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Success or Failure with Best Practices

This chapter is about implementing best practices.* It begins by describing those situations for which best practices are most likely to be installed successfully. The key components of a successful best practice installation are also noted, as well as how to duplicate best practices throughout an organization. When planning to add a best practice, it is also useful to know the ways in which the implementation can fail, so a lengthy list of reasons for failure is provided. Only by carefully considering all of these issues in advance can one hope to achieve a successful best practice implementation that will result in increased levels of efficiency.

Most Fertile Ground for Best Practices

Before installing any best practice, it is useful to review the existing environment to see if the implementation has a reasonable chance to succeed. The following bullet points note the best environments in which best practices can not only be installed, but also have a fair chance of continuing to succeed:

- *If benchmarking shows a problem.* Some organizations regularly compare their performance levels against those of other companies, especially those with a reputation for having extremely high levels of performance. If the performance levels of these other organizations and the company doing the benchmarking are significantly different, this can serve as a reminder that continuous change

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* Adapted with permission from Bragg, *Accounting Best Practices, Third Edition* (Hoboken, NJ: John Wiley & Sons, Inc., 2003), Chapter 2.

is necessary in order to survive. If management sees and heeds this warning, the environment in which best practices will be accepted is greatly improved.

- *If management has a change orientation.* Some managers have a seemingly genetic disposition toward change. If a department has such a person in charge, there will certainly be a drive toward many changes. If anything, this type of person can go too far, implementing too many projects with not enough preparation, resulting in a confused operations group whose newly revised systems may take a considerable amount of time to untangle. The presence of a detail-oriented second-in-command is helpful for preserving order and channeling the energies of such a manager into the most productive directions.

- *If the company is experiencing poor financial results.* If there is a significant loss, or a trend in that direction, this serves as a wake-up call to management, which in turn results in the creation of a multitude of best practices projects. In this case, the situation may even go too far, with so many improvement projects going on at once that there are not enough resources to go around, resulting in the ultimate completion of few, if any, of the best practices.

- *If there is new management.* Most people who are newly installed as managers want to make changes in order to leave their mark on the organization. Although this can involve less effective best practice items such as organizational changes or a new strategic direction, it is possible that a renewed focus on efficiency will result in the implementation of new best practices.

In short, as long as management is willing to change and has a good reason for doing so, then there is fertile ground for the implementation of a multitude of best practices.

Implementing Best Practices

The implementation of any best practice requires a great deal of careful planning. However, planning is not enough. The implementation process requires several key components in order to ensure a successful conclusion. This section discusses those components.

One of the first implementation steps for all but the simplest best practice improvements is to *study and flowchart the existing system* about to be improved. By doing so, one can ascertain any unusual requirements that are not readily

apparent and that must be included in the planning for the upcoming implementation. Although some reengineering efforts do not spend much time on this task, on the grounds that the entire system is about to be replaced, the same issue still applies; there are usually special requirements, unique to any company that must be addressed in a new system. Accordingly, nearly all implementation projects must include this critical step.

Another issue is the *cost-benefit analysis*. This is a compilation of all of the costs required to both install and maintain a best practice, which is offset against the benefits of doing so. These costs must include project team payroll and related expenses, outside services, programming costs, training, travel, and capital expenditures. This step is worth a great deal of attention, for a wise manager will not undertake a new project—no matter how cutting edge and high-profile it may be—if a sound analysis is not in place that clearly shows the benefit of moving forward with the project.

Yet another implementation issue is the *use of new technology*. Although there may be new devices or software on the market that can clearly improve the efficiency of a company's operations, and perhaps even make a demonstrative impact on a company's competitive situation, it still may be more prudent to wait until the technology has been tested in the marketplace for a short time before proceeding with an implementation. This is a particular problem if only one supplier offers the technology, especially if that supplier is a small one or has inadequate funding, with the attendant risk of going out of business. In most cases, the prudent manager will elect to use technology that has proven itself in the marketplace, rather than using the most cutting-edge applications.

