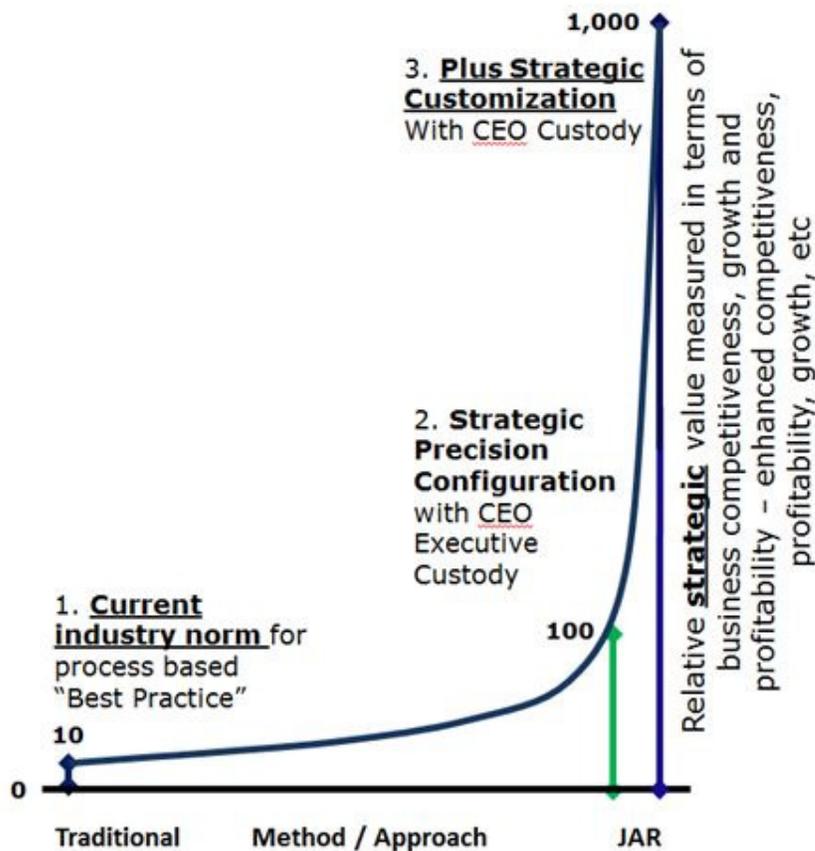


Business System Failure – HOW do you recognize it?

I have come to understand that many executives and business people do NOT know how to recognize business information system project failure. In fact, many people with partially failed solutions actually think they are successful!

In most areas that an organization operates high levels of reliability and in most cases high levels of functionality and aesthetics are the norm, think aircraft, motor cars, etc. Accordingly this should be the criteria for rating the value and success of business information system projects. Refer to the discussion "[Attributes of a HIGH VALUE solution](#)" for a discussion of what a system at the top right of the scale below comprises. THIS is the benchmark for failure and, in terms of that benchmark the vast majority of business systems implementations (all the way down the curve to the bottom) are, at a significant level, failures.



This is over and above the extreme failures discussed in the [Failure Catalogue](#).

So, HOW DO you recognize a failed business information system?

1. Project aborted

The project was aborted before go-live. Frequently because the project should NOT have been undertaken in the first place e.g. replace systems that do NOT need replacing.

OR the project was so badly conceived and managed that it had to end, or there was a lack of executive involvement and the system is totally misaligned with the core objectives of the business.

You might even have had a good project that was aborted for the wrong reasons such as a new executive who could not be bothered to do the hard work to evaluate the truth about the project.

Clearly this IS failure.

Sometimes such projects can be recovered.

2. Catastrophic business damage

Catastrophic business damage that causes massive disruption e.g. [Bridgestone – Tires stacked in the car park, BMW months long wait for spare parts](#), etc.

OR in the extreme case put the organization out of business – see for example the [FoxMeyer Drugs Bankruptcy](#)

Problem is, as with Fox Meyer, it is hard to prove whether it was the business system that caused the failure or something else.

Well, actually, NOT so.

Once you understand the [true causes of failure](#), things like mythology, lack of executive custody, lack of strategic alignment, lack of precision configuration, failure to address the soft issues, lack of an engineering approach (rigor, precision) and understand that technology is less than 3%, that's right **3%** of what causes failure it becomes apparent that if a company puts in a new system and goes bankrupt it is almost certain that the existence of the systems project and all the ancillary and associated factors WAS responsible for the failure.

A systems project places HUGE stress on a business and this stress is entirely people driven and impacts people. There is a HUGE need to understand the entire holistic picture of what is required to prevent failure and what is required to achieve success, see the section of the website on [the REAL Issues](#) for more information.

Accordingly, I submit that unless there is a massive unrelated upheaval in the market place, if a company goes bankrupt or close to bankrupt shortly after putting in a new system then the new system has failed. After all, a well-run project should produce an outcome that IMPROVES profitability and competitiveness.

3. Runs with kludges and lots of spreadsheets

The above two items are relatively easy to recognize although frequently masked by other factors. It IS clearly possible to highly damage a business and in the extreme case cause it to wipe out.

BUT other failures are less obvious.

Consider – the system runs, sort of, with any number of kludges including unnecessary add-on software, quick and dirty Microsoft Access and other software and MASSES OF SPREADSHEETS, other tasks are performed semi-manually or entirely manually.

