

THE HUMAN FACTOR

HOW SOME OF QUEST'S MOST ACTIVE MEMBERS ARE PREPARING FOR WHAT COMES AFTER THE RECESSION

WE KNOW IT'S ON YOUR MIND. IT'S ON EVERYBODY ELSE'S TOO. COMPANIES AND ORGANIZATIONS OF EVERY KIND ARE TRYING TO DETERMINE HOW TO WITHSTAND TODAY'S RECESSION AND COME OUT ON TOP. LARGE ONES, SMALL ONES, ONES WITH BIG BANK ACCOUNTS AND ONES WHO ARE FEELING THE CRUNCH.

What is the one thing they all have in common? Manpower and brainpower – the human factor. And that's exactly why Q&A assembled some of Quest's most active community members from a variety of organizations to answer some of the most pressing questions about how they're surviving and thriving – and how you can too. Meet them on the next few pages, and check out the other economy-focused resources Quest has available to you.

Q&A: What do you think is the biggest crunch Quest's community is feeling right now: money, time or resources? What from your personal perspective – for your organization, or organizations you have dealt with?

Tom Colbert: I may be a little biased here, but I think ultimately all three come down to resources – human resources. They are the cause, recipients and ultimately the solution to the downturned economy. Any crunches in terms of time, money or physical resources are all realized at the people level. Smart organizations will not lose sight of nurturing their human capital as they manage through this storm.

Kirby Miner: I definitely believe it's a money issue; specifically, cash flow. Personnel, consultants, and other resources are governed directly by the ability or inability to spend, which in turn affects the timing of implementing and deploying solutions within the organization. Having an understanding of the tight constraints on cash within our distribution channel is extremely important so we can prepare if and when the economic pollution travels upstream. We are focusing on leveraging and expanding our current solutions to help identify, address, and solve issues at the Distributor, Dealer, and Contractor levels.

Joanne Saxton: I think the biggest crunch is resources. I have talked to several people from other organizations in the process of having their IT departments out-sourced. At CCA, we are working hard to complete all of our 2009 CAPX projects using only internal resources.

We keep hearing that a struggling economy can be dealt with as a real opportunity. What do you think that means, and what opportunities do you see?

Sean McLafferty: I believe as the economy struggles, there is a real opportunity for innovation. The partnership between the business and IT is more crucial than ever when it comes time to finding ways to increase operational productivity. "Do more with less" and "work smarter, not harder" are the staples you hear more often in today's climate. Business improvement methodologies continue to be a focus, with Lean and Six Sigma blazing the path.

Colbert: Unfortunately, in conditions like this, organizations tend to react much like the people that run them ... hunkering down, stagnating, becoming overly defensive – looking to cut versus innovating. Leadership is often inclined to pull back and wait things out by reducing service levels to "bare minimum" status. Initially, it is understandable why pulling back might be the first instinct and a necessary action. Reduced business results in fewer resources available to spend, and fewer people to support projects and run operations.

However, there are many seasoned industry experts who don't think that is the right strategy. Instead, in these trying economic times, I.T. must do what it should be doing in the best of economic times: striving to support the needs of the business, and then some. Of course, some things will go away, which is not always a bad thing. New projects that require a significant upfront investment most likely won't be funded unless there is an incredible and/or very short return on investment. Rather, the savvy will focus on projects that have a relatively low cost of entry and that can improve overall efficiency. Granted, reduction in human and/or financial resources can prevent some seriously impacted organizations from doing much more than just keeping the lights on. But, there are still projects that can be undertaken that have relatively low startup costs that need to be considered in order to do as much as possible to help steer an organization through these difficult times.

Rohana Meade: Our I.T. organization is viewing the current economy as an opportunity to get our systems in order, review old customizations that may no longer be necessary, and consolidate technologies where appropriate. There is a maintenance cost – whether it's people or monetary – to every application and every piece of custom code. Reducing and consolidating technologies will have a real economic impact on our bottom line.



