ERP Deliverables Series

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Project Implementation

Scope Change Management

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Version	Date	Description
V1	June 4, 2008	Prepared for generic use

1. Executive Summary

This document describes the (generic) process, forms and considerations for managing changes related to an ERP Implementation Project. The process covers all aspects of Project work as well as the deliverables of the Project including functionality (i.e. scope), business processes, Master Data, Reporting and related aspects of the ERP systems.

Scope Change Management is often called 'change request management' or just 'change management' and should not be confused with organizational change management. Scope Change Management will be required throughout the life-cycle of the Project and the on-going operations of the ERP systems; however, the process will be refined and will utilize different people over time.

Several major principles apply for scope change management and the handling of a Change Request (CR):

- Change Management provides a framework for the process, consideration, and approval to make material or significant changes to scope (e.g. work, functionality, processes, infrastructure, data, etc.) that has already been determined.
- Unauthorized changes are not allowed and could jeopardize the success or integrity of the systems and/or the business;
- A change can be an addition, modification or deletion of something that has previously been defined or agreed, and may be operational;
- Where there is no evidence of a clear understanding or prior agreement, a change requiring additional work, cost and/or time, must still go through the CR approval process;
- In general, changes requiring new work should not be made during implementation, and should be deferred to future date post-Go Live. Further, the resistance to approving new work before Go Live should increase significantly as the Go Live date draws near;
- If a CR is approved, then it is assumed that the appropriate provisions will be made and management approvals given to effect the change such as changes to the Project Plan, documentation, budget, etc;
- A material flaw or omission should be remedied; however, if the remedy is different from the original intent, then it should be reviewed and approved as a CR;
- It is assumed that all CRs will have some impact on scope, cost, time and/or other aspects of the Project and ERP operations; and, therefore, should be evaluated for these impacts as an integral part of the Change Management process;
- The Change Request Board (CRB) will conduct its work and make its decisions with respect to the overall best interests of the Business and Project.
- Where a CR is originated (or championed) by a member of the CRB, or where a member has a conflict of interest, then the member should step-down and the Alternate member utilized instead.

Initially, the CRB (for generic illustration purposes) will consist of the following members:

- Project Team Leader (Sales Order Processing & Distribution and Order to Cash Processes)
- Project Team Leader (Finance)
- Project Team Leader (Manufacturing and Demand to Manufacturing Processes)
- IT Program Manager
- Alternate –Project Team Leader (Master Data Management)

A decision of the CRB is final unless overridden by the Project Sponsor or CEO. A decision may be appealed to the Project Sponsor for further consideration and action.

2. Basic Change Request Process

- Potential Change Identified
- CR Register etc. Checked for Duplicates
- Prepare CR and Submit to Project Manager, Log in CR Register
- Initial Review of CR
- Additional Research, Impact Analyses (e.g. scope, cost, time, quality, risk)
- Review and Disposition by Change Request Board
    - Rejected
    - Deferred to a future date
    - Escalated to a separate group for decision (with follow-up)
    - Conditional Approval (e.g., subject to Project Sponsor approval)
    - Approved
- CRs (any disposition) may be appealed to the Project Sponsor

The sequence of escalation of CRs is:

1. Project Team
2. Team Leader
3. Project Manager and Team Leaders
4. Change Request Board
5. Project Sponsor
6. CEO

3. Change Request Process Details

It is important for the Implementation Project to have a process to perform due diligence when considering all significant changes related to the Project, ERP systems or to the business. Any CR that will require project resources to investigate the potential impacts of the change or would affect the baseline plan of the Project must follow the CR process.

3.1 Identify Potential Change

Potential changes to projects come in many forms and from many sources. Typical reasons for changes are:

- An external event or new requirement of the business (e.g. legal, business process or product changes, etc.);
- A material flaw or omission in business or project scope (e.g. functionality; and,
- A value-added change.

The most common source of CRs is directly from stakeholders. These are often focused on changes to the deliverables of the project or product scope. The tolerance for change decreases significantly as the implementation date nears, usually because of the potential negative impacts on cost and time schedule. In fact, there will need to be a compelling business case or critical need for a change late in the Project because of the additional work to make the change, update the documentation, properly test, and to make other adjustments such as training. Typically, CRs near implementation are deferred to future dates post-Go Live.

3.2 Check for Duplicates

A potential CR should be checked against the CR Register and other anecdotal knowledge within the Project Team. This can result in dropping a potential CR or combining it with an existing CR.

3.3 Prepare Change Request and Submit

Once the potential for a change has been identified it must documented using the CR Form (see sample template in Appendix A). The CR has four major sections:

- Information about the CR;
- CR detail including reason(s) and expected benefit(s);
- Project Impact Assessments on Schedule, Cost, Scope, Risk and Quality;
- Disposition and Comments

The CR should then be submitted to the Project Manager or to the designated person who handles the CRs. The CR, if completed properly, is assigned a number and logged in the CR Register with an acknowledgement (typ. Email) to the Originator.

3.4 *Initial CR Review*

The Project Manager, or his/her designate, has the responsibility to ensure that the CR is moved through the rest of the process including CR Board review, if appropriate. Periodically, the Status of the CR is updated in the Register and on the CR itself. The Status options are as follows:

- Open: In process
- Cancelled: Originator notified and provided with comments
- Rejected: Originator notified and provided with comments
- Deferred: To a future date, Originator notified and provided with comments
- Escalated: To a separate group for decision (with follow-up)
- Conditional Approval: (e.g., subject to Project Sponsor approval) – Originator notified and provided with comments
- Approved: Originator notified and appropriate action taken
- Rejected: Originator notified and provided with comments

Next the CR undergoes an initial review by the Project Manager and/or designated person(s). Assuming the CR is complete and is not a candidate for being summarily rejected or approved; the primary decision at this point is whether or not to action the impact assessment(s) prior to the CR Board review.

