So, You Want to Implement Oracle ERP...

Why Not Make a Movie?

James V. Testa, Managing Director

KPMG LLP

April 16, 2008

The Hook (Introduction)

- The Oracle ERP implementation staffing model has change dramatically over the past several years.

- Unlike during Y2K, large systems integrators are no longer required on as the "one stop shop" for implementation resources and services.

- A highly talented pool of independent resources exists in the market place:
    - A decade or more of experience
    - Generally consistent implementation approaches
    - Lots of intellectual property and lessons learned
    - "6 degrees of separation" or less

The Hook (Introduction)

- Building and managing a project team from this pool of independent talent is not unlike making a movie.

- Today we take an interesting, if not unorthodox, look at the parallels existing between the roles and key success factors required for a successful Oracle implementation and those required to make a great movie.

Prologue

- Making a successful modern-day movie involves:

  - Numerous people working collaboratively toward a common goal (the finished film)

  - A high degree of complexity
    (e.g., locations, sets, costumes, lighting, special effects)

  http://www.flickr.com/photos/suzanneandsimon/168135155/

  - A lot of money and risk
    (a movie budget can easily be $100,000,000 or more)

- Through the 1950s, the major studios were one-stop-shops for making movies

  - All the key talent was captive to the studio

Prologue

- After the 1950s, the key talent (Producers, Directors, Actors, Writers, Designers) became independent, free to work across multiple studios and projects.

- Today, movies are made hand-picking professionals from this defined and deep pool of talent.

- In many cases, those selected have previously worked together or have familiarity with each other's work.

Scene I

- Given that professionals involved in making movies are very independent, there are two constants that seem to stand out when evaluating what makes a movie great:

    – A defined number of roles without whom the movie cannot be a success

    – A defined set of key success factors

Scene I – The Key Roles

Although a movie may involve tens to hundreds of people, there are a defined number of key roles, without whom the project cannot be a success:

Key Roles in Making a Movie	
Executive Producer	Key Grip
Producer	Lead Actors
Director	Supporting Actors
Production Assistant	Extras

Scene I – The Key Roles

- **Executive Producer**

  – The "EP" is the highest-level individual assigned by the studio. They balance market risk with consumer demand and protect the financial interests of the studio.

- **Producer**

  – Sometimes an oversight role, but more typically they provide the infrastructure, technical and operational resources and know-how to complete the project.

- **Director**

  – Responsible for converting the script, or story, to a finished film and managing all of the people involved in the process.

Scene I – The Key Roles

- **Production Assistant**

  – Helps manage the production schedule and handles all the odd jobs and "little things" that no one else wants to handle. Enables the others to focus on doing their best.

