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108# - Do all SAP implementation projects ... fail? Why?



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<<< Please check the end of the newsletter; you'll find out more about our recent **Survey on Hybrid Project Management** and the upcoming **AI Project Management masterclass**>>>

In my extensive exploration of projects across various industries and technologies, SAP implementations emerge as synonymous with high-risk and low-success rates.

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The ambition behind SAP projects is clear: to create a seamless, integrated system across an entire organization's processes. Yet, the reality often falls short of this ambition. Historical data and studies have painted a terrible picture.

For instance, research from Gartner has previously indicated that large-scale IT projects, like SAP implementations, are at risk of **exceeding their budget by up to 45% while delivering less than 56% of the expected value.**

Another research, a survey across 105 companies for the *Uncovering the factors that drive success for SAP customers* study from **SAP advisory service Resulting IT**, found that only 36% felt their SAP project kept to its original plan, and just under half (48%) said their project failed to achieve business objectives.

These projects' intricate nature, requiring a profound overhaul of existing processes and systems, contributes to their complexity. The integration of SAP systems touches every facet of an organization, from supply chain and production to finance and human resources, making the scope of change management vast and challenging. Furthermore, the workforce's adaptation, the software's alignment with business goals, and the technical hurdles of customization and integration amplify the risk of derailment.

The combination of high ambitions, significant complexity, and the immense scale of organizational change required sets them apart as particularly prone to difficulties.

As we proceed, we will explore the critical factors contributing to the challenges of SAP implementations and offer insights into navigating these treacherous waters with higher success.



Examples of Awful SAP Implementation Projects

- 1. Hershey's 1999 SAP Implementation Failure:** Hershey's faced significant issues when they attempted to go live with their SAP implementation right before the crucial Halloween season, leading to order fulfillment problems and a subsequent drop in profits.
- 2. Lidl's Abandoned SAP Project:** After seven years and significant investment, Lidl, a global supermarket chain, abandoned its SAP implementation project due to challenges adapting the system to its unique business processes.
- 3. British Petroleum's Cost Overrun:** British Petroleum (BP) experienced a substantial increase in the cost of their SAP implementation, from the initially budgeted \$120 million to around \$600 million, primarily due to scope creep and evolving project requirements.
- 4. Avon's Failed SAP Implementation in 2013:** Avon's SAP implementation led to usability issues and dissatisfaction among its representatives, significantly impacting its salesforce and operations.
- 5. Waste Management's Lawsuit Against SAP:** Waste Management filed a lawsuit against SAP for \$500 million, citing issues with the implementation, including the lack of adequately trained personnel and misrepresentation of the software's capabilities.
- 6. FoxMeyer Drugs' Bankruptcy Linked to SAP Implementation:** In the late 1990s, FoxMeyer Drugs, a large pharmaceutical distributor, faced severe operational disruptions and financial strain partly due to a problematic SAP implementation, contributing to the company's eventual bankruptcy.

Key Factors That Make These Projects Fail

- 1. The Complexity of SAP Implementations:** At the heart of many failed SAP projects lies the underestimation of their inherent complexity. SAP systems are not mere IT tools but comprehensive solutions that integrate various business processes. For instance, Hershey's infamous SAP implementation failure in 1999 led to a 19% drop in profits due to the system going live too close to the critical Halloween season, showing the repercussions of timing and complexity mishandling.
- 2. Underestimating the Change Management Aspect:** Change management is often overlooked. When Lidl, a global supermarket chain, embarked on its SAP journey in 2011, it failed to account for the cultural and operational shifts required. After seven years and an investment of over 500 million euros, the project was abandoned, underscoring the importance of aligning organizational culture with new systems.
- 3. Scope Creep and Budget Overruns:** Scope creep is a frequent issue in SAP implementations. British Petroleum's SAP implementation, initially budgeted at \$120 million, eventually cost around \$600 million due to evolving requirements and underestimation of the project's scale. This underscores the need for rigid scope management and realistic budgeting.
- 4. Data Migration Challenges:** Data migration is another critical area prone to errors. A notable example is Avon's failed SAP implementation in 2013. The new system, which was not user-friendly, led to a significant loss of Avon representatives. This case highlights the importance of ensuring data integrity and user adaptability in system design.
- 5. Lack of Expertise and Training:** Expertise in SAP is specialized and often scarce. The failure of the SAP implementation at Waste Management, which resulted in a lawsuit against SAP for \$500 million, was partly attributed to the lack of adequately trained personnel. This example emphasizes the necessity of investing in skilled resources and extensive training.
- 6. Integration and Testing Woes:** Effective integration with existing systems is crucial. FoxMeyer Drugs filed for bankruptcy in the late 90s, partly due to an SAP implementation that couldn't integrate seamlessly with their existing systems, leading to a logistics meltdown. Rigorous testing and a phased rollout approach could mitigate such risks.



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Innovative Approaches For Modern Project Managers

Integrating hybrid project management with specific techniques offers a comprehensive approach to SAP implementation, blending structured planning with agility and innovation. Here's a consolidated overview that merges the methodology with practical techniques for each project phase:

- 1. Adaptive Planning and Scheduling (Project Initiation and Planning):** Combine detailed near-term planning with high-level future planning, adjusting as the project unfolds. Prioritize SAP system functionalities using the MoSCoW method to focus on delivering critical features first, ensuring flexibility and responsiveness in planning.
- 2. Dynamic Change Management (Organizational Change Management):** Map out stakeholder interests and influence to tailor change management strategies effectively. Integrate regular feedback loops to refine these strategies based on ongoing input from users and stakeholders, ensuring change management is both proactive and reactive.
- 3. Innovative Scope Management (Scope Definition and Control):** Break the project into smaller, manageable features for iterative development. Conduct backlog grooming to continually refine, prioritize, and adjust the project scope, keeping the project aligned with business needs and stakeholder expectations.