3.5 *Additional Research*

As appropriate, CRs should be assessed for its potential impacts (e.g. scope, cost, time, quality, risk, organizational change, etc.) and the results be made available for the CRB. The CRB has the discretion to vary their evaluation and deliberation processes as they see fit, such as requesting input from different groups.

3.6 *Change Review Board Review and Disposition*

Periodically, or as needed, the CRB will convene and evaluate the outstanding CRs. As decisions are made, the CR Form and Register are updated, and the Originator notified. The CRB has reasonable latitude in conducting its work but it assumed that decisions will be made in a timely manner with independence, objectivity and due diligence.

3.6.1 Working Papers and Time Recording

All relevant working papers for a CR should be retained and properly cataloged. A separate LAN folder is recommended.

CRB and others involved with a CR should record their time utilizing the WBS PMO3-Issues & Scope Management.

3.6.2 Maintain History of Change Requests

Maintaining a history of Change Requests has two key benefits. The first is for basic tracking of the number and nature of change requests on a project. The second important reason for recording this history is to use them as part of the Lessons Learned analysis during the Project closeout. When changes occur to a project there is often an underlying error or omission which warranted the change. Project Team members can review the CR log to gain insight into making improvements for future projects.

3.6.3 Close-out Procedure for Approved CRs

When an 'approved' disposition has been attained, the CR should be processed to integrate the new work into the Project. As appropriate, the following steps should be taken:

- Update the CR form to reflect the approval and any related comments or actions.
- Ensure the CR and appropriate working papers are properly stored in the Project folder (e.g. Controlled documents, PMO3 Issues, Scope & Change Management). A separate sub-folder may be appropriate for multiple documents.
- Update the CR register to indicate the status (closed) disposition, date approved and relevant comments.
- Preparation of appropriate communications (e.g. website, emails, special announcements, etc.), announcing the approved CR to the people affected
- Since a CR will usually involve new, unanticipated project work, the appropriate Project functional and PM documentation should be updated. This may include the following:
    - WBS work package description, graphical depictions
    - Functional specification and related Development documentation
    - Testing documentation
    - Training materials and related documentation
    - MS Project Plan and related files
    - Responsibility-Accountability Matrix
    - Project budget
    - Weekly Time & Status reporting codes, forms, summaries
    - Project Dashboard and detailed status reporting

4. Background

The Project Management Book of Knowledge (PMBOK) organizes project management into five groups of processes. The relationship of these processes is depicted in Figure 1 below.

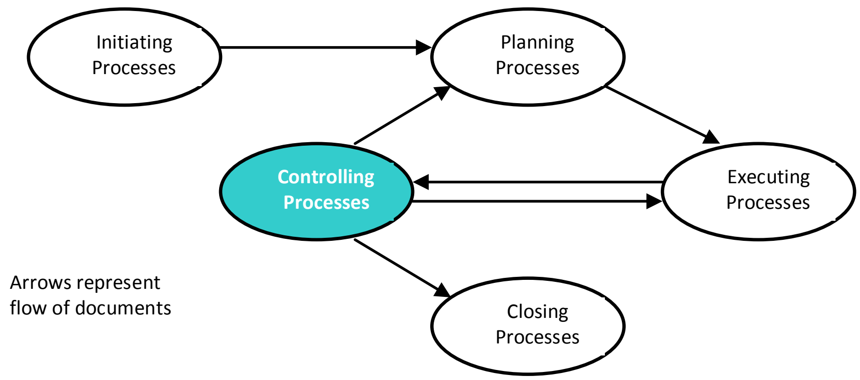

Figure 1 – Links Among Process Groups in a Phase

Change Control consists primarily of the Controlling Group of Processes. Change Control is made up of a number of related sub-processes which are associated with the key variables of any project which are cost, time, and quality. In managing projects the fourth dependant variable is scope. When there is a change in scope it usually has an impact on one or all of the other project variables.

PMBOK defines project scope as "the sum of the products and services to be provided as a project". In the project environment scope has two components, as follows:

Product Scope – features to be included in the product or services delivered by the project. Product scope is measured against the product requirements.

Project Scope – the work that must be done in order to deliver a product or service with the specified features and functions. Project Scope is measured against the project plan.

One of the most common problems experienced by project managers is uncontrolled project scope creep. For a variety of reasons the scope of a project may change from that detailed in the original project plan and this is referred to as scope creep.

The objective of change management is to help the Project Manager manage change and keep tight control on the scope of the project. At the same time provide an effective avenue for the consideration of changes to the project deliverables or the project plan.

APPENDIX A: Change Request Form

CR Title:		**Priority:**		**CR No:**	
Originated By:		**Status:**		**Date:**	
Requested By:		**Assigned To:**			

Description, Reason and Benefit(s) of Change:	**Prepared by:**	
Schedule (Time) Impact Assessment:	**Prepared by:**	
Cost and/or Work Hours Impact Assessment:	**Prepared by:**	
Scope Impact Assessment:	**Prepared by:**	
Risk and Quality Assessment:	**Prepared by:**	
Organizational Change Management Assessment:	**Prepared by:**	

Approver	Signature	Disposition	Date
T.Leader Distribution			
T.Leader, Finance			
T.Leader, Manufacturing			
IT Program Manager			
Comments:			