

## **Enterprise-wide migrations: Getting the “soft stuff” right key to project success**

*By Nancy Settle-Murphy, Chrysalis International*

Your latest enterprise-wide software project budget has ballooned beyond all recognition. You promised your business sponsors that the new application would be up and running last May; as winter approaches, you're probably still looking at least another two quarters. The functionality that you've guaranteed would be there, won't. Sound familiar? You're not alone.

According to several recently published reports, well over half of all major software projects go over budget and up to a third are canceled altogether. Only about 16% are completed on time and on budget.

The more ambitious the software project, the greater the likelihood of failure. Across some 23,000 software projects studied in one recent survey, researchers discovered a 55% success rate for projects costing under \$750,000, while those costing more than \$1M had a success rate of just 18%.

Why the high failure rate? Several factors contribute. Among the most frequently-mentioned by project leaders and business sponsors:

- Fragile alliance between IT and the business community, often due to questionable executive sponsorship or unstated ROI
- Lack of communication by IS departments to end users, especially during the critical time of system migrations and upgrades
- Goals, metrics, roles and responsibilities unclear among project team members
- Project scope expands exponentially and promised deliverables multiply

This article will highlight the case of StarCor, Inc., a fictitious industrial conglomerate, which represents a composite of many of the Fortune 500 companies that have rolled out major new global software applications. StarCor ultimately did roll out its new global integrated mail and messaging system, but more than 12 months late and at nearly triple the projected cost. These high costs were exacted not only in financial terms, but also in lost credibility and limited career paths of several of the senior project leaders.

Focusing on the sometimes overlooked "soft skills" that can help large-scale migrations succeed, this article will chronicle symptoms, diagnose probable underlying causes, and suggest interventions, using StarCor as an example.

### ***The Elusive Promise of a Unified Messaging System at StarCor***

StarCor, a \$25B diversified conglomerate headquartered in Ohio, maintains 72 offices and plants around the world. Incorporated in 1956 as a manufacturer of specialized industrial controllers, more than half of StarCor's revenues come from industrial products, while the rest (and fastest-growing) comes from services.

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***Chrysalis International Inc.***

114 Flagg Hill Road / Boxborough, MA 01719-2108 | VOICE (978) 263-2545 | FAX (978) 263-3833  
[nancy@chrysalisinternational.com](mailto:nancy@chrysalisinternational.com) | [www.chrysalisinternational.com](http://www.chrysalisinternational.com)



114 Flagg Hill Road  
Boxborough, MA 01719  
Phone 978.263.2545  
[cii@chrysalisinternational.com](mailto:cii@chrysalisinternational.com)  
[www.chrysalisinternational.com](http://www.chrysalisinternational.com)

StarCor comprises more than a dozen business units, which share the StarCor name, but in fact operate autonomously, including the creation and management of their own IT infrastructures. Major product lines include programmable logic controllers, aircraft and diesel engines, large household appliances, and electrical equipment products.

The Corporate Information Systems Group (CISG), which had never before rolled out a global IT project, led the charge to migrate the company to a new integrated messaging system. Past attempts by CISG to implement large-scale migration efforts met with failure. As a result, business units were skeptical and cautious about CISG's capabilities to tackle a project of this magnitude. Fully 30,000 out of 35,000 employees would be affected by the change.

Several factors precipitated a move to the new application. The bandwidth of the current messaging system, which was not Y2K-compliant, could not be expanded beyond its current capacity. The growing number of applications that relied on voice, data, and graphics were running slowly, if at all. Three different messaging systems then in use were essentially incompatible. The aggregated annual maintenance costs associated with all three systems had skyrocketed as the company grew and users demanded sophisticated new functionality. (While CISG had sold much of the IT community on the need for a new system, business units and end-users were not fully convinced that they needed to move off the current system.)

CISG chose the new application, which we'll call Globex, in April 1997, after running some cursory tests and validating their decision with several leading industry consultants. StarCor's executive committee, representing 10 of the company's most senior business managers, had not yet fully bought into this decision, but they gave verbal support to proceed—for now. A date was set to secure formal budgetary approval from the executive committee in November.

StarCor's corporate messaging director appointed a StarCor CISG manager to lead the project. He promptly hired a cadre of consultants to develop the needed IT architecture as well as a detailed project plan. The project manager spent little time with the consultants, hoping that their related experience on previous projects would lead them to develop a plan well tuned to StarCor's unique needs.

The project plan was developed behind closed doors, with virtually no communication emanating from the project team. Not only were the business units becoming eager to learn what they could expect, but also members of the IT community grew increasingly nervous about the demands that would be placed on them and the systems they support. Change requests flooded into the project team, with no process in place to prioritize them or communicate responses back to the requester.

Months passed and three of StarCor's largest business units decided they could wait no longer for CISG. They started their own implementations of Globex, each with a unique architecture.

