

# How One Client Spent Less Than 10 Percent of Their SAP Consulting Budget: While Maximizing User Buy-In

By Jon Reed, [JonERP.com](http://JonERP.com)

***Editor's Note:** Have you ever heard of an SAP implementation that came in under budget, enjoyed great user buy-in, and went off basically without a hitch? You have now. Jon Reed interviews Renfeng Ma of Sedgwick County, Kansas, to see exactly how he did it. The key to his success was largely based on designing in support of the key performance indicators of the business. Need the details? Start reading.*

I've been writing about the SAP market since 1995. That's a lot of verbiage, and there are times when I think all the groundbreaking stories about SAP have already been told. But at this year's Sapphire, I stumbled upon a new one. At the conference, I met up with an ERP Director named Renfeng Ma of Sedgwick County, Kansas. Renfeng shared with me how his project team managed to implement a BW dashboard system with more than 800 KPIs (Key Performance Indicators). They did this while achieving a high level of user buy-in, bringing a greater transparency of information to taxpayers, and—drum roll, please—did all this while spending under 10 percent of their projected consulting budget for the project. He had my attention.

I'm not the first person to write about the Sedgwick County Business Warehouse (BW) project. However, there are some key aspects to this story, in particular the savings on consulting expenses and how that was achieved, that have been seriously under-reported. Most companies could not adopt all the tactics developed by Ma and his team at Sedgwick. But there are tips-a-plenty in what they did, so feel free to pick those that will benefit your situation.

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In this article, I'm going to break down the key lessons from the Sedgwick County, Kansas BW implementation, drawing on Renfeng Ma's commentary in each section.

### **1. A Well-Prepared Organizational Culture Means Less SAP Change Management**

The part of the Sedgwick County implementation that may be hardest to duplicate is the organizational culture. When it came time to look at installing ERP, and then put in the BW analytics components, Renfeng Ma found that the organizational culture had already been primed for a move towards better and more transparent information.

Ma's role in the project came into focus after the initial 4.6C R/3 implementation was complete. At that point, SAP reporting did not meet user expectations. Ma was challenged by some of the users; they wanted to see the great looking reports the SAP sales team showed them during the demos. "We were missing the whole analytical side," recalls Ma. "The transactional side of the reports was only designed for technicians, not county-wide consolidated reports."

Fortunately for Ma, his organization was ready to embrace a better approach to reporting. They were driven by their accountability to their constituents. "When I first talked about using SAP to make our reporting easier, we were guided by an even more important question: What happened with the taxpayer dollars that we're managing? What kind of difference did we make? We had tremendous buy-in from the beginning because the management team was all for transparency."

You could say that Sedgwick County's organizational culture was unusual. Instead of technology causing upheaval, the organization was waiting for the right technology. They were ready for the analytics and performance indicators that BW was now capable of.

Ma had another advantage: he had political buy-in from the top down, starting with Bill Buchanan, the County Manager to whom the entire project was accountable. Also, as the ERP Director, Ma did not hail from the IT

department. He was previously the County Budget Director, with twenty years of history and relationships to draw on. He understood how to push decisions through the system. Had he just been from an IT background, the users might have been able to go around him. In this case, there was a built-in trust with Ma's leadership, and he used that to push Sedgwick's innovations forward.

Specifically, Ma's team built on the previous R/3 implementation by implementing a BW and SEM-based dashboard system (see Figure 1), where more than 800 KPIs are now tracked by the county's governance leaders via SAP's Enterprise Portals. Data from those KPIs is relayed back to the public via reports, which gives taxpayers an unprecedented view into how their tax dollars are performing. The county implemented the project in BW 3.5, and within SEM, the Corporate Performance Management (CPM) component was heavily utilized. Looking ahead, the county will be upgrading to NetWeaver BI 7.0 and ERP 6.0, but they were able to achieve their initial BW success running on 4.6C and BW 3.5.

If Ma's team had the advantage of a culture prepared for greater transparency, they also had a disadvantage. There was an ingrained resistance to SAP, based on previous implementations that had been fast, but not necessarily meeting all user expectations. "I started this SAP job in the midst of some pretty big dissatisfaction with SAP," says Ma. "There were people talking about sending SAP back to Germany so we could start with new software. We had some difficulties with the original implementation and user acceptance. We've done HR and Payroll in ten months, core Financials in twelve months. These were very rapid deployments, but we ended up delivering more changes than the organization can absorb effectively right away."

