5 Steps to Successful Charity Accounting System Implementation

A Finance Directors Guide

EXECUTIVE OVERVIEW

It is very common these days to find Senior Finance Managers in Charities & Not for Profits who are highly sceptical about the benefits which would result from any investment in deploying new accounting systems.

Sadly, in all too many cases, this scepticism is completely justified as a high proportion of system projects do fail to deliver the benefits anticipated at the outset.

In contrast with these failures are Charities who derive enormous benefit from the implementation of new systems. The question we should be asking ourselves is:

"What is happening during these successful projects which is not happening in the ones which fail to deliver benefit?"

The purpose of this Whitepaper is to shed some light on the answer to this important question from an accounting system implementation perspective.

As described previously, it is very common for the system selection process to be severely flawed, resulting in a contract being signed for a new system which has little chance of delivering major Charity-wide benefits.

However, even in cases where the selection process is managed effectively, the next challenge is to ensure that it is implemented in a way which will achieve the anticipated returns.

To understand this, let us start by examining what often happens during the implementation of a new system.

A TYPICAL PROJECT SCENARIO

A member of the senior leadership team, or perhaps even a Trustee, is usually involved in the process of finalising contracts and commercial agreements with the supplier of the new system. Once this activity is complete, however, the leadership team often withdraw from any serious involvement in the implementation process.

The leadership team will normally appoint a project manager to be responsible for the system implementation. This may or may not be the same person who was managing the selection process, but it is frequently someone with project management or charity systems experience who can be spared from their "day job" for some time.

The project manager receives a limited number of objectives from the leadership team, which are frequently focused on getting the system in on time and on budget and making sure there are no disasters.

The project manager agrees the implementation plan with the supplier and then identifies individuals within the Charity who will be involved in various elements of the project. Typically departmental representatives are used to form a "project team".

Assuming that the project stays on track eventually the system set-up is completed and everything is ready for go-live. The big day happens, hopefully with few nasty surprises, and everyone heaves a sigh of relief.

The project team get a pat on the back and everyone goes back to their day jobs.

The end result of the process is that a new system has been implemented - but in many cases this is at the expense of delivering the key organisational benefits which should have been possible.

Let us look at the individual steps and see what should really be happening.

WHO SHOULD BE INVOLVED

The first major mistake frequently happens immediately after contract signing when responsibility for the project is delegated by the leadership team to a project manager.

Why does this happen?

There can be a number of reasons for this behaviour. Firstly, many senior people have a limited understanding of IT and systems and believe that anything to do with them should be left to those who understand how they work.

Secondly, the strategic importance of the system within the Charity is not understood well by the leadership team and their involvement is deemed unnecessary.

Finally, there is frequently a large amount of suspicion and fear around this type of project and it is very common for senior executives to maintain a safe distance so that they are not to blame when it all goes wrong.

In order to gain the intended benefits, it is essential for the new accounting system to be seen as a key component of the charities overall strategy.

The system does of course handle a lot of detailed activity and transactions but the key return on investment will not come from the way it handles these but the information it delivers as a result - the overall level of efficiency it provides and the responsiveness to change that it allows the Charity to have.

It is absolutely essential for the leadership to have close involvement with the implementation process to ensure that the high-level goals are met.

It is completely appropriate to have a project manager to handle the detail and manage the myriad of activities and discussions which will take place, but this person needs to be meeting regularly with representatives of the leadership team to discuss the bigger picture.

✓ **Nominate a member of the Senior Leadership team to have close involvement during the implementation process to ensure benefits are fully realised.**

SETTING PROJECT EXPECTATIONS

It may seem incredible but after all the hard work of investigating options and choosing a new system, it is very common for there to be a brick wall between the selection process and the next step - which is to implement it within the Charity.

If the selection process is completed effectively then there will have been a lot of discussion about the key charity benefits which will result

from the project. Unfortunately, these goals are frequently forgotten as soon as the new system is chosen and there is a naive assumption that somehow everyone knows what the key objectives are.

