# ERP Deliverables Series

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## Project Implementation

## Business Readiness Assessment Plan

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| Version | Date | Description |
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# 1. Executive Summary

This document describes a generic plan for the Business Readiness Assessment prior to a Go/No Go Decision milestone to implement a full featured ERP system (i.e. >20 modules) that supports a large consumer products manufacturing and distribution business. The first Go/No Go Decision milestone takes place approximately 10-weeks prior to Go Live.

Go Live is a 'big bang' implementation over a few days, which means one instance of changes to all system functions, data, business processes, and organizational responsibilities instead of many changes phased in over a long period of time. Further, it is estimated that there will be less than 72-hours after Go Live before it will be impractical to return to the old systems. Therefore, it is critical to the success of the project and the business to ensure overall readiness.

Although every reasonable effort will be made to ensure business readiness for the Go/No Go Decision milestone, it is also recognized that many aspects of the Project will be 'works in progress' with outstanding issues, change requests, and other uncertainties. More than anything else, the decision to proceed will be based on the collective assessment of the risks. It is therefore important for the decision makers to understand the details of Business Readiness, risks and the thresholds of acceptability.

## *1.1 Components*

The components of the Business Readiness Assessment are discussed further in this document and summarized below along with references to the work breakdown structure (WBS):

| Component | Description | WBS |
|---|---|---|
| Systems | Validation Testing including ERP functional modules, Master Data Workflows, Business Intelligence and Financial Reports. | DV, TS, MD, RP |
| Business Processes & Organization | Business processes, organization roles & responsibilities. | DV, PMO |
| Data | Master Data Tables (about 11) & other data loads (about 250+ files) including conversion and purification, and data warehousing. | MD, RP |
| Technology | Mainframe Computers, Terminal Servers, Telecom, PCs, ERP & system software. | TO |
| Training | Navigation, Instructor Led Training (ILT), Computer Based Training, management and special training, and documentation. | TD |
| Security | Applications, data and end user security (by role). | MD |
| Implementation Plan | Detailed Plans for implementation including: Communications, Organizational Change Management, Cutover Weekend, Cutover Business Continuity and Cutover Business Activity Adjustments. | CM, PMO |
| Outstanding Issues & Change Requests | Outstanding Issues and Change Requests. | PMO |
| Risks | Risks to Project implementation and the organization(s) including Audit, Business Continuity Plans for unplanned outages and Disaster Recovery. | PMO, DR |

### *1.2 Importance of Go/No-Go Decision*

There are significant consequences and commitments to either a Go or No Go Decision. A Go Decision means that there are no unacceptable risks or outstanding issues critical to successful implementation that cannot be resolved in time for Go Live.

A **Go Decision** also means the organization must swiftly ramp-up its resources and adopt a high priority commitment to a successful Go Live implementation. During this intense period of time (about 6-8 weeks before and after Go Live) the primary focus of the entire organization should be on Project Implementation, especially those activities that are sequential and/or have specific dependencies and resource requirements. There will be very little, if any, tolerance for changes, delays or other non-Project work.

A **No Go Decision** means there are one or more unacceptable risks or outstanding issues that need to be resolved. The subsequent delay for the Project while the reasons for the decision are remedied could also include a repeat of some or all aspects of the Business Readiness Assessment. Further, an overall delay of more than a few days could change or introduce new implementation risks (e.g. conflicts with busy season) that in turn could delay implementation for months.

## 2. Business Readiness

The Business Readiness Assessment is the due diligence required to proceed (or not) with full implementation of the Project. It is conducted at the beginning of the implementation work, near the completion of the development and testing work, and results in a Go/No-Go decision to proceed with Go Live. The Implementation Plan describes the work underway during this transition period and also refers to other detailed plans that provide detailed descriptions of the work, resource requirements and timing.