Tasks take unnecessarily long times or require extra staff, there is gross inefficiency.

That is a form of failure that is common to the majority of business information system implementations.

I have come across massive installations where almost nothing is done in the core system but management actually think that they have something of value and the software company uses the client for advertising purposes.

Are people lying?

Or are they just so dumbed down in terms of their expectations that they actually think their hugely inefficient monster IS doing something of value?

How honest are YOU being about YOUR system?

4. Executives and managers cannot get the information they need, WHEN they need it OR at all

Management and executives cannot get the information they need WHEN they need it OR at all.

Reports do NOT correlate.

Simple information requests take days or weeks to answer. And then further time is required to drill down and / or the results are questionable.

Overall executive and management efficiency and effectiveness is compromised.

That is failure.

5. The monthly board pack takes weeks to produce and drill down is manual

The monthly management and board packs take days or weeks to prepare and require highly qualified and expensive staff to sit for days or weeks every month preparing the pack in Excel or some fancy and costly other tool and the final result is NOT entirely trusted. Drill down is time consuming and questionable.

Executives are flying by the seat of their pants to a fair degree.

THAT is failure.

6. The audit takes MUCH longer than it should

This may seemingly be a small point but, in fact, it is a pointer to much wider problems – the audit takes MUCH longer than your gut feel says it should and you cannot establish why or how to curtail it, because it REALLY does take that long and the auditors may even have to take write-off's in order to fit your budget.

A well running system should be quick and easy to audit.

A system that takes long periods of time to audit is a system that is inefficient to run generally, where there is little ownership of data, where reports are unreliable and not trusted, etc.

This is a form of failure!

Remarkably the audit in most organizations could be shortened dramatically coupled to a dramatic increase in management information and management effectiveness. A system that is easy to use and is well used is easy to audit, see the [V3 case study](#).

7. The organization is fat and inefficient

This point flows from the previous points – the organization is fat and inefficient because “THE System” is fat and inefficient.

An inefficient business is frequently a pointer to an inefficient system in the same way that a lean, effective and profitable business is a pointer to an effective and efficient system – interesting that there are lean, effective and profitable businesses running so-called “legacy” or “obsolete” software and there are fat and inefficient businesses running the latest and greatest systems.

An inefficient organization and associated system IS a form of failure!

Effective systems are the consequence of rigor and discipline, of understanding of business and system fundamentals and applying systems in ways that work effectively and add considerable value, even at the most mundane levels – like all staff who use computers can touch type fast and accurately so the data is neat, clean, orderly, reliable and trusted, see the article on [“Attributes of a HIGH VALUE solution”](#).

8. Your business system support bill is WAY bigger than reasonable

Your support bill to the implementers is WAY beyond what you consider reasonable.

Or your IT support team is way bigger than seems reasonable.

BUT NO ONE can tell you what to do in order to curtail these costs because the people REALLY are there and busy for that many days a month!

Badly designed, badly configured and badly implemented systems really are huge consumers of expensive implementer and IT staff manpower. This is primarily driven by “sloppy configuration” as opposed to “[precision configuration](#)”

A form of failure!

9. The “old guard” say the old system was better

Many of your “old guard” say that the old system was better, some have resigned in frustration.

None of them have anything good to say about the system maintaining, often with good cause, that the previous legacy system was easier and leaner to use and gave the same or better results.

Fact of the matter is that the business grew and prospered with the OLD system, something that techno-sales people and tech-lovers lose sight of. In fact the OLD system made the profits to PAY for the new system!

Many modern system implementations are so poor that the old legacy systems that truly were VERY basic but got the core job done WERE more efficient and more effective because they were built in partnership with the business to old fashioned rigorous software development standards by dedicated and disciplined professionals, and were far better aligned with the [essence of the business](#).

This MAY be just unwarranted nostalgia in some organizations but, quite frequently, the old system WAS more effective because there is a massive overload of unnecessary functionality and gimmickry that weighs down the system. [Process obsession](#) frequently drives this sort of overload.

This, again, can be an indication of failure.

10. You just KNOW you have been ripped off

And then there is that nagging feeling that you HAVE been ripped off, that the huge sums you paid really are NOT justified, that the new system IS massively inefficient, that you really DO struggle to get the answers, that profitability has been detrimented, that the old system was really NOT that bad after all.

And there is reluctance to talk about it because it reflects badly on management, and you do NOT want the shareholders to know, and, after all, it is fairly easy to keep it quiet because most people do NOT know where to look to identify failure.

And most people’s expectations have been dumbed down by several decades of mediocre outcomes that nobody believes the promises of the sales people and even if you DID believe

them you are NOT surprised when they do NOT materialize, after all, why were you so foolish to believe them?

Could YOU undergo a comprehensive lie detector test about your system, say NOTHING but good things about it and come through with a clean score – NO LIES?

That is the acid test of a successful system, a system that has ALL the [attributes of a high value solution](#), widely recognized by shareholders, executives and management. A system that people speak highly of, on AND OFF the record!

Do YOU have a high value solution or, if you are honest, is your system a failure?

If you answered “yes” to one or more of the above points then get in touch with me to arrange a [Pulse Measurement](#) to evaluate the health of your system, diagnose what is wrong and prescribe the appropriate treatment to remediate it – it MIGHT be easier than you think!

Dr James A Robertson PrEng
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