When the project starts, it is common for everyone to be guided by the supplier's project manager, who probably was not involved in any of the pre-contract discussions and has no idea of the key objectives themselves.

The essential step at the very start of the project is for the leadership team to fully brief the project team responsible for the implementation on the reasons why they have chosen to invest in the system.

The justifications for the investment will normally be a mixture of getting more accurate and timely information, producing efficiencies in the charity and enabling flexibility in appropriate aspects of the operation.

Whatever the goals are, it is critical that they are communicated to everyone in the Charity so that from the start the whole team is pulling in the same direction.

✔ **It is critical that project goals are communication by the senior leadership team to everyone involved in the project – only then can the full benefits of the new system be realised.**

SELECTING THE RIGHT PROJECT MANAGER

The choice of project manager is often guided by a mistaken belief that the new system is an IT project and is therefore technical at its core.

This frequently results in the selection of a project manager based on their technical knowledge. In other cases people are selected because they have had previous experience of an implementation project.

What needs to be considered is the fact that the project is essentially a process of changing the way people work - if it isn't then it means that the charity has made the enormous mistake of selecting a system which works just like the old one.

Yes, there are technical elements to the process but these can be delegated to IT or other specialists. The biggest reason why projects like these fail is the inability to get individual people to embrace new ways of doing things.

The most important skills required by the project manager are therefore interpersonal. They need to be able to listen and understand the challenges that individuals perceive and then be able bring people around so that they see the benefits of doing things in a different way.

Sometimes it is necessary to raise challenges at leadership level so that higher level "coaching" can be engaged.

Projects like this are hard work and place big pressures on the individuals involved. They are very often having to do at least some of their "day job" while helping to get the new system implemented.

The project manager needs to be able to keep people in a resourceful state of mind throughout the project and to effectively manage the "explosions" which will occur.

Finally, despite leadership level oversight of the process, the Project Manager needs to be a person who understands the Charity at a high level and can therefore keep the key goals in focus.

✓ **The Project Manager must have top class interpersonal skills to ensure people buy-in to the change process.**

MAINTAINING PROJECT FOCUS

In any charity system implementation there will be numerous issues arising where people within the organisation do not like the way something is going to be.

The mind-set of "we have always done it this way" will resurface frequently and this can take up huge amounts of time and energy.

At points like this it is very easy for the project team to get swayed by the arguments of those with the issues, after all, the team do not want to be seen as the bad guys. A lot of time can be invested into trying to manipulate the new system or generate work-arounds to enable things to be done the way they have in the past.

This is where discipline and focus need to be maintained. There is no such thing as a system which will do everything in a way which will keep everyone happy.

Even having a system custom built would not achieve this as the requirements analysis / design / build process is so fraught with problems that it leaves a lot of people massively unhappy with the result.

What is important to remember is that the system being implemented was chosen – or should have been - based on how it will address the "big" things – the ones which will make the charity more healthy and able to compete for funding.

This will often be at the cost of some people in the charity having to do things in a less than ideal way.

For example, if the new system enables the leadership team to track funds in real-time, then does it matter if a few people have to spend a bit more time each month entering data?

✓ **Maintain project focus on the requirements that will have the greatest positive impact on the Charity when delivered.**

TRAIN, TRAIN, TRAIN

For some reason, the level of work involved in training the users of a new system is frequently underestimated resulting in complete chaos for the first few weeks of live operation.

This error of judgement may be due to the fact that the project team are extremely involved in working with the new system that they assume that everyone else will be able to just use it.

Sometimes it is due to the fact that the leadership team did not want to spend money on training people.

The strangest thing of all is that the one group of people who are most frequently left out of any meaningful training are the leadership team themselves.

When we consider that these people should actually be the ones who will get the biggest benefits from the investment, this is completely ludicrous.

When this happens, it is a sure sign that the original goals of the project have been forgotten and that it has got totally focused on the "small stuff".

✔ **It is absolutely vital sufficient end-user training is provided – particularly to the leadership team who should be the biggest beneficiaries of the new system.**

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