- **Lead Actors**

  – Drive essential elements of the storyline and bring to life the characters and story contained in the script and envisioned by the Director.
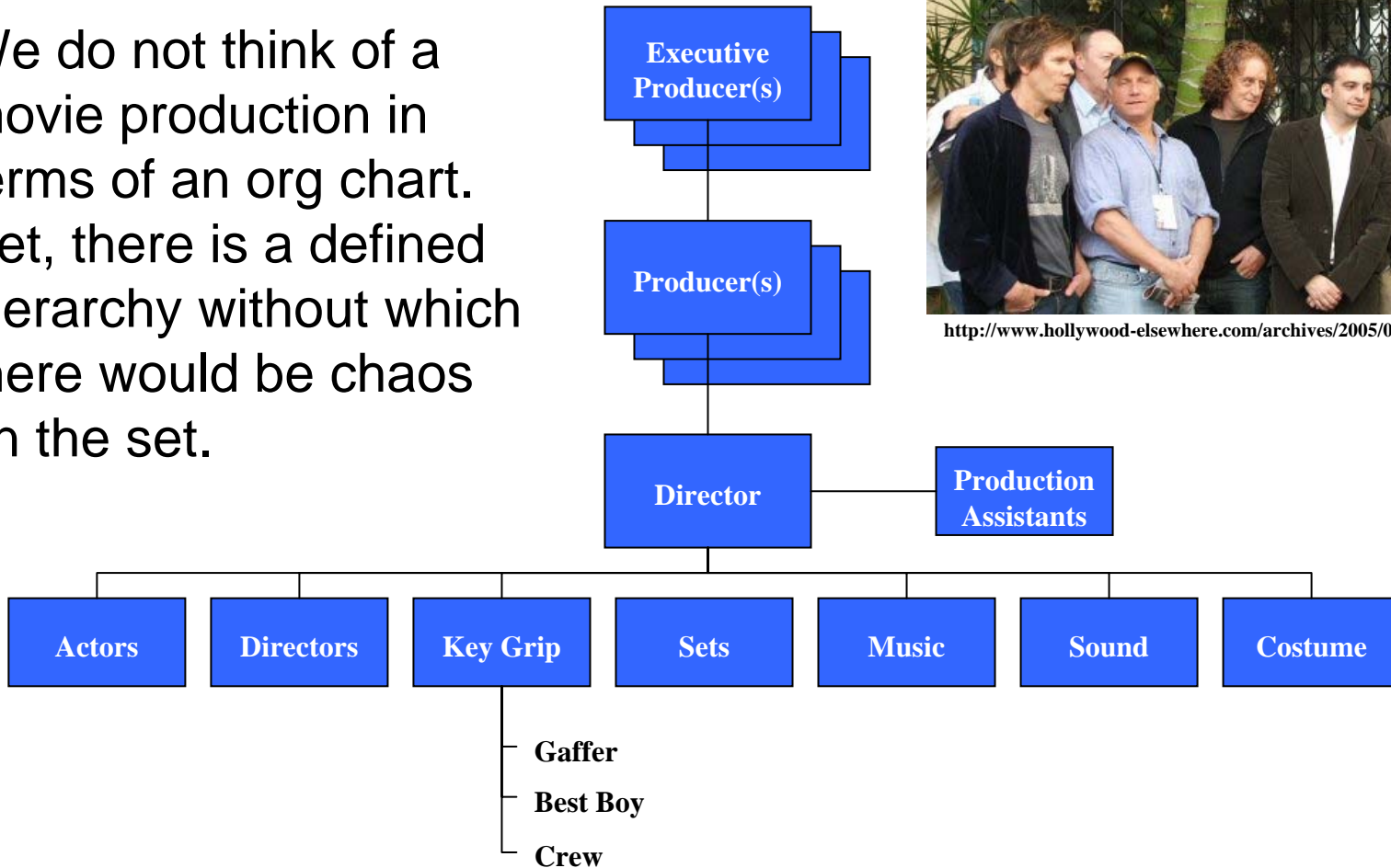
- **Supporting Actors**

  – Provide support to the Lead Actors' roles, add context and help keep the overall storyline connected.

Scene I – The Key Roles

- **Extras**

  – Play an important role of adding credibility, local color and "texture" to the scenes in which they appear.

- **Key Grip**

  – Chief supervisor of the crew and essentially responsible for planning, establishing and operating the "behind the scenes" infrastructure that makes a movie possible.

Scene I – The Key Roles

We do not think of a movie production in terms of an org chart. Yet, there is a defined hierarchy without which there would be chaos on the set.

http://www.hollywood-elsewhere.com/archives/2005/02/strange_invader.php

Executive Producer(s)

Producer(s)

Director

Production Assistants

Actors | **Directors** | **Key Grip** | **Sets** | **Music** | **Sound** | **Costume**

- Gaffer
- Best Boy
- Crew

Scene I – Key Success Factors

Regardless of the genre, great movies share a common elements that enable them to stand out from the rest.

- **Start with a great script**
  - The script defines the "who, what, when, where and why" of the story and is the foundation for the movie.
  - Greater success comes from starting with an adaptation of an existing work rather than an original screenplay.

- **Find a good Director**
  - A great movie needs great leadership, a clear vision and strong conviction.
  - The Director must balance creativity with risk and obtain the best possible performance for everyone involved.

Scene I – Key Success Factors

- **Start with the end in mind**

  - Through a storyboard, the Director's vision is translated into an executable series of actions, locations and shots.

  - The storyboard allows flexibility when unplanned events occur.

