

IT'S ALL IN THE PLANNING



GARY WILLIAMS EXPLORES SOME OF THE PITFALLS IN IMPLEMENTING A TREASURY MANAGEMENT SYSTEM, AND REVEALS WHAT ACTIONS CAN BE TAKEN TO MANAGE THE RISKS.

Whether installing their first treasury management system (TMS) or replacing an existing one, treasury personnel are not short of stories of implementation. Some have experienced varying degrees of success, while others have learned valuable lessons along the way. This article explores some of the common pitfalls post-purchase and what actions can be taken to manage the risks.

By their nature, treasury systems have evolved to support companies' wide-ranging requirements. Consequently, some systems will require a significant amount of configuration before a single transaction can be fully captured and processed through to the back office. Not surprisingly, no two TMS implementations are the same and, from a supplier's point of view, even the implementation process may not always be identically repeated for all customers.

All software projects are exposed to a number of risks, some significant, others immaterial. Those risks that aren't managed can result in the project being subject to radical re-planning or may even cause it to be shelved at a significant cost. Risks tend to creep in unnoticed, and sometimes remain undetected until they come to a head and cause no amount of problems. To follow, we will explore some of the common risks experienced.

TRAINING PITFALLS. Training is a vital part of any software implementation project. Failure to deliver adequate training can result in staff feeling overwhelmed by the system and not taking to it. Furthermore, a wavering commitment among staff to attend and fully digest training sessions will lead to gaps in knowledge transfer. Sometimes they may have to be re-trained, giving rise to unbudgeted expense later in the project. Interactive training facilities can be a great help here, in that training can be delivered in an environment where staff can replicate the trainer's keystrokes to navigate and configure the software, making the process a whole lot easier to understand.

Project Plan Risks. The implementation project plan (IPP) is the key planning tool to the whole project. It details the sequencing, dependencies and duration of tasks, together with who performs them. However, a lack of understanding of the project scope and

content of tasks can result in a plan that is vague and unlikely to be understood by the project team, and a plan that is too ambitious may act as a source of demoralisation to the team when actual progress lags behind the plan. Consideration should also be given to tasks that occur much later on in the plan, for example, transaction migration to the new system. If a significant number of such transactions (whether outstanding or matured) occur, this will give rise to issues such as 'how will they be imported?' and 'which of them should create accounting entries?' These issues need to be well thought out early on to avoid delays.

A further project plan risk related to resourcing is defining who actually performs a task. This may sound trivial, but it has been known for misunderstandings to develop between supplier and buyer (and consultancy) as to who actually does the work.

FUNCTIONALITY FAILURES. Having satisfied themselves that the system will deliver the required functionality, the buyers should not lose sight of the 'must-have' requirements – that is, the minimum functionality required to support a transaction or process. These requirements should form the basis of acceptance criteria as set out in their acceptance test plans. Even so, it is not unusual for new requirements to be identified later on during implementation regarding, for example, bespoke development, interfaces and report writing. While these requests can usually be met, failure to specify the exact requirements may lead to confusion between all parties and result in the project slipping.

RESOURCING RISKS. The resourcing risk in an implementation is not always apparent until it gets underway. On occasions the initial enthusiasm with which the project was greeted can subside as the scope of the project and tasks within the plan are revealed. Consequently, project members need to be well motivated and be free to dedicate sufficient time to carry out their allotted tasks. This may mean hiring temporary resources to relieve relevant staff of their routine duties.

Software implementations, by their nature, breed some enthusiasts who will be key in the knowledge transfer process. The identification of one or two key individuals who have the potential

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to become expert system users is imperative to the project's success. Ideally, a project team should contain at least one person (preferable two) who can be groomed for this role.

Invariably, projects are exposed to staff turnover, which can result in the departure of key members of the team. While these people can be replaced, there is also the hidden cost of replacing the knowledge that "walks out of the door". For this reason it is prudent not to rely too heavily upon one team member alone and try to spread the tasks among other members of the team.

One of the most significant resourcing risks resides in project management itself. If this role is not fully understood, or undertaken by someone who has difficulty divorcing it from their usual treasury management responsibilities, the project's success could seriously be at risk. A good project manager will fully understand the objectives of the project, be tuned in to the impact that adverse events may bring and be able to take the appropriate action to rectify them. On the personal side, they should also command the respect of the project team and be able to communicate effectively with all parties.

WHO SHOULD MANAGE THE PROJECT, BUYER OR SUPPLIER? A common theme linking the above is the management of the project and who undertakes it. Some software suppliers provide a dedicated project manager to manage the implementation and co-ordinate the resourcing. Sometimes the supplier's consultant may additionally take on some aspects of this role. While there are pros and cons to this method, an advantage is the visibility and influence that this person commands on the "coal face". Conversely, a risk is that this person could over-focus on some elements of the project, while neglecting other areas.

On the user side, the need for a project manager may not be so apparent. It can be felt that if the software supplier creates an IPP that is customised and details all known tasks, then most of the job has been completed.

A treasurer may argue that if a project manager is already costed into the project by the supplier, then there is no need for an additional project manager. While this may be a justified argument from a budgeting point of view, there are project tasks and risks that fall outside of the supplier's remit that should be recognised and actively managed by the user.

This is especially true with larger companies, where there may be a significant number of people in the project team and a large number of points of contact within the company. A larger team requires an increased amount of co-ordination to ensure the smooth running of the project, and internal knowledge of the company may also be essential.

THE PROJECT MANAGER'S ROLE. On the face of it, a project manager's role is to ensure a system meets user requirements, within

the planned timescale and budget. But to achieve each objective the manager needs to be fully aware of and responsible for the underlying elements that combine to ensure the project's success. The following checklist provides a basic guideline in setting out the main areas of responsibility and key tasks for a project manager.

Record implementation objectives.

- Re-confirm the aims of implementing the system and highlight the reasons for doing it.
- Identify the key deliverables including training, required functionality, reports, interfaces and the like.

Planning, roles and responsibilities.

- Define the scope of work and record the tasks to be undertaken along with their estimated duration and scheduling.
- Identify task dependencies, project milestones including acceptance test criteria.
- Draw up the IPP.
- Compare task requirements against resource availability and skills.
- Instigate project control systems – that is, expenditure versus budget, risk control register and contingency action.

Project co-ordination.

- Communicate with managers, suppliers and third parties to ensure the smooth running of the project.
- Secure resource availability from other managers.

Control the project, monitor and communicate progress.

- Measure progress against plan and record expenditure. Take remedial action where necessary, regarding areas such as task slippage on the critical path and re-set plan.
- Review and communicate progress on a regular basis, both to the team and to management.
- Review training progress by assessing system competency of new users.
- When appropriate do not hesitate to wave the red flag and alert the project stakeholders (the project sponsor who may be the treasurer) and management of any issues that could de-rail the project.
- Keep evidence of key documentation as an audit trail, such as, Internal approvals and communications with third parties.
- Facilitate and record acceptance tests. Deliver feedback to appropriate parties.

By following these basic guidelines a project manager should have the framework to effectively manage a systems implementation project. Ideally, they should have a good appreciation of the underlying treasury business and project objectives to be able to evaluate ideas and proposals from other project members.

GUARDING AGAINST PROJECT FAILURE. It can be seen that if project risks are left unchecked, they have the potential to cause significant problems further down the line. The provision of a project manager does not necessarily guarantee project success, but in a profession where risk is actively managed it serves as a small premium to pay against wholesale failure.

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