure you have an accurate representation of your organisation's needs for your ERP system. However, preparing an RFP for an ERP system is a complex task requiring extensive knowledge of both your needs, requirements, and the modern capabilities of Cloud software.

The outcome is a set of commercials outlining a detailed statement of work (SoW), the SoW draws from the needs and capabilities outlined in the RFP and however detailed this is, it is still open to interpretation. The potential for disconnect amongst stakeholders is high as the detailed requirements, design and scope stage is complex and timely, leading to misalignment, confusion, disengagement and mistrust.

3. *Lack and consistency in quality and standards*

The need for consistency in quality and standards are high and essential when implementing complex ERP systems. The opportunities for inconsistency are many and fundamentally due to reliance on consistent quality of the implementation specialists and availability of the SMEs.

With many complex areas to consider requiring many specialists, a few weak links can significantly erode the quality of the end process and delivered application. Coupled with inconsistent standards and limited adherence to modern industry best practice, the project is doomed for sub-optimal results with a sub-optimal solution leading to high cost of ownership and need for future re-work.

4. *Inefficient delivery process*

The delivery process relies heavily on accurate interpretation of requirements and consistent leadership. If this is missing, then elements of project delivery are created in isolation, missing out on reusable or repeatable processes, resulting in manually creating configuration of the solution which results in significant time and effort at each stage of the solution build.

5. *Lack of holistic cross functional integration and design*

ERP solutions rely heavily on cross module and functional design, getting this right is paramount for the success and overall quality of the solution and implementation.

However, these are often an afterthought resulting in disconnect, delays and re-work.

6. *Inefficiencies in the evaluate solution process*

The evaluate solution process is centred around short solution fit assessment workshops. The opportunity to see the results is often after several months' worth of deep discussions, at which point the SME needs to evaluate the fit and assess if this is the correct interpretation of the SoW. If re-work is required then it is several weeks before the team can review and assess. The opportunity to challenge and achieve collective leverage is intermittent, this lacks efficiency resulting in potential for poor alignment, participation, inclusiveness, transparency, collaboration and workspace dynamics.

7. ***Conflicting dependencies due to higher-than-normal resource demand***

   With such high demand of collective resources from both the client and the Implementation Partner, it is essential to ensure the project stays on track, especially when the client's SME resources are so pivotal to the success of the business and of the ERP transformation and implementation.

   Often ERP projects, timeline and budget are stretched as a result of scope creep, efficiencies, unrealistic timelines, insufficient or limited resources. This puts a great stain on the business and the success of the implementation.

8. ***Increased risk due to lack of standards and artefacts***

   Quality and standards are paramount for the success of an ERP Implementation. However, in most cases these standard artefacts are often inconsistent due to reliance on the expertise of the implementation specialists and project management.

   With such emphasis on standards, modern industry best practices, best-in-class solution design and with varying expertise on an ERP project, the quality of these can be inconsistent and with the absence of repeatable standards and artefacts this can lead to significant inconsistency and risk to the overall success of the ERP implementation.

9. ***Lack of Best-in-Class standards and solution***

   Embarking on a future state transformation reflects your goal to achieve a best-in-class solution that will stand the test of time and grow as you grow.

   Best-in-class standards are engineered during the solution design but is not guaranteed to make it into the solution delivery. This can lead to a solution that does not follow the best-in-class standards and often this is not visible until go-live and beyond. Leading to poor quality, increased cost of ownership, difficulty to grow the solution and high potential for the need for re-work.

10. ***Poor governance and stakeholder management***

    The need for clear, transparent, timely reporting and communication is often poorly executed. In order for projects to stay on track and progressing, the senior stakeholders need to have a clear understanding of high-level progress, decisions and dependencies, with a structured governance in place to expedite engagement between SME stakeholders and Exec level stakeholders. This is essential to ensure smooth governance and not to over burden an individual stakeholder as such they become a major dependency or a bottleneck.

    Often lines of communication and structure in measurements, KPI and regular reporting are not clearly defined and are almost always an afterthought leading to poor experience, dependency and high potential of blockers.

11. ***Inadequate Roadmap Planning***

    Detailed roadmap and planning are often engineered in a rush and a reaction to commercially agreed timeline estimates. Resources, dependencies and co-dependencies of the program are frequently an afterthought resulting in unrealistic expectations and resource overload, putting undue pressure from the start on both the partner and the client.

    The outcome of this is extreme pressure and high demand on project delivery resources, often results in the need for either very long days or additional resources or both. Leading to high potential for timeline delays and cost.

12. ***Inaccurate resource allocation***

    The pressure of having to meet commercially agreed estimates, means ensuring project resources are sufficient, skilled and available, to meet the delivery milestones. In most cases the estimated cost and the actual costs are very rarely in sync.

