



Planning for a Financials Implementation: How to Avoid a Nosebleed

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At many companies, it seems that they are continually implementing, re-implementing and tuning critical financial reporting applications. Financial scandals at Enron and WorldCom, the crash-and-burn of the “internet bubble,” and the passage of the Sarbanes-Oxley Act have all increased the exposure and attention, both internal and external, paid to financial reporting and has made us wonder when, if ever, these applications will ever become stable.

Because of the risk inherent in any financial implementation, we need to get back to business basics. We need to understand and plan for these implementations and also realize that a certain portion of the implementation will go on indefinitely (e.g. reporting). In this paper, we have identified a few basic premises to address in the planning stages of a financials implementation. If these premises are followed in a disciplined manner, the nosebleed of implementation can be avoided.

1. **Understand the Current Processes:** The first step when implementing PeopleSoft Financials (or any ERP application) has nothing to do with the software to be implemented. When you are looking at a map for directions (planning your implementation), the destination point (PeopleSoft) is of course important. But unless you know your starting point (your current business and technology processes), the map will not be of much use.

While “configuration” (business set up)



options provide a range of movement, to some degree a PeopleSoft Financials implementation requires “buying in” to the software’s embedded processes. Understanding what a PeopleSoft process can or cannot do is important, but understanding how your organization executes the process is critical. We cannot begin to define the change management scope, or provide reasonable estimates for a project’s duration, without understanding the degrees of difference between the current and future processes.

One of the best ways to bridge the current and future processes is to conduct a detailed “fit / gap” analysis. Critical configuration items (accounting calendars, for example) and processes are decomposed into discrete statements of accounting policy, procedure, or practice. A description of how the current process or current system satisfies the requirement (or does not satisfy it!) serves as one end of the bridge. A description of the PeopleSoft functionality serves as the other end of the bridge. The difference or “gap” between the two is documented. The impact of the gap may be qualified within three areas: development (further efforts or research is needed to close the gap), training

(do the differences drive a retraining need?), and communication (do the differences impact the business beyond end-users?).

2. **Reporting:** A financials system collects data, but it must produce information. The means to communicate this information is through reporting. Unfortunately the configuration flexibility afforded by PeopleSoft results in few “canned” reports...most of which fall into the “tell me what I already know” category of control table listings. For some organizations, additional analytical requirements or industry requirements require additional reporting and processing tools such as PeopleSoft Enterprise Performance Management (EPM). Other organizations choose to build data marts or data warehouses outside of PeopleSoft. Still others find their reporting requirements can be met within the Financials toolset.

No matter the platform, the steps to build the new report inventory remain the same:

- Create a complete list of current reports and future report requirements
- Eliminate unnecessary reports
- Combine similar reports into one where possible
- Match the requirement to the tool. Batch reporting tools like nVision, Crystal Reports, and SQR are supplemented by PeopleSoft Query and even PeopleSoft Inquiry pages



- Leverage PeopleSoft’s run control flexibility to replace hard-coding with data passed to the report

3. **Data Cleansing:** Even with the strongest controls in place, certain types of financial system control data can become “dirty,” especially when the same system has been in place many years or been upgraded many times. One example of “dirty” control data is duplicate vendors: “Federal Express” and “Fed Ex” are likely not two different companies. Similarly, multiple locations should not be entered into the Financials system as multiple companies. As noted, even an organization with rigorous controls is subject to this type of “data creep.”

Yet another data cleansing opportunity that can be addressed in an implementation is historical data, or data archiving. The “pack rat” tendency seems especially prevalent in financial systems: users demand that data be immediately accessible, although it is infrequently accessed. We have seen



examples where a previous system remained available for historical searches, yet years of data were also converted to the new (at that time) system.

The data conversion process affords an opportunity to address these vexing issues. In fact, the next White Paper in this series is devoted to Conversion and Interface Strategies.

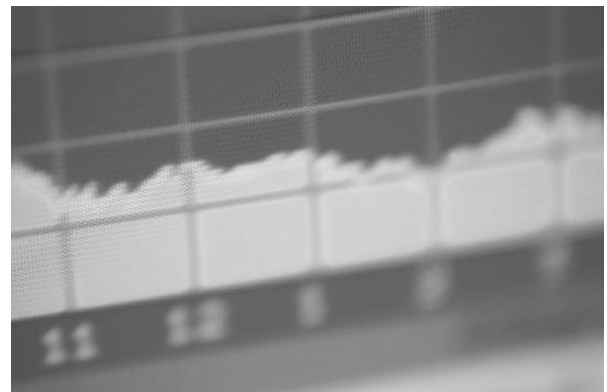
4. **Chart of Accounts:** As the organization grows, it may enter new markets or introduce different products or services. It may close locations, or restructure existing ones. The Chart of Accounts and reporting hierarchies must accurately reflect the history, represent the present, and accommodate the future of organizational information. The tendency to build logic into certain values, to facilitate reporting, does have some merit; for example, all assets start with a '1', liabilities with a '2', and so on. If a numbering scheme is substituted for reporting tasks ("sum all amounts on the third position of the department to get our territory totals"), it eventually restricts flexibility and increases complexity.