- **Build a solid schedule and stick with it**

  - Given the dollars and people involved, detailed planning and execution is absolutely critical.

- **Use the right talent**

  - Not all actors are suited for all roles.

  - The Director must ensure everyone has the right skills and experiences for their job and are willing to "stretch" when necessary.

Scene I – Key Success Factors

- **Make sure people know their motivation**

  - Actors are not the only ones who have to understand their motivation for a role.

  - The Director has to ensure everyone understands and buys into the vision for the film and knows their role in making it a success.

- **Rehearse many times, shoot once**

  - With production costs so high, scenes need to be shot in as few takes as possible.

  - Rehearsing, or 'blocking,' is critical to working out the details of scenes and address any issues.

Scene I – Key Success Factors

- **Communicate often and manage expectations**
  - Movie making is full of unexpected events that impact schedule, costs and what cast and crew must do
  - The Director's constant communication and management of expectations is crucial to keeping everyone aligned to the vision.

- **No unnecessary changes or compromises**
  - Consistency of vision and style is critical to a quality product.
  - Cast and crew cannot independently make changes.
  - The Director maintains an intuitive understanding of when flexibility is acceptable without compromising the vision.

Scene II

How is this relevant to implementing Oracle? Like a movie, an Oracle ERP implementation involves:

- A lot of financial and execution risk

- The need for many people to work collaboratively toward a common goal

- High degree of complexity

- Unexpected events

Scene II

Similar to making a successful movie, there are two constants that influence successful implementations:

- Key roles that manage risk, provide leadership and vision.

- A set of guiding principles for navigating the complexities and managing the increasingly independent "cast and crew" of an implementation.

Scene II – The Key Roles

The key roles of a successful implementation closely parallel those of a successful movie:

Movie	Role	Implementation
Executive Producer	Overall Financial Accountability	Executive Sponsor
Producer	Facilities, Props, Equipment, Technical Crew	Infrastructure Provider
Director	Vision, Creativity, Overall Accountability for the Result	Implementation Leader
Key Grip	Infrastructure Planning and Operation	Technical Track Leader
Production Assistant	Project Plan Administration, Gofer	Project Admin
Lead Actors	Deep Skill, Broad Experience, Translation of Vision into Action (Solution)	Functional Track Leads
Supporting Actors	Support Development of the Story/Solution	Track Team Members
Extras	As-needed Story/Solution Support	Subject Matter Experts

Scene II – Guiding Principles

- As an implementation team is assembled, the company puts significant trust in the "cast and crew."

- The key roles are critical but alone cannot create success.

- There must also be a set of guiding principles that provide the framework for:

  – Establishing a vision

  – Managing risk

  – Handling the unexpected

  – Enabling the best possible performance from all

- There must be a key person guiding the entire process.

Scene II – Guiding Principles

The movie-making success factors discussed earlier provide a unique backdrop for the implementation guiding principles.

- **Starting with a good script**

  - In an implementation, the "script" consists of the **Business Requirements**.

  - Business requirements form the basis for the solution

  - There are may ways to identify requirements, including talking to other non-competitor companies who have addressed similar business challenges.

  - Without a well defined set of business requirements, an implementation team is just actors wondering around a set.

Scene II – Guiding Principles

- **Find a good Director**

  - An implementation needs a vision, strong leadership and a clear sense of how to navigate the implementation journey.

  - These come from the **Implementation Leader**.

  - Many projects have failed (or under achieved their goals) due to a poor vision or a "revolving door" of leadership.

  - A company must invest in finding the right Leader for their implementation.

Scene II – Guiding Principles

- **Start with the end in mind and build a solid schedule**

    – Like storyboarding, the Implementation Leader must be able to translate the vision into an understandable series of actions.

    – The "story board" must then be translated into a detailed **Project Plan** that clearly defines the "who, what, when and where" of the implementation.

    – The Plan gives team members an unambiguous view of what they must accomplish each day and the critical path.

    – The Implementation Leader is the overall advocate for the Plan and maintains an intuitive understanding of where it can flex without compromising the solution.