After a Go Decision, there is a 10-week transition period that is also called the "Two Minute Drill". This is an intense period of time and, like the football analogy for which it is named, must be conducted with the highest priority in the business with very little (if any) tolerance for changes, delays or other non-Project work. If anything significant happens that delays the implementation, it is likely that the "Two Minute Drill" must be stopped completely, re-started from the beginning of the Business Readiness Assessment, and repeated in its entirety. The contingencies available in the Implementation and Cutover Plans will vary depending on the nature of the problem and its proximity to Go Live.

Assuming a Go Decision, the Project Team, Power Users, and Executive Steering Committee (ESC) continue to track progress towards Go Live at a detailed level with weekly (if not more often) opportunities to Stop the implementation. As mentioned earlier, there are significant consequences for stopping the "Two Minute Drill"; however, there will be numerous opportunities to stop the implementation if that action is appropriate.

As Go Live nears Cutover Weekend, it will become increasingly more difficult and costly to stop. Further, after Go Live, there is a relatively short period of time (2-4 days or so) after which the implementation reaches a "point of no return" where it could be catastrophic to attempt to return to the old systems. In a similar manner, any unintended extension of the Cutover Weekend (i.e. the time in between when the old systems are turned off and the new ERP systems are turned on) will also extend the 'catch-up' recovery period where transactions recorded manually during the outage need to be reentered into the new ERP systems.

Collectively, these consequences are very serious and can only be mitigated with rigorous planning and execution during the transition period – "Two Minute Drill".

### *2.1 The Go/No Go Decision Meeting*

The first Go/No Go Decision Meeting is planned for10-weeks before Go Live. The current planned dates are:

| | |
|---|---|
| Go/No Go Decision Milestone Meeting | |
| Go Live Weekend | |

The meeting is envisaged as an all-day meeting of the ESC, Project Manager, key Team Leaders and other key stakeholders by special invitation. The format of the meeting will be a series of presentations on specific due diligence topics, each with provision for interactive discussion. The presentations are followed by a discussion that concludes with an appropriate consensus and Go/No Go decision.

## 3. Definitions and Measures of Readiness

The following sections provide more background information and considerations for determining readiness to proceed with implementation.

### *3.1 Decision Making*

There is an obvious hierarchy of decision making within the organization that is not expected to change for this decision. However, the decision makers will ask the Project Team and other key stakeholders for their considered opinions. Virtually every opinion will have some uncertainties, and therefore it is expected that many opinions will be constrained or characterized as a negative-confirmation (e.g. "I am not aware of any reason not to proceed").

### *3.2 Risk Management*

Everyone understands that Implementation cannot proceed without any risks; therefore, the nature and extent of the risks is critically important to the decision to proceed. Project risks have been identified and tracked for most of the project. The key implementation risks have been evaluated (i.e. probability of occurrence, potential impacts, trigger events, etc.) and monitored for at least 6-months prior to the Go/No Go Decision. In some cases, specific mitigation and/or contingency plans have been or will be developed.

One of the benefits of the risk management effort to date is that the decision makers, such as the ESC and Project Leaders, have a working familiarity of the risks and how they have developed and changed over time. Without this insight, a decision could be made knowing that there are risks, but not knowing their likelihood or magnitude should they materialize. By knowing and understanding the risks, the decision makers can make a more informed judgment, and accept more risks.

During the Go/No Go Decision meeting, risks should be discussed overall and in the specific context of each of the topics in the rest of the meeting. In addition to the risk management work of the Project Team, there have been at least two other risks assessments done by Internal Audit and an external consultant that should be considered.

### *3.3 Planning*

Project implementation has been carefully planned in terms of the work to be performed, specific resource assignments and expected timing or schedule. The overall Implementation Plan should be reviewed for completeness and accuracy. The Implementation Plan refers to other detailed plans, which should also be reviewed for completeness and comprehensiveness. These plans include, but are not limited to the following:

- Cutover Plan
- Cutover Business Continuity Plans (by group or location)
- Cutover Business Activity Adjustments Plans (by group or location)

- Training Plan
- Communications Plan
- Organizational Change Management Plan
- Master Data Tables & Data File Migration Plan
- Regression Testing Plan
- Production Environment & Operation Plan
- Post-Go Live Support Plan
- Enterprise Program Office Plan

### *3.4 Core Team and Power User Resources*

There are three major components to every project that must be balanced: work, resources and time. If the work (i.e. scope) increases or decreases, then the project will last longer or shorter with the same resources. Similarly, if the work is unchanged but the resources increase or decrease, then again the project duration will change accordingly. In the early stages of a project, these factors have some flexibility; however, as the Go Live date approaches, they become progressively more rigid, and must be in balance.