Finally, nearly six months after selecting Globex, CISG unveiled its new 300-page architecture document to IT managers representing various business functions. The handful of people who attended the meeting were surprised and angry to see so little correlation between CISG's proposed architecture and their own real-life IT environments. They also saw little of the functionality that had been promised. CISG, in turn, was astounded at the backlash. After all, the

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logic behind the architecture seemed unassailable and the economies of scale promised a high ROI to StarCor.

Many of StarCor's executive committee members, meanwhile, learned that the troubled project was going to cost far more than they had been led to believe, without the corresponding hoped-for business benefits, including dramatic economies of scale. They pushed to delay the budget presentation date several times, leaving CISG unable to apportion any of the project costs to any other business units, thus increasing CISG's exposure for many more months.

As panic struck deep in the heart of CISG, the project manager began a disruptive and costly "shell game," replacing or exchanging key team members fast and furiously, hoping that he would somehow strike the "winning combination." Believing that any kind of communication might be used against him and his manager, the project manager continued to keep information about the project close to the vest.

Morale on the project team plunged precipitously. Those who saw others unceremoniously relieved of their responsibilities begged to be let go. Most team members had never been entirely clear what their roles were to be or how their efforts would add up to the "big picture." The project manager provided no forum for brainstorming or collaboration, believing that a "command and control" style of project management would yield the most expeditious results.

The ultimate outcome: A protracted migration effort whose costs tallied up to more than triple what was initially predicted. An executive committee that "felt hoodwinked" by the early promises of CISG, given the astronomical price tag and lack of clearly-articulated business benefits. A new messaging system that could take no advantage of economies of scale, given the multiple implementations led by each business unit. A demoralized IT group that further undermined its credibility among the business community, many of whom were likely to lose their jobs over this very visible (and highly avoidable) failure. And end users who never did understand why they were made to move to a new messaging system, when the old one seemed to work just fine.

## **Lessons Learned**

Where did StarCor go wrong? What symptoms manifested themselves during the course of the project and what were the most likely underlying causes? Which problems could have been avoided? And which might have been deflected early enough to prevent long-term damage?

This section highlights many of the more obvious symptoms that seemed to cause the most damage, along with their probable underlying causes. We'll also offer some possible interventions that companies can take to avoid the kind of problems StarCor faced.

### ***Lack of alignment between IT and business***

#### **Symptoms:**

At StarCor, the project plan, architecture, and overall budget never really had a visible executive business sponsor or a clear commitment from the business units, which seemed to regard this as



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114 Flagg Hill Road  
Boxborough, MA 01719  
Phone 978.263.2545  
[cii@chrysalisinternational.com](mailto:cii@chrysalisinternational.com)  
[www.chrysalisinternational.com](http://www.chrysalisinternational.com)

an “IT-driven” project. The fact that few people attended the meeting where the proposed architecture was unveiled was a good sign that the business units were not on board.

**Probable underlying causes:**

Business units were systematically excluded from planning and design efforts, alienating many of their would-be business sponsors from the beginning. While CISG made a solid “case for change” from an IT perspective, it failed to convince the business units of a clear business case for action. In developing the project plan, CISG made no attempt to develop shared goals, objectives, or success metrics with the business units. Roles and responsibilities between CISG and business units were never agreed to, leaving CISG open to possibly assuming far more responsibility than it had planned for.

Finally, business units did not see CISG as credible or competent enough to lead such a critical and costly project. When CISG tried to impose authority it did not really have, the lack of faith in CISG was further exacerbated.

**Powerful prescriptions:**

- Conduct an assessment with key stakeholders representing the business units to better understand business needs, architectural requirements, and political and organizational considerations. Shared results can serve as a useful foundation for shared project planning and implementation.
- Establish a “messaging leadership forum” where business unit representatives and IT project team members participate in two-way dialogue. Problems can be hashed out and expedient actions taken.
- Hold an operating principles workshop where IT and business representatives agree on essential elements of the plan, including success metrics and roles and responsibilities.
- Assign a project team member to a business “executive partner” with whom they will have steady two-way communications, which may take the form of a monthly breakfast meeting, staff-meeting attendance, or periodic e-mail updates.

***Ineffective teamwork***

**Symptoms:**

The project proceeded slowly with many stops and starts. Project managers made frequent and disruptive changes to team membership. Several project team members performed identical work, while some critical aspects of the project went untouched.

Team members often spent more time trying to ferret out needed project information than they actually spent doing their work. Problems and roadblocks were difficult and time-consuming to resolve, and even simple decisions took an inordinate length of time to make.

**Probable underlying causes:**

The project team had never really discussed goals or success metrics, and the project manager had never made clear who had what responsibility. As a result, when the project hit snags, the project

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[nancy@chrysalisinternational.com](mailto:nancy@chrysalisinternational.com) | [www.chrysalisinternational.com](http://www.chrysalisinternational.com)

manager blamed team members for not executing their responsibilities, which many never knew they had.

When the project first got into trouble, the project manager chose to withhold information, even from team members, in an attempt to minimize others second-guessing his work. He saw extended team meetings as inefficient, so he restricted meeting to discussing only problems. Team members were discouraged from exchanging ideas or brainstorming solutions.