    This results in a huge emphasis on managing the project budget instead of focusing on project deliverables and quality, which can lead to inaccurate resource allocation.

13. *Insufficient training and change management*

Training and change management are often an afterthought, due to the emphasis on accurate and timely delivery. However, training and change management roles and responsibilities, should be considered an integral part of project delivery and success. Failure to consider Change Management and solution adoption are one of the main reasons for project failure.

Training is often limited to 'train the trainer', which relies on the SMEs who are already in huge demand from regular project delivery expectations and not able or willing to dedicate the time and attention needed. Change Management often sits with SMEs with a simpler remit of business readiness, with little emphasis on training needs and the impact of change across roles and responsibilities. Leading to poor experience, longer time for acceptance, lack of clarity and overall higher cost of ownership.

14. *Lack of appropriate planning and effort in Data Quality, Migration and Integrations*

Data Quality and Migration in most cases is not considered until much later in the project timeline and is either inadequately resourced or most likely resourced with the same resources responsible for project delivery. In practice, the Data Migration stream should run parallel with solution delivery and should be managed as co-dependent to align with the overall program.

The importance of Integrations is often overlooked, or placed with team members missing the right level of knowledge or technical ability. In practice, the Integration stream should run in line with the delivery stream and should be managed as co-dependent to align with the overall program.

15. *Selecting the wrong Partner and Solution*

The Partner selection process is usually decided before RfP, with the favoured Partner influencing and writing the RfP. This action further exacerbates the potential for project failure, as they are often following a prescribed agenda, rather than fairly assessing the needs of the client, further perpetuating and cementing their place with the client, whilst failing continually to deliver a successful outcome, or ensure the client becomes self-sufficient and able to manage their own application.

The selection process normally includes technical, financial and industry experience. The drawback is there is little or no emphasis on the right solution, methods and engagement requirements leading to fundamental and crucial elements missing from the overall experience and quality of solution and deliverables outcome.

16. *Inadequate post go-live support*

Often post go-live emphasis is in hyper care mode for the first month of go live only, when the reality is much longer time is required to realise the benefits of all the effort and hard work to achieve this journey and take ownership. Strictly speaking stability and smooth running is not realised until after six months, where the system and people are in a rhythm and pattern. This gives sufficient time for system, data, integrations, processes, change impact issues to surface and to stabilise.

🎈 *Avoid ERP Implementation Failures with SPEED*

1. ***Scope Creep***

   When adopting SPEED, detailed requirements, design and project scope are captured through specifically engineered templates in the form of questionnaires. Key decisions and design decks are designed to maximise the demand on your SMEs so they can efficiently and quickly contribute to key decisions impacting business processes and end solution design. . The needs for lengthy and time-consuming workshops are eliminated and the templates alongside solution sets with embedded Oracle Modern Best Practice.

   The guided detailed templates not only empower and enrich your SMEs from the start but also the outcome of these provides a complete and accurate scope of delivery which is fed into commercials ensuring full alignment. The initial build can efficiently, quickly and accurately be delivered and will be a much closer solution to your envisaged end product. Project kick off commences with a build and solution in place.

2. ***Complexity and confusion between what you sign up for, versus what you actually need***

   The need to prepare a comprehensive RFP (Request for Proposal) and subsequent SoW, is somewhat redundant with SPEED. Instead, you can choose to go with a high-level brief of your top-level strategic requirements and rely on the power of the guided templates to enrich you with the capabilities, functionality and options needed to drive a successful project.

3. ***Lack and consistency in quality and standards***

   Quality and standards are an integral part of SPEED with our comprehensive templates helping to define modern industry best practices always ensuring optimal outcome.

4. ***Inefficient delivery process***

   The delivery process with SPEED leverages configurations from best-in-class solution sets ensuring efficiency, quality and standards of delivery regardless of the specialist and continues to do so at every stage of the solution build.

5. ***Lack of holistic cross functional integration and design***

   With SPEED cross module functional design integration is engineered from the start into the solution sets. The solution build leveraging the prescribed solution sets ensures overall connectivity, uniformity and quality of the solution.

   Future implementations can be enabled as building blocks due to the prefab nature of the SPEED approach, but fully tailored to your specific industry requirements.

6. ***Inefficiencies in the evaluate solution process***

   The opportunity to evaluate the solution with SPEED is immediate. The project kick-off commences with a built solution where you assess and collaborate on solution fit in gap-fit discussions fostering an inclusive one team approach right from the start.

   The gaps are re-worked to achieve the desired process and outcome with quick turnaround ensuring a collaborative, transparent workspace dynamics harnessing the collective intelligence.

7. ***Conflicting dependencies due to higher-than-normal resource demand***

   The project timelines are significantly shorter with SPEED; the demands on the client's SMEs are not stretched resulting in minimal opportunities for scope creep. With efficiencies through methods and artefacts the demands on resources are significantly reduced putting less strain on the business, ensuring the success of the implementation.