For some time, the Project <u>work</u> (i.e. WBS and Deliverables) has been well understood, and deemed to be as lean as possible for Go Live. That means that there is little, if any, opportunity to affect the balance of work-resources-time by reducing the work – the ERP systems and the business will simply not work properly.

The <u>time</u> frame and target date for Go Live Cutover has been stable for at least 6-months. Therefore, the ability to meet the deadline is very dependent on the availability of the appropriate resources, at the right times for the schedule.

The Project has been challenged from the beginning to obtain adequate <u>resources</u> from the business to work on the Project. This need for resources is especially critical for the transition period (i.e. the 10-weeks between the Go Decision and Go Live). Therefore, the Go/No Go decision is largely dependent on the expected availability of the right resources at the right time. Further, after a Go Decision, the highest risk to a successful Go Live is also the availability of the right resources at the right time. If possible, there should be a contingency plan (i.e. back-up) for every resource, Core Team and Power Users, during the transition period – the "Two Minute Drill".

### *3.5 ERP Systems and Business Processes Must Work Properly*

The primary objective of the Project from the beginning is to ensure that the business can operate properly after Go Live. This objective has a higher priority than completing the project on budget and on time.

It is generally understood that effectiveness and efficiency will take a hit immediately after Go Live, but the business should be able to continue fundamental and essential operations. Further, it is also possible that minor disruptions could occur for relatively short periods of time while the new systems, business processes, etc. are refined and tuned, and while the people are learning how to use the new systems. The dip in productivity is expected to follow a standard learning curve, and take 3-5 months to reach full recovery and steady-state operations.

Several aspects of the Project work to date will help ensure the achievement of this objective: comprehensive testing of the systems, thorough training of the people, careful planning, and confirmed alignment with the business units.

### 3.5.1 Development and Integrated Testing Results

Development, Rework and Integrated Testing of the ERP modules is substantially complete. Integrated Testing involved many thousand work-hours of effort from subject matter experts - key Functional Team Leaders, members, consultants and power users with in-depth technical, business process and business knowledge.

At the conclusion of this comprehensive testing, the Team is in general agreement that development and rework for the first Release is substantially complete and that the ERP systems and business processes work properly.

### 3.5.2 Development and Testing of Business Intelligence and Financial Reports

Development and testing of Business Intelligence and Financial Reports will still be underway at the Go/No Go Decision. Therefore, the decision makers will need to understand and carefully consider the status of Business Intelligence and Financial Reports, the likelihood that any related issues can be resolved during the “Two Minute Drill”, and the other associated risks of a Go Decision.

### 3.5.3 Validation Testing Results

Validation Testing (sometimes called User Acceptance Testing) is an additional set of tests to be performed over a two-week period by Power Users just before the Go/No Go Decision meeting. In many respects Validation Testing is a repetition of a subset of the Integrated Tests but with different people, real data, and conditions that simulate the new business environment as close to expected reality as practicable.

The Validation Testing Plan contains more information about this topic; however, the overall objective is to determine if the ERP systems and processes substantially meet the agreed expectations of scope and functionality, with appropriate quality, performance, usability, reliability and alignment with business operations. As discussed in the Plan document, Validation Testing is not an opportunity to redesign or otherwise change the systems unless material flaws or omissions are discovered. Further, any failure or significant issue discovered during Validation Testing must be documented in such a way to demonstrate or prove that the problem will disrupt the business or otherwise jeopardize overall success. Some problems are expected; however, typically their resolution will be deferred until a future Release after Go Live.

The report of the results of Validation Testing should be carefully considered by the decision makers and any exceptions, issues or other problems should be explainable.