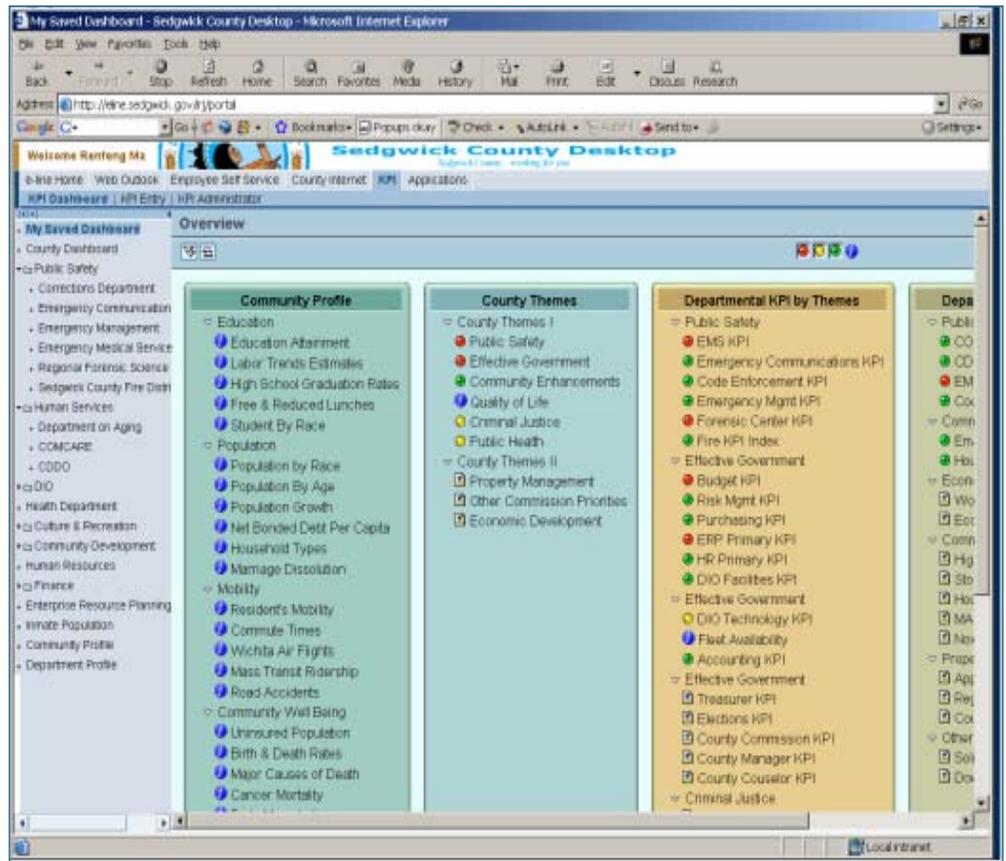


Figure 1: Manager-Level KPI View at Sedgwick County via SAP Portals

Ma was able to use this negative perception about SAP to his advantage. Since the previous SAP installs had been quick, but had not gone over well with users, Ma was able to get across-the-board acceptance for a lengthy requirements gathering phase. Instead of facing resistance for a longer-than-normal process, Ma found his users receptive to trying something different. This requirements-gathering phase was the key to the success of the BW portion of the project.

## 2. Better Requirements Gathering Leads to User Buy-In

When Ma was charged with running the Sedgwick BW project, he knew that he needed to start by developing Key Performance Indicators. In many cases, the KPI process is handled by an outside consulting firm, leading to extra expense. It also created the potential for user resistance through the imposition of KPIs that were not self-generated.

This was the most time-consuming portion of the implementation, lasting almost two years. But the time spent did pay off. And Ma's team went much further into the

KPI creation process than most companies do. "In Sedgwick County, we are developing our own 'Managing by KPI' model," says Ma. "It's based on your management story: Tell me your story about how you manage. That's a unique exercise that took about six months."

To accomplish this, Ma put in a focus group of twelve department heads. He would ask each one of them, "How do you manage your operation?" The responses were the beginning of the KPIs by which these departments would eventually be publicly evaluated. "Without relying on any predefined model, the Emergency Medical Services director would tell his story for all the major areas for which he is responsible," says Ma. "Then, the Fire Chief will tell his story, then the IT Director. The HR Director would tell her story about the way she manages her team and what she needs to do to prepare the organization's human capital for the future. Through that kind of individual storytelling at the department head level, we extracted enough commonalities to basically come up with a model for managing by KPI."

All the KPIs that became part of the dashboard were derived from this management model. The result? The users felt like they owned the KPIs in the Sedgwick County dashboards. That was crucial, because they were going to be under the performance microscope these KPIs created. "Now they can all say, 'This is my dashboard, because I developed the story; I came up with the indicators,'" says Ma. "Of course later on, the indicators were refined by different groups. But the original concept was initiated by the dashboard owner. We had built-in ownership from the beginning."