Miner: During economic booms, many companies are trying to keep their heads above water just to meet the demands for their services and products. In these situations, companies tend to be more tolerant to inefficiencies and waste, since they commonly don't have the time to examine their processes. Downturns free up time which can be redirected to examining current processes, streamlining tasks and procedures, and implementing new features and functionality in the existing solutions. Although the demand for Trex's products was not sufficiently impacted in 2008, we have refocused our efforts and looked into areas which have taken a backseat in the previous three years, identified process improvements, and are in the process of streamlining our transactional processing, standardizing reporting, and increasing efficiencies within our manufacturing, finance, and logistic processes.

Saxton: I think we all have an opportunity to look for business in new areas that we might not have pursued before. And to find new ways to use the tools we already have to improve our business processes.

Bill Franklin: In a recent interview, Frank Blake, CEO of Home Depot, made the statement, "A downturn is a terrible thing to waste." He went on to explain that an economic downturn forces a company to take a close look at the things that are the most important. It offers the opportunity and incentive to make improvements in the business that are probably put on the back burner in a boom economy. If new functionality can help the business do a better job of controlling costs, the result is a better-run business when the economy does improve. If a CRM implementation can help the business can do a better job of determining what is important to its customers and what is not important, the result is improved customer loyalty even after the economy improves.

Barbara Wheeler: I see opportunity for acquisitions, if your company is in a good position. It is also a great time to find strong resources, whether it is consulting for projects, or permanent hires.

Are there specific things your organization is doing to save money or resources right now? What, if anything, does your ERP solution contribute to those initiatives?

McLafferty: My organization is focused on increasing operational productivity and improving transactional efficiencies. With this focus, we've taken a new approach to project portfolio management. We've enhanced the partnership between the business and I.T. by creating a process that evaluates and ranks projects and requests so we focus on the initiatives that have the highest net present value to the company.

Miner: We are examining every aspect of our business ... there are no sacred cows! People are looking to save money and are turning to I.T. for solutions to aide them with their goals. Because the "E" in ERP stands for Enterprise, our employees are looking to our Oracle solution first to expand and implement features in areas such as Preventive Maintenance, Lot Control, Workflow, and Self-service. Having a top-tier ERP solution allows us to easily focus on addressing and solving our issues quickly, eliminating the need to perform software evaluations, selection, procurement, and installation processes. Consolidating and incorporating side solutions into your ERP solution reduces software maintenance, integration tasks, duplication in effort, and increases data integrity.

Saxton: At CCA, we have implemented a program that has put the entire company on an all-out search for ways to save money. The end results of that search will likely involve new and creative ways to use our ERP system.

MEET THE PANEL

Want to hear more? The panelists from this article are also presenting a special half-day economy mini-seminar on Thursday, May 7 at COLLABORATE 09, where they'll help you discover practical solutions and ideas. Learn more online at www.questdirect.org.



Thomas Colbert

Tom Colbert is an industry leader in assisting and directing companies in managing the human capital of business, technological and organizational change. Tom is the Director of Organizational Change Enablement services at CSS International.



Bill Franklin

As a JD Edwards customer, Bill Franklin managed one of the first World implementations in 1985 and has worked on almost every World, OneWorld and EnterpriseOne release since then. He currently serves as Vice-President of Business Strategy with CSS International.



Joanne Saxton

Joanne holds more than 25 years experience in the I.T. field, including programming, system design, analysis, management and consulting. As the Director of ERP Applications at Corrections Corporation of America (CCA) she is involved in every aspect of the business as it relates to the JD Edwards applications and all custom development.



Kirby Miner

Kirby Miner is the Chief Information Officer for the Trex Company, the nation's largest manufacturer of composite decking, railing and fencing. With over 20 years of technology experience, he has overseen numerous large software implementations for mid-tier industrial and medical manufacturing corporations, including several international deployments.



Sean McLafferty

Sean has more than ten years of I.T. and business leadership experience in the automotive, medical device and consumer product industries. Sean is currently leading the Enterprise Solutions team at Amway Corporation, a consumer products manufacturer focusing on nutrition, wellness, beauty, home products and logistics services.