### 3.5.4 Production Environment and Security Readiness

Separate technical environments have been utilized to develop and test the ERP systems and data. These environments are physically located within the same Mainframe Computers and other systems as the current production environments for the businesses. The ERP environments used to date include DV (development), TS (testing) and PY (prototype, for integrated testing). These environments will be retained for future usage but the PD (production) environment must be built before Go Live, including all security profiles. It is the PD environment that will receive the final versions of the ERP applications software, Master Data tables and other data files.

The proper creation of the PD environment and deployment of software and data is a significant task that is undertaken primarily by the IT Department (ITD) but with the involvement and coordination of the Project Team. Generically, there is always a concern that things may work differently (or not work at all) in PD compared to PY.

The Go/No Go Decision should consider the readiness of ITD and Project Team to begin building the PD environment. Additional testing and validation activities during the transition period ("Two Minute Drill") will help ensure that the PD environment is being created properly and that suitable provisions have been made to recover and restart the steps if needed.

### 3.5.5 Known Outstanding Issues (number & severity)

Some minor development and rework, primarily as a result of approved Change Requests, will continue for some time and be integrated into the first Release before Go Live. Regression Testing will be used for integrated testing and final validation before Go Live.

Outstanding Issues have been tracked since the beginning of the Project and should be reviewed as part of the Go/No Go Decision meeting. The classification system includes two categories of specific interest to the Go/No Go Decision: Critical and Important. Critical means that the issue <u>must</u> be resolved before Go Live and Important mean that the issue <u>should</u> be resolved before Go Live.

At Go Live, there should not be any Critical issues outstanding; and, if so, then Go Live should be postponed. Also, there should not be any Important Issues outstanding; and, if so, then appropriate contingency plans should be completed and activated.

At the Go/No Go Decision meeting, it is likely that there will be Critical and Important Outstanding Issues. Therefore, the decision makers will need to understand and carefully consider the nature of these issues, the likelihood that they can be resolved during the "Two Minute Drill", and whether mitigation and/or contingency plans should be developed or triggered.

## *3.6 Data Conversion*

The extraction and conversion of data from the old systems to the new systems is a significant undertaking for several reasons: numbers of tables and files (250+), volume of data (1 TB+), complexity of conversion rules (thousands), and critical dependencies of sequence and processing time.

### 3.6.1 Master Data Tables

The Master Data (MD) Files for the ERP are built, to a large extent, with MD files from two different legacy systems. The mapping of the old data to the new data structures and definitions has been completed. The data in the old legacy systems has inconsistencies and inaccuracies that will be corrected before use in the new ERP systems and MD files. Depending on specific circumstances, the information will be cleaned-up (i.e. purified) before, during or after conversion to the new system. Further, most of the MD migration and conversions are performed automatically by computer but some will require manual intervention and cleanup after conversion and migration to the new environment.

Since MD migration is on the critical path for successful implementation, it is important to ensure that the migration, conversion and clean-up processes work properly and within acceptable time frames. There is a WBS deliverable, Master Data Conversion, Purification and Validation, to develop, test and otherwise validate that the automated MD conversion and clean-up work properly in advance of the actual MD Loads & Clean-up.

The Go/No Go Decision should consider the status and results off this work. For a Go Decision, the work should be completed with a high degree of confidence that the subsequent MD data loads will work properly and within the available time.

Soon after a Go Decision, the MD tables will be loaded and Dual Maintenance will begin approximately 8-weeks before Go Live. This also assumes that the supporting MD workflow applications have been implemented with adequate staffing for Dual Maintenance until Go Live. Therefore, the readiness for the deployment of MD workflows and trained staff for Dual Maintenance are also important factors for the Go/No Go Decision.

#### 3.6.2 Data Loads

Most of the other data loads (250+ files) depend on the MD Tables being loaded and validated before they can begin. Also, some data loads such as inventory are very large and may take up to 3-days; therefore, the sequence and timing of the overall data load is very important. Further, if the data load cycle is disrupted and needs to be restarted, the timing impact on the Go Live date and other related activities can be significant. The Go/No Go Decision should consider the planning, readiness, risk assessment and contingency plans for data loads.