Of great importance to most best practice implementations is *system testing*. Any new application, unless it is astoundingly simple, carries with it the risk of failure. This risk must be tested repeatedly to ensure that it will not occur under actual use. The type of testing can take a variety of forms. One is volume testing, to ensure that a large number of employees using the system at the same time will not result in failure. Another is feature testing, in which sample transactions that test the boundaries of the possible information to be used are run through the system. Yet another possibility is recovery testing—bringing down a computer system suddenly to see how easy it is to restart the system. All of these approaches, or others, depending on the type of best practice, should be completed before unleashing a new application on employees.

One of the last implementation steps before firing up a new best practice is to *provide training* to employees on how to run the new system. This must be done

as late as possible, because employee retention of this information will dwindle rapidly if it is not reinforced by actual practice. In addition, this training should be hands-on whenever possible, because employees retain the most information when training is conducted in this manner. It is important to identify in advance all possible users of a new system for training, because a few untrained employees can result in the failure of a new best practice.

A key element of any training class is procedures. These must be completed, reviewed, and be made available for employee use not only at the time of training, but also at all times thereafter, which requires a good manager to oversee the procedure creation and distribution phases. Procedure writing is a special skill that may require the hiring of technical writers, interviewers, and systems analysts to ensure that procedures are properly crafted. The input of users into the accuracy of all procedures is also an integral step in this process.

Even after the new system has been installed, it is necessary to conduct a *postimplementation review*. This analysis determines if the cost savings or efficiency improvements are in the expected range, what problems arose during the implementation that should be avoided during future projects, and what issues are still unresolved from the current implementation. This last point is particularly important, for many managers do not follow through completely on all stray implementation issues, which inevitably arise after a new system is put in place. Only by carefully listing these issues and working through them will the employees using the new system be completely satisfied with how a best practice has been installed.

An issue that arises during all phases of a project implementation is *communications*. Because a wide range of activities may be going on, many of them dependent on each other, it is important that the status of all project steps be continually communicated to the entire project team, as well as all affected employees. By doing so, a project manager can avoid such gaffes as having one task proceed without knowing that, as a result of changes elsewhere in the project, the entire task has been rendered unnecessary. These communications should not just be limited to project plan updates, but should also include all meeting minutes in which changes are decided on, documented, and approved by team leaders. By paying attention to this important item at every step of an implementation, the entire process will be completed much more smoothly.

As described in this section, a successful best practice implementation nearly always includes a review of the current system, a cost-benefit analysis, responsible use of new technology, system testing, training, and a postimplementation review, with a generous dash of communications at every step.

How to Use Best Practices:
Best Practice Duplication

It can be a particularly difficult challenge to duplicate a successful best practice when opening a new company facility, especially if expansion is contemplated in many locations over a short time period. The difficulty with best practice duplication is that employees in the new locations are typically given a brief overview of a best practice and told to "go do it." Under this scenario, they have only a sketchy idea of what they are supposed to do, and so create a process that varies in some key details from the baseline situation. To make matters worse, managers at the new location may feel that they can create a better best practice from the start, and so create something that differs in key respects from the baseline. For both reasons, the incidence of best practice duplication failure is high.

To avoid these problems, a company should first be certain that it has accumulated all possible knowledge about a functioning best practice—the forms, policies, procedures, equipment, and special knowledge required to make it work properly—and then transfer this information into a concise document that can be shared with new locations. Second, a roving team of expert users must be commissioned to visit all new company locations and personally install the new systems, thereby ensuring that the proper level of experience with a best practice is brought to bear on a duplication activity. Finally, a company should transfer the practitioners of best practices to new locations on a semipermanent basis to ensure that the necessary knowledge required to make a best practice effective over the long term remains on-site. By taking these steps, a company can increase its odds of spreading best practices throughout all of its locations.