Rohana Meade

Rohana Meade has 20 years of I.T. experience in multiple roles, including ERP consulting, I.T. senior management, and software development. Rohana is the Chief Information Officer for QubicaAMF Worldwide, one of the largest bowling products manufacturers and marketers in the world.

Barbara Wheeler

Barbara Wheeler holds more than 15 years experience in the I.T. field, including system design, analysis, consulting and management. As the Director of ERP Applications at Wendy's/Arby's Group, she is involved in every aspect of the business as it relates to Oracle solutions, complementary products and all custom development.

Wheeler: We were closing a deal to buy Wendy's, with an estimated \$60 million savings over time, when the economy was sinking. Part of this savings comes from I.T. – architecture rationalization, which is driven by getting to one platform for our Financial systems. This will also lend itself to process efficiencies, among other things.

A lot has been written, and said about, a slowdown in companies implementing new ERP systems, upgrading and exploring new functionality. What is your philosophy on taking on those types of projects in an economic environment that is less than friendly?

McLafferty: Given today's economic climate, my philosophy on ERP implementations or enhancement is to thoroughly focus on cost versus benefit and formal project management. ERP projects fail with poor controls and improper design and planning. A solid ERP implementation can provide many benefits within the first year if executed properly.

Meade: QubicaAMF has been given a very clear directive from our board of directors that now is not the time to upgrade or replace ERP systems. Obviously, there is significant opportunity in an ERP upgrade to improve processes and procedures – however, an ERP implementation can also be a distraction from running day-to-day business operations. There is a very real concern that “taking our eye off the ball” during the current economic slowdown could severely impact business. Put quite simply, there is no room for error in dealing with customers and suppliers in this economy. We are actively exploring new functionality. Minor changes to existing functionality can have a significant impact on our day-to-day operations and bottom line.

Miner: Oddly enough, I believe new implementations and upgrades should be evaluated the same, regardless of the economic situation. Do the projects have value to the organization and will they either drive revenues up or cause expenses to go down? Companies who practiced that measure in prosperous economic times are the ones now positioned with less wasteful spending, more cash in the bank, and the ability to sustain and grow when times get rough.

Saxton: Now, more than ever, is the time to explore new functionality and prepare our ERP systems for future demands.

Franklin: I think that that in order to be approved in today's economic climate, all projects will need to demonstrate a real and clearly defined ROI. Upgrades for the sake of “keeping current” are probably going to get a low priority. On the other hand, projects that help businesses achieve measurable cost savings are going to get a lot of attention. If an ERP implementation or upgrade has a defined, measurable ROI, or if implementing new functionality in an existing system helps reduce costs, those projects stand a much greater chance of getting approved.

Wheeler: I think there is a big risk in implementing a new ERP solution in a down economy. You not only will have a significant cost in licensing, hardware, consulting, but also a risk that if the company has to go through layoffs, key people in the implementation could be lost, either through the layoff or to a more stable environment. And you may not be able to get the system in time to balance the cost/benefit justification. Upgrades could also have high costs associated with them on the infrastructure front, and typically are not considered “required” unless you are so behind on your version you are in jeopardy of being de-supported. I think exploring new functionality would be the most logical avenue in a slow economy. You can typically take a little more time to implement, use an internal team, and have minimal costs associated; and yet you could have a big impact on a segment of the organization.

What are some of the specific types of returns you're looking for right now from your ERP systems? Do they differ depending on whether financial climate is up or down?

McLafferty: The specific ERP returns we look for are:
Reduced operating costs
Support for streamlined sourcing and procurement
Strategic planning
Financial controls
Consistent data to enhance business analytics

Miner: As always, I'm looking for our ERP to encompass as many departments and Trex's needs as possible, eliminating the need for alternate, stand-alone solutions.

Saxton: One of the areas we are looking to improve is in HR. We are in the process of implementing electronic approvals for all of our new hires, rehires and employee status changes. By doing so, we will speed up those processes, eliminate moving paper around and improve data accuracy. These process improvements were under way prior to the economic downturn, but will help tremendously in making our HR more efficient.

What are the biggest things people can do now in their organizations to be in the best position possible when the economy does recover? Would you label those low or high effort? Low or high return?