Scene II – Guiding Principles

- **Use the right talent**

  - While the independent talent pool is wide and deep, not all individuals are right for all implementations.

  - Implementation Leaders must select individuals with the right skills, experience and chemistry. They must also have the ability to develop mutual respect for the other team members.

  - Individuals who have previously worked together (or are highly familiar with each other) provide an advantage.

  - An implementation team will become productive faster if the team members already have an appreciation for the Implementation Leader's approach and expectations.

Scene II – Guiding Principles

- **Make sure people know their motivation**
  - Implementation professionals have an inherent expectation that their involvement will lead to increased personal knowledge, skills and experience.

  - Failure to recognize these aspirations can be a key de-motivator for the team members and can result in costly turnover.

  - Companies need to create individualized goals and measurement plans for each team member. Employees must also have a post-implementation path back into the organization.

  - Remember, implementations create future leaders not future help-desk analysts.

Scene II – Guiding Principles

- **Rehearse many times, shoot once**
  - Just like rehearsals, solution testing is critical to refining design details, identifying issues and avoiding costly delays.
  - Testing needs to occur at the right times:
    - Test too early, before the design stabilizes, may require addressing unnecessary issues.
    - Test too late and the cost of addressing design issues escalates.
  - Testing alone however, will not get you to a good solution. Effective testing requires a solid base of business requirements.
  - The Implementation Leader must have a sense of when testing will add value, even if it means testing different parts of the design at different times.

Scene II – Guiding Principles

- **Communicate often and manage expectations**

  - Rarely is there a day when the unexpected does not occur.

  - An Implementation Leader cannot spend the majority of their time in their office, only to emerge when their attention is required.

  - Implementation Leaders must be constantly observant of and engaged with the team. They must provide feedback, support and encouragement on a regular basis.

  - Good day or bad, a lack of communications and ineffective management of expectations can demotivate and destabilize the team and project.

Scene II – Guiding Principles

- **No unnecessary changes or compromises**

  – Directors stick to their vision and Implementation Leaders must do so also.

  – The Implementation Leader must maintain a very small tolerance for team members agreeing to unplanned deviations to the requirements, vision or plan – **scope creep**.

  – Even the smallest of "on the side" items eventually add up to a measurable impact on cost, time and quality.

  – If a change is agree to, it must be tied back to a business requirement and factored into the Plan, into Testing, and into the eventual solution build inventory.

Epilogue

- **In a great movie:**

  - The story, dialog, scenery, acting, action, music and special effects come together in a seemingly magical way, leaving us wanting more.

  - We rarely appreciate the complexities and challenges involved in making a movie great.

  - With today's movie budgets in the hundreds of millions of dollars, making a movie is like running a small company – one solely dependent of the success of a single product.

  - Someone must be in the midst of the process and complexity to make the "magic" happen – the Director.

Epilogue

- **ERP implementations share a lot of similarities:**

  - They have large budgets, involve a lot of people, have complex requirements, often span multiple locations and are full of the unexpected.

  - Implementation teams consist more and more of independent professionals, each with talents and skills as well as their own ideas about the solution and success.

  - It takes a strong person with a clear vision to assemble, manage and motivate this "cast and crew" toward a successful solution.

  - The person who makes the "magic" happen in the Oracle world is the Implementation Leader.

Epilogue

Just as the right Director is the difference between a box-office disaster and an Academy Award®, picking the right Implementation Leader makes the difference between a successful implementation and a major disappointment.