Feeling increasing pressure to move the project forward quickly, the project manager believed that a “command and control” management style would yield more expeditious results than a collaborative team environment could. He also spent considerably more time appeasing his managers than attending to the needs of his own team.

### **Powerful prescriptions:**

- Sponsor a kick-off meeting where members participate in creating a shared vision of the desired end-state and identify where they can contribute to the project’s success. The team can also agree on roles and responsibilities and understand where collaboration will be most needed. Celebrate victories.
- Communicate shared and individual metrics within the team and with business stakeholders. Provide a forum for addressing issues, sharing new ideas and building innovative solutions. This may take the form of a dedicated conference room available for impromptu meetings, a special slot allocated to each team meeting, or a series of focused workshops.
- Take periodic “team health checks” to address any issues that may not be openly articulated. This may take the form of a team meeting, small-group interviews, or a one-on-one session with representative team members. Surface problems quickly with the appropriate team members, and ask the team for help in solving them

### ***Stifled Communications***

#### **Symptoms:**

Virtually no information about the project was made available. Team members were discouraged from sharing project plans with members of the business units, who were unpleasantly surprised when they finally were allowed to see the project plan.

Rumors of cost overruns and schedule delays ran rampant, causing business units to become more intent on implementing their own versions of Globex. End users grew increasingly indignant that they were forced to move to a new system.

#### **Probable underlying causes:**

The project manager and his management feared that the more others learned about the project, the more questions would arise, and the more progress would be delayed. By keeping information close to the vest, the project manager believed he could assume more authority and control. He saw the open exchange of ideas and solicitation of input as a sure way to bog things down.



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INCORPORATED

114 Flagg Hill Road  
Boxborough, MA 01719  
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[cii@chrysalisinternational.com](mailto:cii@chrysalisinternational.com)  
[www.chrysalisinternational.com](http://www.chrysalisinternational.com)

CISG had never before felt the need to communicate business benefits of new IT projects to end users, and had little experience and few of the skills needed to craft a successful communications campaign.

### **Powerful Prescriptions:**

- Conduct a communications assessment of key stakeholder groups to reveal areas where clear communications will be most important. This may take the form of focus groups, personal interviews, or telephone surveys. Include a representative sample of management and employees.
- Solicit the help of communications professionals to develop a two-way communications program, using whatever channels are available, such as the Intranet, existing newsletters, open houses, handouts, posters, and e-mail. Target appropriate messages for each audience, including end users, business managers and the IT community.
- Create a working forum to include a representative sampling of key stakeholders both within IT and the business units. Decisions made and plans created in this forum can be shared widely, with invitations to comment and participate.

### ***Project boundaries expanding out of control***

#### **Symptoms:**

Change requests were readily accepted by most team members as a matter of course, resulting in overly complex and costly system specifications. Most requesters made assumptions that the desired functionality would be included. While schedule delays became compounded, frustration and anger on the part of the business community escalated.

#### **Probably underlying causes:**

Given its poor track record in the past, CISG didn't want to further jeopardize its reputation by saying "no" very often. The team had not developed any criteria by which they would accept or reject requests, nor did they have a plan by which they would communicate the disposition of requests.

Various team members accepted most requests without calculating the full implications. Requests were frequently accepted without communicating the decision to the full team.

#### **Powerful prescriptions:**

- As a team, develop and communicate principles related to criteria for evaluating, accepting, and rejecting change requests, and communicate this to business units.
- Respond quickly to your stakeholders. Describe the request, your response and rationale, planned actions as a result, and alternatives, if the request was not accepted.

### **Summary**

Companies gearing up to roll out a new enterprise-wide application, whether it's a new messaging system or a new ERP process, need to consider the "human" aspects of such a roll-out at *least* as carefully as the technological considerations.

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114 Flagg Hill Road / Boxborough, MA 01719-2108 | VOICE (978) 263-2545 | FAX (978) 263-3833  
[nancy@chrysalisinternational.com](mailto:nancy@chrysalisinternational.com) | [www.chrysalisinternational.com](http://www.chrysalisinternational.com)

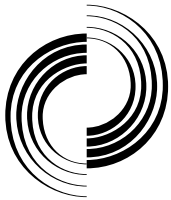


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Some organizations will need to do more work than others, depending on the magnitude of the expected changes and the likely receptivity of the business community. For example, a company rolling out a new ERP system that will require dramatic changes to many key business processes needs considerably more time to prepare people than a company that's moving from one messaging system to another that's relatively similar.

Most industry analysts agree that the chief cause of project failures lies not in limitations of technology or lack of traditional project management skills, but in the inability to anticipate and plan for the "human" impact. By taking some relatively simple steps up front, many costly and unnecessary complications can be avoided later.



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INCORPORATED

*114 Flagg Hill Road • Boxborough, MA 01719-2108*

*978.263.2545 • 978.263.3833(Fax)*

*[cii@chrysalisinternational.com](mailto:cii@chrysalisinternational.com) • [www.chrysalisinternational.com](http://www.chrysalisinternational.com)*

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