8. ***Increased risk due to lack of standards and artefacts***

   The SPEED templates offer both quality and standards maintained throughout. There is no danger of inconsistent standards due to variable expertise of the implementation specialists.

   The delivery leverages solution sets with embedded standards, modern best practices and best-in-class solution design, built-in to significantly reduce risk and ensure overall success of the ERP implementation.

9. ***Lack of Best-in-Class standards and solution***

   Embarking on a future state transformation is exactly that, your goal is to achieve a best-in-class solution that will stand the test of time and grow as you grow.

   With SPEED, best-in-class is engineered into the solution sets, templates and questionnaires, leveraging solution sets as a solid baseline, a personalised, complete solution.

10. ***Poor governance and stakeholder management***

    With SPEED, governance is defined from the outset. The initial stages inform the detailed requirements, key decisions and design, which are used as a precursor to agreeing the commercial aspects of project delivery. This has the added benefits that both the senior/exec/sponsor stakeholders and the SME stakeholders are involved from the start, contributing to the scope for delivery and commercials.

    Timely reporting at the right level in a structured, reliable hierarchy is set from the start with SPEED, ensuring smooth running and governance throughout the delivery. Lines of communications and structure are clear with measurements, KPIs in regular reporting from the start.

11. ***Inadequate Roadmap Planning***

    SPEED is based on standards and therefore follows a pre-defined, guaranteed roadmap. The SPEED approach also includes a detailed project plan that is pre-defined and based on detailed requirements, key decisions and design in the commercials. You are not relying on high-level commercials and estimates, but instead the project plan is an accurate definition of what it takes to successfully deliver the project on time.

12. ***Inaccurate resource allocation***

    The commercials with SPEED are not based on high-level requirements and estimates, instead the SoW and commercials are based on detailed requirements, key decisions and pre-agree design. The project plan is based on accurate detailed scope and reflects a realistic project timeline and resource representation of what is required to successfully deliver the project on time and in budget.

13. ***Insufficient training and change management***

    The Training requirement is an integral component of SPEED, including options such as ‘train the trainer’ with continuous involvement via the SMEs as well as Process flow training videos. Oracle Guided Learning is also an option and is recommended to ensure your user experience is optimal and training is online and can be leveraged interactively.

    Change management in the form of training needs, change impact, roles and responsibilities, business readiness can be optionally managed by us, however we acknowledge a minimum remit readying your SMEs for business readiness and ensuring the change impact includes future state roles and responsibilities.

14. ***Lack of appropriate planning and effort in Data Quality, Migration and Integrations***

    Data Migration and Integrations are an integral component of SPEED, helping to facilitate a more realistic project plan of timeline and resources.

    Data Migration and Integrations are defined to run in parallel with the solution build with co-dependencies aligned to the overall program.

15. ***Selecting the wrong Partner and Solution***

    The partner selection process is normally as a result of a brief which can be as simple as a few pages or a very lengthy detailed RfP outlining the organisation's needs and capabilities required for the ERP System and solution. With SPEED templates completed at the start guide you through the detailed requirements, key decisions and design to form the basis of commercials. There is less emphasis placed on accurately outlining the needs and capabilities in an RfP which very often is a daunting task to embark upon in order to comprehensively outline everything you want covered.

    The selection process is much more accurate with SPEED since you are already in a position to evaluate the vendor's competency, methods and fit for purpose solution since it is all visible and transparent from the beginning. No hidden fundamental and crucial elements missed, no surprises with overall experience and quality of solution and deliverable outcome.

16. ***Inadequate post go-live support***

    As well as hyper care for the first month we believe in ensuring your solution continues with maximum care and remains fit for purpose and evolves overtime as part of the quarterly Oracle Cloud patch updates.

    We want to ensure you continue to achieve maximum value and low cost of ownership and being present to ensure stabilisation and cadence over the months after go-live ensures both system and people get to a normal rhythm and pattern giving sufficient time for system, data, integrations, processes, change impact issues to surface and to stabilise.

🪁 *Final Thoughts*

ERP implementations, when executed strategically, can drive significant improvements in organisational efficiency and effectiveness. By addressing these common failure points and adopting proactive strategies leveraging SPEED methods and solutions, organisations can maximise the benefits of ERP systems and ensure successful implementations that contribute to long-term success with overall total low cost of ownership.

We are thrilled you have taken the time to read this article and assure you that we will continue with our passion to eliminate waste to keep achieving quicker solutions with value and better experience.

We very much hope to hear from you and discuss how we can help achieve your transformation goals by leveraging our **SPEED Methods and Artefacts** of delivering the **Oracle Cloud Products**.

connect with us

info@sarrisco.com

www.sarrisco.com

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