

# Worksession Agenda Summary

March 22, 2022

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## Title:

Enterprise Resources Planning (ERP) System Implementation Update

## Background:

The purpose of this work session is to update the City Council on the status of the implementation of the City's Enterprise Resources Planning system. For purposes of assisting new City Council members elected in November 2021, this includes some information that was presented in the October 2021 ERP update to City Council.

## **What is an Enterprise Resources Planning (ERP) System?**

An ERP is a system that manages and integrates business functions – it assists in resource planning by integrating all business processes in a single system. ERP system benefits include a free flow of communication between business areas, a single source of information, and accurate real time reporting capabilities. Successful ERP implementations can eliminate redundancies, improve accuracy and productivity and enable data based decisions. The most common challenges to a successful ERP implementation include (a) reluctance to change or update old processes that are incompatible with the ERP, (b) poor implementation, training and use; and (c) the amount of implementation time required. Statistically, various studies and reports indicate that between 50% and 75% of ERP implementations fail. Generally, successful ERP implementations take two to three years to implement.

## **What is the history of the City of Greeley's ERP system replacement project?**

Prior to the current ERP implementation project, the City had five systems – which included a financial system that was originally implemented in approximately 1992 – that had limited ability to integrate, streamline processes, and produce reliable data upon which to influence decisions.

- Pre 2016: The previous City Manager had conceptually discussed the importance of the replacement project with City Council prior to 2016.

- Fiscal Year 2016: funds were appropriated for a third party review of the City's financial system.
- 2017:
  - the ERP replacement project first appeared in the City Manager's Work Plan;
  - Funds were appropriated through carryover in April 2017 to support the ERP replacement project.
- 2018: an interdepartmental team of employees engaged in a business process mapping and software selection process. Following receipt of proposals from eight vendors, three (Oracle, Workday and Tyler) were short listed for extensive analysis to select the software and implementation partner that would best meet the City's needs. Through a carryover in April 2018, additional funding was set aside to assist with the ERP implementation project.
- May 2019: the City executed a contract for the acquisition of an Oracle product as its ERP with Sierra Cedar (SCI) – a preferred Oracle vendor. While the contract did not set a set date for implementation, the go-live target date was April 2020 through a 'big bang approach'. Due to a number of challenges, the City deferred going live a number of times.
- November 2020, the decision was made to go live in late December 2020 for the first payroll of 2021.

Since this ERP replacement project started with the funding of a third party analysis of the financial system in 2016, the City has experienced transition of all original members of the team assembled to guide this project and who made critical decisions related to it. Those transitions are highlighted below:

- Assistant City Manager/ Finance Director (2019);
- Information Technology Department Director (2019 and 2021);
- Finance Director (2020);
- Human Resources Director (2020); and
- City Manager (2021).

### **What is the ERP replacement project plan moving forward?**

As identified to the City Council in August and October of 2021, the City Manager's Office created a team dedicated to the ERP replacement project originally for a 90 day period between October and December – an effort that has lasted into March. Led by the Finance Director and the Interim Assistant to the City Manager, with the support of the Chief Information Officer who joined the City in November, the team has been supported by a number of internal and external resources committed to stabilizing critical system issues, enhancing communications and developing a long term Oracle 2.0 plan. To date, the team has been successful in identifying errors and fixes, testing and implementing fixes and stabilizing parts of the system. At the same time, the continued implementation of the ERP has revealed a number of on-going and new

configuration issues such as the W-2 processing that was further complicated by human error.

With the completion of the Surge effort, the focus is shifting to a structure and systems to support two on-going functions:

- Operations Team focused on operating the current system to ensure continued process of payroll, accounts payable, etc.
- 'Advance Team' focused on working on the ideal future state of the system, including the reconfiguration of the system to address on-going errors and the processes which best fit the city's business needs.

The 'Advance Team' will be focused on the Oracle 2.0 project and developing and implementing a long term structure, systems and strategies to move the Oracle system forward. From a 'big picture' perspective, the project will:

- Continue to address configuration and system errors as well as reconciliation activities;
- Complete a gap analysis of systems operations including departmental engagement;
- Establish a support structure for long term maintenance;
- Enable and maximize the system's reporting and dashboard functionality;
- Ensure alignment of security, internal controls, and roles for end users city-wide.

Once the vendor is selected and in place, the project is anticipated to last through at least the spring of 2023.

### **What are the lessons learned from a review of this project implementation and the steps to be implemented moving forward?**

Based on a review by the City's Finance Director and Chief Information Officer, the following major themes were identified regarding to lessons learned from this ERP project implementation – many of which were influenced by the quality of service rendered by the third-party implementer.

1. **“Big Bang” Project Implementation Approach.** When planning for an implementation of a new system, organizations have the option to make the change in phases (i.e. - accounting first, payroll second, HR third, etc.) or an “all at once/big bang” approach. At the time the project was scoped, the City decided to take the big bang approach in an attempt to save time and cost. However, that big bang approach comes with greater risk of complications and challenges due to the higher complexity of doing multiple systems at one time. In

hindsight, given this was Greeley's first foray into a system change this large, a staggered go live approach would have been more appropriate for the Oracle project.

2. **Timeline.** Related to number one, there is always a temptation to move quickly to reduce cost: a sort of “rip the Band-Aid off” mentality where we turn the system on and fix on the back end. However, a system wide ERP of this magnitude, when combined with the “big bang” rollout approach calls for an extended project timeline. The City's post-go live review, along with insight from a team of consultants show that the initial timeline of trying to implement a “big bang” approach in 12 months was unrealistic and likely should have been closer to at least a 24 month long project for an organization of Greeley's size (or even 36 months when considering the disruption of operations due from COVID).
3. **Resources:** The work and time involved in moving to a new ERP wide system is significant and for a selection of core team members can be a full-time effort during the core of the project. It is best practice that many organizations hire outside resources to take on some of the project staff core functions, allowing City staff to fully dedicate their time to the project for designing, testing, and reviewing the new system prior to going live. While the City of Greeley did set aside a budget for supplemental staffing, this budget was insufficient and ultimately, no outside resources were brought on to enable City staff to dedicate the attention required for the system planning effort. The result was staff being asked to both continue their core functions and support the project simultaneously. With City core functions taking priority, the project suffered by not having the resources needed to properly review the systems design or fully ramp up on the system operations.
4. **Roles and Responsibilities that are understood and established.** At the time a project is contracted, there must be a clear understanding of roles and responsibilities of staff and third party resources such as the implementer. While a governance structure was drafted and attempted to be put in place, the City did not have the capacity or competency to successfully implement this complex project. A component which magnified this deficiency was the City staff's over reliance on the third-party implementer.
5. **Communications, Change Management and Training Plans.** While the City had invested in training for the purposes of managing change and instituting an effective communications and change management plan, the City did not have the necessary capacity or competencies to successfully implement a communications, change management or training plan.
6. **Importance of Systems, Structure, Strategies, Policies and Processes.** In order for complex projects such as this to be successful, they must be built upon a solid

foundation of and culture capable of supporting systems, structure, strategies, policies and processes.

Moving forward, the following steps – in addition to the Oracle 2.0 project – will be implemented for this project and other large, complex project:

- Ensure that projects have a robust management structure that includes dedicated staff, resources (including backfilling), and governance.
- Develop and implement a City-wide Project Management policy which governs all projects over a certain value including funding, project management, structure, contract management, project chartering, roles and responsibilities, change management plan, communications plan, and training plan.
- Complete organizational cultural efforts which help identify the City's current culture and ideal culture – along with its short and long term capability and resiliency in taking on complex projects such as this.

**Attachments:**

Presentation Slides