Additionally, a significant amount of data conversion and loads will take place over the weekend just before Go Live. Again, these activities need careful planning and attention to staffing details and contingency planning.

### *3.7 Technology & Operations*

The technology and operations environment for ERP (e.g. hardware, systems software, telecommunications, terminal servers, etc.) will need to be finalized and made fully operational during the transition period.

The key areas are:

- Mainframe Computers and DASD (disks)
- Terminal Servers
- Special Device Servers
- Computer Based Training & On-line Help Server(s)
- Telecommunications Network
- ERP Modules
- Data Base Software
- Business Intelligence Software
- Financial Reporting Software
- Data Warehouse and Data Stores
- End User PCs

At this time, there are no known problems or remaining work of significance; however, the Go/No Go Decision should consider the technology and operations readiness, potential risks, and contingency plans.

### *3.8 Training & Documentation Ready*

Training readiness is another significant component of the Go/No Go Decision and is very dependent on the proper use of the computer based training (CBT) tool. Fortunately, there is significant evidence from other organizations that the CBT tool is a viable approach for the Project; however, it is still critical to ensure that CBT training is producing the desired results prior to Go Live.

At the Go/No Go Decision, all of the CBT training modules (including lessons and user documentation) have been defined, developed and validated. Further, that the Training Matrix is substantially complete. The Training Matrix should summarize the CBT training modules required by specific role, and what role(s) are appropriate for each of the end users.

In a similar fashion, any Instructor Led Training (ILT) for hourly-shift workers, management, and others, should be defined, developed and validated, as well as Instructors identified and trained for delivery.

The Training Plan should detail the specific training facilities, equipment and logistics required for the delivery of CBT, ILT and other training.

Sustainable CBT Training readiness is important for the Go/No Go Decision but is not critical for the decision or Go Live.

The specific risks to Training, and appropriate Contingency Plans, should be discussed. Specific Contingency Plans that can be anticipated at this time include:

- Corrective action by Management to get Users to take and pass the CBT training in a timely manner; and,
- Consideration of and provision for 'last-minute' changes and additions to CBT modules or special training needs.

### *3.9 Business Processes and Best Practices*

The business processes, similar to the ERP systems functionality, have been stable for some time and are not likely to undergo any important changes before Go Live. However, the Project does not have a summary document(s) or simple approach to describe all of the business processes and best practices for all organizational units.

The Go/No Go Decision should review the readiness of the Business Processes and Best Practices, as well as the methods (e.g. Organizational Change Management, Communications and Training) to communicate the information and cause the necessary changes to take place at the proper time.

Also, the decision makers should review the status of the Non-Standard Practices in the legacy systems and operations that will be problematic in the new ERP. Many of these have been or should be rectified before Go Live.

### *3.10 Organization Change Management*

The decision makers should consider the readiness for change in the organization overall but with special attention in the key functional areas that will experience the most change (e.g. logistics and finance).

The decision makers should consider the progress to date, readiness of the organization, and associated risks with the remaining work to be done before Go Live. Key factors include, but are not limited to:

- Power User and end User understanding of new ERP functions, processes, and best practices;
- Understanding and preparation for new roles, responsibilities, staffing and assignments;
- (Unbroken) Chain of Management Sponsors who support the changes;
- Understanding where key pockets of resistance to changes exist and specific action plans to deal with the problems; and,
- Requirements for Project Core Team and Power User resources to deal with Organizational Change Management.

### *3.11 Communications Plan*

The Communications Plan should be updated and reviewed during the Go/No Go Decision meeting. Specific areas of importance include, but are not limited to:

- Overall viability of Communications Plan;
- Agreement on Key Messages;
- Plan for specific communications events and methods during the “Two-Minute Drill”;
- Resource assignments for specific communications events, especially any ‘road shows’;
- Provisions for identifying and reporting communications issues, preparing and sending timely responses; and,
- Dealing with specific expectations of key stakeholders.