If your organization finds it difficult to find unused Chart of Account values, or finds it needs to re-use them, or if reporting requirements need to specify list upon list of Account, Department, or other CoA values, it is likely that the existing structures have been stretched to their breaking point.

Rebuilding the Chart of Accounts (Set IDs, Business Units, and ChartFields in

PeopleSoft) is typically the most critical and time-consuming task in an implementation workplan. As noted earlier, information is the product of PeopleSoft Financials, and the Chart of Accounts is the language used to express that information. Considerations include:

- Clearly defining the purpose and definition of each ChartField: embedding "Product" information into Account values is a textbook example of blending definitions.
- Eliminating unused values: have accounts gone weeks, months, or even longer, with no activity? Does that activity meet threshold reporting requirements (are such thresholds even defined?)?
- Consolidating values versus renumbering: is information too granular? Is the level of detail too low? Is it adequate? Is Financial information transmitted to downstream systems?





5. **Resource Commitment:** In many organizations, there are certain key individuals who truly understand the current systems. They know the formal procedures and “the way things really work.” They understand the documented processes, and also likely know some undocumented ones as well. Bringing this knowledge to the project team, as full-time members, is critical in the first two phases of the project (“Strategy and Planning” and “Design” in Impart Solutions’s Precision 2 methodology). Ensuring these resources receive sufficient PeopleSoft training early in the project is critical. Obtaining “backfill” for ongoing production support is often overlooked...having the individual split their time between ongoing support and implementation tasks breaks the required continuity in both workstreams. Know that these key individuals exist not only in the Accounting areas, but within the Information Technology group. Finally, the best project team assembled will fail if not fully supported by executive management. Broad, visible support for the implementation effort is crucial to its success.

6. **Realistic Timeframe:** Sometimes external forces truly do drive deadlines, such as December 31, 1999. Regulatory requirements or acquisition activities can also force immovable timelines. More often, however, a go-live date is tentatively set during the RFP process, and may be based on nothing more than discussions during site visits to other companies or during the software selection process. The danger is

that, once on paper, the view of the go-live date is transformed from a preliminary target to a “drop-dead” date.

Business cases and articles in industry publications provide glimpses into other organization’s efforts, but rarely describe in detail the situation beforehand or the trade-offs necessary to accomplish the project. The “Strategy and Planning” phase of the project confirms the project’s scope, defines the assumptions under which the project operates, and makes clear the resource requirements. The project plan (one key deliverable of this phase) embodies those parameters, which drive the end date. If a firm deadline exists, it must be made clear at the inception of the project...and it goes without saying that locking down one side of the scope / cost / time triangle will drive the other sides (do not forget the “quality” variable as well). As the project progresses, rigorous attention to the parameters set at its start is required to ensure the timeframes are met, and that the timeframes reflect any adjustment to those parameters.





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Organizations have always sought to produce accurate, timely reporting of their financial information. The pressure to do so is only increasing, and is coming from legislative activities, market analysts, and shareholders alike. Apply the well-learned lessons of rigorous project oversight and proactive risk management to your implementations. Be certain you understand your current business processes, and build a flexible vision for the future. Take the opportunity provided by a software implementation to streamline your data and your control data maintenance procedures. Commit your best resources to the project, and be committed to their success, and set timelines that reflect the reality of your organization.



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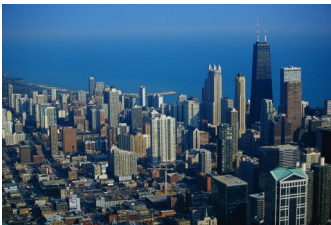
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David Aliosius has been helping organizations meet their goals through the use of technology for over eighteen years. His diverse information technology experience includes designing and implementing both custom-developed and package software solutions. He has utilized this experience to support companies in many industries, including professional services, financial institutions, manufacturing, and transportation. Prior to joining Impart Solutions, Mr. Aliosius held a senior level position with a global consulting firm, focusing on Enterprise Resource Planning (ERP) solutions.