Colbert: I think it's a combination of things – optimize, build and empower. Optimize in areas that need to be cut or that are draining resources from the business; build strategically by spending more on those things that will give your company an edge; and empower your people through training programs, skill-building and keeping up morale. Work to transform your organization for when things turn around. Like it or not, this economy and the information-savvy generation following it are defining a new business landscape. Someone has “moved the cheese,” and those organizations who venture out to “find it” will still be standing when the dust settles. I.T. must keep pace and stay connected with the business, information consumers and customers. I liken it to moving from vinyl to 8-tracks to CDs to iPods ... they're all better, faster methods of doing the same thing; and then some. I think this economy will push us all to change more than the medium. Just as I had to let go of my concept of “the album,” those who implement and drive information systems may well be called upon to reject the concept of those systems, as we've known it for years. Yogi Berra once said, “The future ain't what it used to be,” and the companies positioned for success on the other side of this must prepare themselves for the change today while they can. Collaborative systems and the redefinition of business are an unstoppable tsunami. Re-releasing the album won't work. It's about coming to the table with ideas to make the company more profitable, improve margins and be more effective dealing with customers.

Miner: Be wise with spending and overall have patience. There is no magic bullet. Those looking for instant gratification won't find it. Now is a time to examine processes, contracts, and truly evaluate “needs” versus “wants.” Putting the appropriate amount of resources into streamlining processes will position organizations for success when demand for their services or products recovers.

What kind of specific value do you think people can take away from the session you're participating in at COLLABORATE? What kinds of benefits do you see from an ongoing, focused discussion on the economy in the Quest community?

McLafferty: The specific value around this topic and session is that there are things that can be done to increase efficiencies and position your company for growth. Many companies are going through the same pains and networking, and Quest's community can help drive solutions that have been successful for other companies. This is an important topic of discussion for the Quest community to focus on, so that solutions and ideas can be shared.

Colbert: At the end of the day, it's all about the business. The people involved in this session, and the dig-deep roundtables that will follow, are businesspeople. We may all be associated with I.T., but we are not here just for the technology. Organizations are calling for every employee to step up, to be a business partner, and deliver benefit. I think the opportunities offered at COLLABORATE this year reflect a conscious effort to take attendees to that next level. If an organization is struggling in this economy, faced with hard choices or a multitude of changes – it needs I.T. and Operations to partner to make things happen – to be businesspersons first. That's why coming to one place, such as COLLABORATE, where there will be an enormous collection of knowledge and talent, is so important. We are looking for interactive participation and knowledge sharing – this session is designed to be a dialogue. More than any other time, it's important to stay connected to a professional organization and network of your peers. I believe COLLABORATE is where you will find a way to do so.

Miner: Overall, the Quest community has been extremely open in respect to sharing ideas and solutions. I look forward to attending COLLABORATE every year to hear from fellow I.T. executives and their teams who have leveraged their ERP solutions to better their organizations. The majority of attendees will have the same issues and concerns ... the economy.

Wheeler: We are all in the same boat right now. There are very few companies and industries that are thriving in the current economy. Hearing others speak of how they are weathering the storm, yet still adding value to the organization, would be very beneficial to me.

Saxton: I am really excited about this session! I think when we start talking to each other and throwing out ideas, we'll build on that energy and everyone will benefit. And this is only the beginning. Quest offers us a lot of tools and forums to keep the conversation going for the long term. I know at the Nashville Regional User Group, we are incorporating a similar session at our next conference, and plan to share our results with the rest of the Quest community.

You don't want to be the one left out, so I would encourage everyone to come and see what the buzz is all about.

Keep the discussion going – Quest's New Economy Information Center

Visit Quest's new Economy Information Center today – link directly to it from our home page, or make sure you're signed in to QuestDirect with your user ID and password and follow the link below.

<http://questers.questdirect.org/p/co/in/gid=592>

You'll find articles, a discussion forum, and even more ways to connect around one of today's hottest topics: the economy and how you can learn from your fellow Quest members to turn today's reality into a valuable opportunity.