4. Strategic Investment in Training and Expertise (Capability Building): Implement a blended learning strategy that combines different training methods to cater to diverse learning preferences. Promote knowledge sharing and collaboration through cross-functional training sessions, enhancing the team's overall SAP competency.

5. Data Integrity and User-Centric Design (Data Migration and User Experience):

Employ prototyping for early user feedback on the system's interface and workflows. Use user journey mapping to visualize and improve the end-to-end user experience, identifying and addressing usability challenges within the SAP system.

6. Phased Rollout with Real-Time Feedback (Deployment and Go-Live): Adopt canary releases to introduce new functionalities to a small user segment before broader deployment. Utilize A/B testing to evaluate different system configurations or features, fine-tuning the SAP system based on empirical user data and performance metrics.

By merging hybrid project management principles with these targeted techniques, SAP implementation projects can achieve a balance between rigorous planning and the flexibility to adapt to new information and challenges. This approach reduces risks and ensures that the SAP system is closely aligned with organizational goals and user needs, paving the way for a successful and transformative implementation.

HELP: Calling all Project and Agile experts to participate in the First Global Survey on Hybrid Project Management

As the demand for agility and flexibility continues to grow, hybrid methods will likely become even more popular in the years to come.

[Click here to participate in the survey; we would appreciate it if you could share it with your colleagues!](#)

Hybrid Project Management - Global Research

1. Welcome to the Future of Projects: Navigating the Hybrid Landscape

In an era where adaptability and efficiency are paramount, hybrid project management has emerged as a pivotal approach, blending the structure of traditional methodologies with the agility of modern techniques. My HBR article: [It is Time to End the Battle between Waterfall and Agile](#) was among the most popular, showing the importance of addressing this topic more profoundly.

This survey seeks to explore and capture the nuanced experiences of professionals like you in navigating this evolving landscape.

Your insights are invaluable. They will contribute to a broader understanding of how hybrid methodologies are implemented and optimized across various sectors. Whether you are an expert project professional or a newcomer adapting to this shift, your participation will help shape the future of project management.

GDPR Compliance and Privacy Notice for Survey Participants:

We are committed to protecting your privacy and handling your data by the General Data Protection Regulation (GDPR). The information you provide in this survey is collected solely for research and analysis. Your responses will be kept confidential and not used for any other purpose. All data is stored securely and will be processed anonymously. Participation in this survey is entirely voluntary, and you can withdraw at any point without any adverse consequences. By proceeding with this survey, you consent to processing your data under these terms.

Time to Complete: **15 minutes**

<https://www.surveymonkey.com/r/NXK2TCF>

Together, we can advance the practice of hybrid project management and empower modern project managers worldwide to achieve exceptional results.



Thank you for your valuable contribution to this groundbreaking research!

Announcing our Next AI MasterClass in March 2024

After last year's success and more than 200 experts trained, Ricardo Vargas and I have decided to continue with the AI-Driven Project Management masterclass. You can find more details and subscribe [here](#).



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Prof. Antonio Nieto-Rodriguez



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That is all for the moment - as always, thanks for your ongoing support!

Hasta la vista!

Antonio



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Excellent Article

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Absolutely, every project has its own challenges but remember, as Thomas Edison said, "I have not failed. I've just found 10,000 ways that won't work."💡 The key is learning and adapting from each step of the process. #Experiencelsthebestteacher 🧑‍🎓🎓📚 #Persistencelsthekey🔑

[Like](#) · [Reply](#)**Alexandru Armasu**

Founder & CEO, Group 8 Security Solutions Inc. DBA Machine Learning Intelligence

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PMO, Gerente de proyectos (SAP S4hana, Oracle EBS, transformación, integración, gestión por procesos, ...)

My experience was successful, some important aspects that help:1. We adopt 90% of the standard, we have the commitment of the C-level, we define a SOW to which we adhere, we have a team dedicated to the project, among others

[Like](#) · [Reply](#) | 2 Reactions**Miguel Martín Calderón Su Nóbrega**

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Chief IT Architect - PMP®, PSM®, ITIL®, TOGAF®, SSYB®, BPM®, RUP®

Successful SAP adoption is not impossible, but it is not a magic trick either... We close the project on time and with a controlled budget deviation. How do we achieve it?

1. Have the commitment of C-Level and allocate the most valuable personnel to define the SAP configurations, and to execute the validation of the configurations.
2. Be clear about the scope and limitations of each SAP product, identifying which functionalities should be configured and what the expected result is.
3. Keep that this is an adoption approach, ensure that no significant modifications need to be done, and if are strictly necessary, those gaps are not made in the SAP core.
4. Carry out the adoption process in phases, first stabilized in one of the societies of the company and then carried out the rollout towards the other societies considering to review the first defionitios with the hole view of the company.
5. Keep in minds that SAP is a stable and robust solution... but its implementation will be only as good as the processes that are configured and aligned in a standardized way.
6. The data that is loaded through templates must be reviewed, validated and consistent by key users.
7. Change Management is a key piece in the adoption of SAP.

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