



ERP Desertion Avoided

Case Study

Situation

The parent company of a multi-national conglomerate of companies sought to leverage economies of scale across its supply chain by moving all subsidiaries to a single instance of an enterprise resource planning system.

Challenge

The first two implementations went quite well by all accounts, but subsequent onboarding programs ran into significant resistance:

- Certain features and functions required customers and suppliers to incur unwelcomed change and cost.
- Inventory costs rose and distribution channels slowed.
- Customers were defecting.
- Competitiveness was deteriorating fast.

The company's North America division identified change management as the weakness in the more recent implementation programs.

Approach

Contracted to address weak adoption, we interviewed leaders of companies that suffered and of companies that benefited with the new ERP system. Two conflicting themes emerged: there were multiple operating models in play and only one of the three operating models was well supported by the ERP configuration. The ERP system had disabled competitive capabilities of two of the three businesses. This, with close to a dozen different models in the conglomerate's portfolio.

We employed our learn in the doing approach with leaders from each of the North America companies and ERP experts from corporate to identify the ERP Capabilities that were

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misaligned to the Customer Value Proposition and Financial Value Creation Capabilities of each company.

"It leaps off the page!" exclaimed one of the company presidents. *"We need at least four configurations and about half the customizations for our six companies to be able to do better than ever before."*

Results

- In the words of the parent company CEO, "We spent 10's of millions to potentially lose 100's of millions because we skipped one simple step. We did not ask our presidents what made their companies special to their customers and how do your companies make money."
- Four design variations of one ERP template were implemented globally, more quickly and at lower cost than anticipated.
- Company leader teams across the globe shared Capability Models and began collaborating on how to continually improve efficiency and effectiveness.

Key to Success

Providing the presidents and their teams with language to express their needs, and methods to relate those needs to ERP Capabilities that advanced competitiveness and financial performance.

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