About KPMG LLP

What we do: **AUDIT ▪ TAX ▪ ADVISORY**
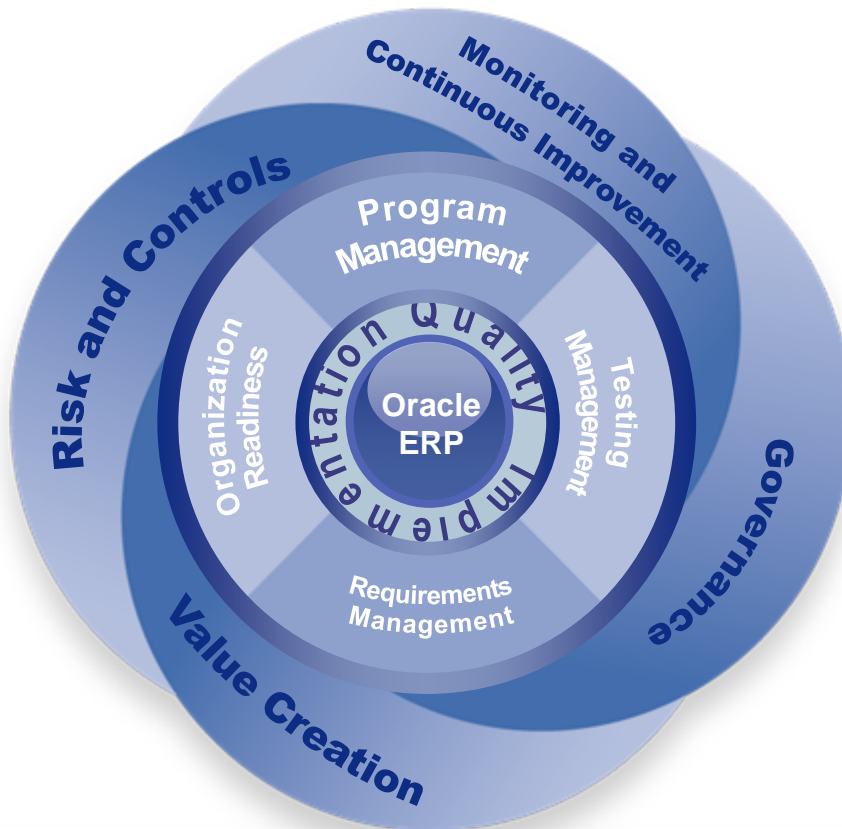
The Global Services we offer:

Audit
Financial Statement Audit
Statutory Audit
Audit Related Services

Tax
International Corporate Tax
Business Tax
Indirect Taxes
Personal Tax

Advisory
Controls Integration and Optimization	**Execution Strategy**
Project Execution Assistance	**Business and Risk Assessments**
IS Governance	**Finance Transformation**
Change Management	**Business Integration**
Sourcing Advice	**Risk Management**
Security & Privacy	**Process simplification and standardization**
Attestation Support	**Investigations (Fraud)**
Process Design	**Transaction Services**

Our Global Lines of Business:

Financial Services	Information, Communications & Entertainment	Industrial Markets	Consumer Markets	Infrastructure, Government & Healthcare	Private Equity

KPMG's Oracle Advisory Services

We assist clients in effectively managing the inputs, outputs, activities and tradeoffs critical to a quality Oracle implementation.

Governance
– Development and application of policies, processes, tools, organizational structures and decision paths for conducting the Oracle initiative.

Implementation Quality
– The appropriate management of inputs, outputs, activities and tradeoffs that are necessary for an Oracle implementation to meet the expectations of and delivers real value to the organization.

Monitoring and Continuous Improvement
– Ongoing operations, monitoring and refinement of the Oracle solution in order to maintain the health and stability of the system.

Organization Readiness
– Activities for effectively preparing the enterprise (people, process and technology) for the eventual "go live" of the Oracle system.

Program Management
– Activities for effectively conducting, managing and reporting the day-to-day implementation activities, all within the established Governance model.

Requirements Management
– Activities for effectively managing the collection and realization of business requirements to create confidence that the business' needs are understood and will be met.

Risk and Controls
– The effective definition and integration of appropriate control points into the overall solution design in a way that balances risk and business performance.

Testing Management
– Activities for effectively validating that the overall solution design can effectively and efficiently meet the business requirements without introducing unnecessary risk into the organization.

Value Creation
– Defining and managing the expectations and parameters (i.e. business case) through which the Oracle initiative is going to provide value to the organization.

Questions

Contact Information

James V. Testa

Managing Director

MW Oracle ERP Advisory

+1.312.665.2511

jvtesta@kpmg.com

COME SEE US AT BOOTH 1663

Additional contributions from:
Nick Yoko, Ho Kim, Tim Jones, Keri Dawson, Angela Carter