A special issue is the tendency of a new company location to attempt to enhance a copied best practice at the earliest opportunity. This tendency frequently arises from the belief that one can always improve on something that was created elsewhere. However, these changes may negatively impact other parts of the company's systems, resulting in an overall reduction in performance. Consequently, it is better to insist that new locations duplicate a best practice in all respects and use it to match the performance levels of the baseline location before they are allowed to make any changes to it. By doing so, the new location must take the time to fully utilize the best practice and learn its intricacies before modifying it.

Why Best Practices Fail

There is a lengthy list of reasons why a best practice installation may not succeed, as noted in the following bullet points. The various reasons for failure can be grouped into a relatively small cluster of primary reasons. The first is the lack of planning, which can include inadequate budgeting for time, money, or personnel. Another is the lack of cooperation by other entities, such as the programming staff or other departments that will be affected by any changes. The final, and most important, problem is that little or no effort is made to prepare the organization for change. This last item tends to build up over time as more and more best practices are implemented, eventually resulting in the total resistance by the organization to any further change. At its root, this problem involves a fundamental lack of communication, especially to those people who are most affected by change. When a single implementation is completed without informing all employees of the change, this may be tolerated, but a continuous stream of implementations will encourage a revolt. In alphabetical order, the various causes of failure are as follows:

- *Alterations to packaged software*. A common cause of failure is that a best practice requires changes to a software package provided by a software supplier; after the changes are made, the company finds that the newest release of the software contains features that it must have and so it updates the software, wiping out the programming changes that were made to accommodate the best practice. This problem can also arise even if there is only a custom interface between the packaged software and some other application needed for a best practice, because a software upgrade may alter the data accessed through the interface. Thus alterations to packaged software are doomed to failure unless there is absolutely no way that the company will ever update the software package.

- *Custom programming*. A major cause of implementation failure is that the programming required to make it a reality either does not have the requested specifications, costs more than expected, arrives too late, is unreliable, or all of the above! Because many best practices are closely linked to the latest advances in technology, this is an increasingly common cause of failure. To keep from being a victim of programming problems, one should never attempt to implement the most "bleeding-edge" technology, because it is the most subject to failure. Instead, wait for some other company to work out all of the bugs and make it a reliable concept, and then proceed with the implementation.

Also, it is useful to interview other people who have gone through a complete installation to see what tips they can give that will result in a smoother implementation. Finally, one should always interview any other employees who have had programming work done for them by the in-house staff. If the results of these previous efforts were not acceptable, it may be better to look outside the company for more competent programming assistance.

- *Inadequate preparation of the organization.* Communication is the key to a successful implementation. Alternately, no communication keeps an organization from understanding what is happening; this increases the rumors about a project, builds resistance to it, and reduces the level of cooperation that people are likely to give it. Avoiding this issue requires a considerable amount of upfront communication about the intents and likely impact of any project, with that communication targeted not just at the affected managers, but also at all affected employees, and to some extent even the corporation or department as a whole.

- *Intransigent personnel.* A major cause of failure is the employee who either refuses to use a best practice or who actively tries to sabotage it. This type of person may have a vested interest in using the old system, does not like change in general, or has a personality clash with someone on the implementation team. In any of these cases, the person must be won over through good communication (especially if the employee is in a controlling position) or removed to a position that has no impact on the project. If neither of these actions is successful, the project will almost certainly fail.

- *Lack of control points.* One of the best ways to maintain control over any project is to set up regular review meetings, as well as additional meetings to review the situation when preset milestone targets are reached. These meetings are designed to see how a project is progressing, to discuss any problems that have occurred or are anticipated, and to determine how current or potential problems can best be avoided. Without the benefit of these regular meetings, it is much more likely that unexpected problems will arise, or that existing ones will be exacerbated.

- *Lack of funding.* A project can be cancelled either because it has a significant cost overrun exceeding the original funding request or because it was initiated without any funding request in the first place. Either approach results in failure. Besides the obvious platitude of "don't go over budget," the best way to avoid this problem is to build a cushion into the original funding request that should see the project through, barring any unusually large extra expenditures.

