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3 Keys to Ensuring Tech ROI: Process, People & Technology

Technology is being infused into the inventory management process at an increasing rate. Yet, many *IMR* readers complain that “it is not so easy to always have success with technology deployment.” However, Richard H. Sharpe, president and CEO, Competitive Logistics LLC (Atlanta, Ga.; rsharpe@competitivelogistics.com), has an approach that could very well help to increase the probability of gaining the ROI that inventory management personnel are looking for from their investment. He labels it the TPP approach: technology, process, and people.

“In my opinion, the technology issues are the easiest to solve,” he maintained. “The process issues are not difficult, but often overlooked, while the people issues are really the most challenging and require the most time to resolve.”

Overcome the technology barriers to implementation success. “When it comes to technology, the cause of failure often can be traced back to the fact that not enough time was spent in defining what the business really required, how the initiative would be supported, and the business functions affected,” Sharpe explained at the 27th Annual WERC Conference (Warehousing Education and Research Council, Oak Brook Ill.; www.werc.org). He recommended focusing on the following:

► **Ensure the technology “fits.”** Here, he advises boring in on four critical areas, such as, “Developing a solid set of business requirements, and make them specific enough to be the basis for creating solid functional requirements; also clearly document their the impact on other functions/groups for today and tomorrow.”

Functional requirements, he explains, are “really the bridge between the business and technical requirements,

therefore, have your subject matter experts and future users in the organization validate them.”

Technology requirements, the third area of concentration, requires the specification of both current and future IT system requirements that will be needed to support business functions. Also perform a critical review of integration requirements.

Finally, define and agree on the technical support requirements that must be provided before adoption. Start to think about the support requirements early in the process, he advises. In effect, answer the question, “what do I need and what is critical for us, in terms of the support that we will require for our needs.”

► **Consider the data.** Ensure quality, check for integrity, and understand synchronization complexities are the guides. Specifically, know what it is that you’re going to be doing with that data and make sure that it is the right data for the initiative, Sharpe offers.

Once again, involve the business subject matter experts upfront who know the “reasons” behind the data, and ask them if there is anything about the data that should be altered before moving ahead.

► **Complete vendor due diligence.** “Go beyond the standard feature/function review before committing significant dollars,” Sharpe insists. “It’s a very fair question to ask the potential provider where they are committing their R&D and investment dollars.” Does it parallel what you’re planning for the future?

Also inquire about the project team profile (specific personnel, experience, roles). And make sure to inquire about the boundary of standard support versus additional support. Is there going to be a premium associated with how you’re going to be supported?

Define the potential process barriers to address. The focus here is on how to manage the IT implementation. Therefore, Sharpe instructs:

► **Realistically estimate resources and schedules.** “Have experienced personnel, preferably those not involved with your project, review your resource and

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schedule expectations, and provide feedback about whether it is realistic,” Sharpe offers. “Another viewpoint helps to catch elements that you and your team may have missed or overlooked,” he maintains.

Also, plan on contingencies and develop remedies for handling the “what-if’s.” Given the nature of the project, itemize all of the problems that could happen, and then create a plan that provides potential solutions to be implemented.

Another critical factor is to ensure that all activity dependencies are completely understood. A critical path diagram indicating the interrelationships of the various activities is a recommended tool that should be used and considered.

► **Identify key project metrics.** Define the data, source and approach to calculate accurate measurements, and make sure the metrics are objective and quantifiable.

Also, it is important to obtain upfront agreement in writing from the people that are sponsoring the project that “once we achieve this state, we’ve achieved success—do you agree?” And, Sharpe insists, “tie metrics to incentives whenever possible.” He offers, “Incentives do not necessarily mean money. It could be stock, recognition, or some other incentive that works well in your company culture.”

► **Resist rushing the process.** “There’s always the temptation, once the project is defined and approved, to quickly begin working the activities without first including some of the steps that are really vital,” Sharpe warns. “Adequate attention to planning and analysis and planning checkpoints sometimes are overlooked, or not considered thoroughly.”

Don’t overlook key considerations (business process review), think through project dependencies, set planning checkpoints that have to be cleared to proceed, and get steering committee signoff before beginning executing against the plan, are a few of the steps that must not be detoured, he invokes.

Throughout the plan be sure to stop at the defined milestones and ask the question, “Are we on track, is this correct?” If the answer is “No,” don’t go forward until all of the requirements up to that point are satisfied; if

“Yes,” move to the next step.

Concentrate on the people barriers to assure project success. “In my opinion, the people issues are the most challenging,” Sharpe offers. Address the following:

► **Gain stakeholder support.** The factors that must be considered include ensuring executive support, correctly aligning incentives, using the right format to communicate with each stakeholder, and communicating early and frequently.

“Every company should have a published set of strategic initiatives,” Sharpe notes. “This is what’s important to your company, therefore, you must be able to map your project directly to the overall strategic initiative. If it can’t be done, then I question whether you should even propose it,” he offers. Additionally, he advises, “Once you get your executive team in alignment with what you’re about to do, get them involved in the leadership of the project.”

A big factor is communications. One mistake to avoid is having the same form of communication for all stakeholders. “Different people communicate in different ways, so think about the right format for each party; then do it frequently, and continue to reinforce the proposition that this is important,” he details.

► **Ensure commitment.** Create a clear project map, and include anticipated investments over time. Also secure in writing the required percentage of time mapped to project schedule, and routinely report on commitment, deliverables and budget.

“Even though there may not be a lot of uncertainty about the future, do define what the investment levels are for the entire project, and not just the front end,” he reminds. Also, to be sure that the people you’re going to have to draw on are available when needed, be sure to have them and their supervisor sign off in such a way that you have their commitment.

► **Expect/plan for change.** Finally, people change during a project. Therefore, Sharpe outlines, “Create a clear project roadmap with documented responsibilities, give proper attention to documenting project details throughout the project, and keep all involved current and informed.”

He advises, “Make sure that documentation procedures are in place and various reports and documents are updated, so that sufficient information is captured about the project. When made available to the new team members, this information will enable the new member to contribute much more quickly and effectively.” □