Defense enterprise resource planning transformation

Six success factors

Perspectives from
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Over the past decade, I have often been asked to share my view on success factors for enterprise resource planning (ERP)-led defense transformations.

In a career that comprises more than 40 years in military supply chain and logistics, I was fortunate to spend five years as the Director of the United States Defense Logistics Agency (DLA). This agency is large and complex—when I took over it managed 5.2 million items and had 23,000 civilian and military personnel dealing with 58,000 requests for material a day. I assumed the role two months before 9/11 and, as a result, my tenure coincided with unprecedented demands placed on the United States military. Meeting these demands required significant modernization and transformation, which the DLA undertook with Accenture.

I have since worked with Accenture in many countries, including Australia, the United Kingdom, Norway, France, Germany, Saudi Arabia and Canada. I have specialized in business transformation and enterprise resource planning implementations, helping to improve the effectiveness and the efficiency of the supply chain worldwide for defense forces so that, as budgets reduce, we get a greater “bang for our buck” in what we are doing.

Opportunities are available today—technology, digital and advanced analytics—present capabilities of which I could only have dreamed as a junior officer in the United States Navy back in the 1970s. In particular, it is exciting for me to see the evolution of technology and big data accuracy and how defense organizations can take full advantage to build high-performing supply chains.

I hope the observations I share are of value for your own transformation journeys ahead.
Key success factor 1: Leadership support

Before embarking on an enterprise transformation journey there has to be a burning platform.

Ask yourself, why are you doing this? Is it for financial reasons? Is it essential to the survival of the organization? What is the catalyst that gets everything going? Establishing the reason to proceed is crucial to securing top-level management support.

If you are planning a large-scale transformation, it has to generate passion from the top. Senior management will need to communicate about this project constantly and consistently across the workforce, so they need to be involved and dedicated to the effort. If the initiative is viewed as a supply chain project or an IT project, you may not gain the senior support you need.

Key success factor 2: Change management

As I tell leaders constantly, the biggest challenge is people.

You can bring in an SAP solution, plug it in and make it work, but it is the change management portion that is the hardest. At the DLA, the average employee age was 48. They had used the legacy IT system, which was designed in the 1970s and implemented in the 1970s, for their entire professional lives. So, to introduce SAP with its new processes and procedures is a big cultural change.

It is just human nature. Fortunately, there are techniques available from a training perspective that are there to help people embrace change. We had to spend a lot of time at the DLA, and it is the same with most organizations undertaking change management training.

Key success factor 3: Business case and accountability

The development of a business case for ERP and business transformation implementation is a critical step.

It is important to delineate the anticipated costs and the resultant savings from the implementation—in turn, this establishes the payback period for the effort. I would also advise assigning accountability for each category of anticipated saving to a senior member of the leadership team. This includes creating performance objectives as part of the annual review process used for decisions on promotions and bonuses. Assigning people from an outside audit agency to each savings category is also recommended and further establishes the importance of the business case document and accountability of the leadership team.

Key success factor 4: Governance

The establishment of a governance board with decision making responsibility is a further critical step.

Within the governance board, a single point of responsibility must be created to avoid decision making (or lack of decision making) by committee. The governance board should include members of the leadership team accountable for implementation and/or savings and a member from each partner who is assisting the implementations. This board should meet as required and make decisions to solve problems as soon as possible. These members need to think enterprise-wide versus just looking at their individual areas of responsibility. The code of conduct for this board should be agreed ahead of time.
It is important to work together as a team and draw on each other's strengths.

When I managed the DLA business transformation and ERP replacement effort, I saw the importance of benefitting from each other's strong suit. Accenture really knew about SAP implementations and the DLA knew all kinds of things about the Department of Defense—together we made a great team. We brought our workforces together—and it had a multiplier effect on the outcome.

Accenture aligned quickly with the mission of the Defense Logistics Agency and the Department of Defense, giving everyone a strong sense of purpose in trying to make the project a success. The story I like to tell is that several years after the ERP implementation, Hurricane Katrina arrived and devastated parts of New Orleans.

After the storm hit, we were involved in providing logistics support and went into a 24/7 mode supplying materials there—blankets, baby formula, all manner of supplies. A billion dollars of materials ended up in New Orleans to help ease the devastation. As I walked around the halls of DLA at all hours, you could not tell a DLA employee from an Accenture employee; those teams were so integrated. I think that is a very important lesson in making sure that everyone is aligned in working for the same goals. The objective is to make sure the systems integrator is fully engaged by working side-by-side with your people; I think this is one of the key reasons why the DLA transformation was a success.

The advice I usually give is to start out on a small project, show it can work, then expand it.

The other side of this is the change management, in terms of identifying your informal transformation leaders. Something I have seen work well in a lot of places is working with the informal leaders—not the ones you see in the management box diagram but the ones that people go to constantly because of their professionalism and what they have achieved. If you can get them on board first, the rest of the organization will follow much more easily than if it had been implemented in a different way.
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