- *Lack of planning*. A critical aspect of any project is the planning that goes into it. If there is no plan, there is no way to determine the cost, number of employees, or time requirements, nor is there any formal review of the inherent project risks. Without this formal planning process, a project is likely to hit a snag or be stopped cold at some point before its timely completion. On the contrary, using proper planning results in a smooth implementation process that builds a good reputation for the project manager and thereby leads to more funding for additional projects.

- *Lack of postimplementation review*. Although it is not a criterion for the successful implementation of any single project, a missing postimplementation review can cause the failure of later projects. For example, if such a review reveals that a project was completed despite the inadequate project planning skills of a specific manager, it might be best to use a different person in the future for new projects, thereby increasing his or her chances of success.

- *Lack of success in earlier efforts*. If a manager builds a reputation for not successfully completing best practices projects, it becomes increasingly difficult to complete new ones. The problem is that no one believes a new effort will succeed, and so there is little commitment to doing it. Also, upper management is much less willing to allocate funds to a manager who has not developed a proven track record for successful implementations. The best way out of this jam is to assign a different manager to an implementation project, one with a proven track record of success.

- *Lack of testing*. A major problem for the implementation of especially large and complex projects, especially those involving programming, is that they are rushed into production without a thorough testing process to discover and correct all bugs that might interfere with or freeze the orderly conduct of work in the areas they are designed to improve. There is nothing more dangerous than to install a wonderful new system in a critical area of the company, only to see that critical function fail completely because of a problem that could have been discovered in a proper testing program. It is always worthwhile to build some extra time into a project budget for an adequate amount of testing.

- *Lack of top management support*. If a project requires a large amount of funding or the cooperation of multiple departments, it is critical to have the complete support of the top management team. If not, any required funding may not be allocated, and there is also a strong possibility that any objecting departments will be able to sidetrack the project easily. This is an especially common problem when the project sponsor has no clear project sponsor at all;

without a senior-level manager to drive it, a project will sputter along and eventually fade away without coming anywhere near completion.

- *Relying on other departments*. As soon as another department's cooperation becomes a necessary component of a best practice installation, the chances of success drop markedly. The odds become even smaller if multiple departments are involved. The main reason is the involvement of an extra manager, who may not have as much commitment to making the implementation a success. In addition, the staff of the other department may influence their manager not to help out, and there may also be a problem with the other department not having a sufficient amount of funding to complete its share of the work. For example, an accounting department can benefit greatly if the sales department checks with the credit staff before attempting to make sales to high-risk customers. However, the sales staff may be driven more by the prospect of a large commission, and so will not cooperate in setting an effective credit policy.

- *Too many changes in a short time*. An organization will rebel against too much change if it is clustered into a short time frame because change is unsettling, especially when it involves a large part of people's job descriptions, so that nearly everything they do is altered. This can result in direct employee resistance to further change, sabotaging new projects, a work slowdown, or (quite likely) the departure of the most disgruntled workers. This problem is best solved by planning for lapses between implementation projects to let the employees settle down. The best way to accomplish this lag between changes without really slowing down the overall schedule of implementation is to shift projects around within the department, so that no functional area is on the receiving end of two consecutive projects.

The primary reason for listing all of these causes of failure is not to discourage the reader from ever attempting a best practice installation. On the contrary, this information allows one to prepare for and avoid all roadblocks on the path to ultimate implementation success.

Summary

This chapter has given an overview of the situations in which best practices implementations are most likely to succeed, what factors are most important to the success or failure of an implementation, and how to successfully create and

follow through on an implementation project. By following the recommendations made—not only those regarding how to implement, but also those regarding what *not* to do—a manager will have a much higher chance of success. With this information in hand, one can now confidently peruse the remaining chapters, which are full of billing and collections best practices. The reader will be able to select those practices having the best chance of a successful implementation, based on the specific circumstances pertaining to each manager, such as the funding and time available, as well as any obstacles, such as entrenched employees or a corporate intransigence pertaining to new projects.