The money saved by not relying on outside management consultants was not included in the consultant cost savings we will get to shortly. But Ma did point out the value of the build-your-own-KPIs route. "I do believe we did a unique job," says Ma. "If we hire a consulting firm to come in and they say, 'give us all your KPIs and I'll put them in a dashboard,' it's not going to work here in Sedgwick County. The right collection of indicators is not there. It's not comprehensive. Some of them make sense, some of them don't. So in my mind, I knew to make it realistic, to make it meaningful, we really needed to develop a set of indicators that are based on real management practices."

One more useful technique was showing demos of the dashboards back to the department managers well in advance of when they were finalized. This resulted in a practical feedback loop that made the final dashboards

more effective. Ma estimated the leadership teams saw the dashboards at least twenty times before go-live.

### **3. Save Money on Consulting Through Better In-House Training**

Before Ma came on board the project, SAP performed an upgrade readiness assessment that included projected consulting costs for the dashboard project. The total estimated cost was \$2,000,000 for consulting fees alone. The total amount spent on consulting at the end of the dashboard project was \$125,000. They spent \$100,000 more on training than what they would have spent had they hired a consulting firm to do the full implementation, but even with that extra \$100,000 taken into account, they still achieved an overall savings of just over 90 percent on consulting and training services.

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So how did they do it? Ma's team did two things differently:

- They aggressively invested in their in-house training.
- They used their outside consulting firm more as a strategic advisor than a source of full consulting teams.

For the training component of the implementation, Ma wanted to develop some internal competencies before he issued an RFP for outside consultants. So he started getting the development team involved in the initial dashboard creation, sending team members to the SAP Academy for front-end and back-end BW training.

In order to make the training more effective, Ma created a sandbox environment and gave all his employees remote access to the sandbox via laptops while they were at the SAP Academy classes. This led to greater knowledge retention and a chance for all who trained to immediately test their know-how in the Sedgwick County environment.

By the time Ma issued the RFP, he could demonstrate a decent level of internal competency in BW/SEM dashboard development. But even with that competency, many consulting firms wanted nothing to do with the project. "I began to realize how risky our approach was perceived by outside firms, because not many people were doing it this way - a brand new project where you are only asking for consulting guidance, but you want to do the project on your own. Most of the consulting firms I talked to, after they realized what we were up to, they would hang up very abruptly or very politely say, 'Good luck to you guys.'"

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Ma pressed on, determined to find a consulting partner that would be willing to work on a fixed price basis and serve in an advisory role on the project. They found the right partner in MyITgroup. Dr. Bjarne Berg, the Director of Business Intelligence for MyITgroup, signed on as the main point of contact with Ma's team. Dr. Berg served as what you could call a trusted advisor, providing higher-level advice as well as being a referral source for subject matter experts to fill any skills gaps on the Sedgwick project. Dr. Berg was perfect for this kind of advisory role, because he had both the project management know-how and the technical background in BW. "They were willing to give us whatever kind of help we needed at that time," says Ma. "From project management and overall project design guidance, all the way down to the hands-on ETL and data modeling work, systems configuration, and performance tuning."

To structure this different type of consulting relationship, Sedgwick combined an "on call" approach with regular on-site meetings with Dr. Berg. "We had some pre-determined meeting frequencies that, whenever his schedule allowed, he would pop in for a couple of days for up to a week. Then we would assess where we were and he would train our team members on anything we would need. There were occasions where I didn't bring up something that we needed, and he would point out a gap and say 'you may not see this yet, but several

months down the road you may run into this kind of issue, and here are the options you may want to take.'"

This "trusted advisor" role worked well for this particular project, and it allowed Ma to revive the level of enthusiasm for SAP while coming in at \$125,000 for the consulting budget. A typical training budget would have been around \$100,000, and they did end up spending \$200,000 on training, but the team had no regrets, especially when the training investment resulted in such benefits as empowering the team for the longer term.

Ma's training philosophy fit in with the changing nature of the skills that would be needed on his project. He didn't want his team to have to call in someone from the outside every time something needed to be tweaked. "It's not just like your general ledger, where once you have the structure set up, it's going to stay there for at least seventeen years without any change," says Ma. "With management-by-KPI, new issues pop up, new expectations pop up. And we have to be able to make changes as required. It's not acceptable to call in a consultant every time we need to make some changes. When people feel like SAP is very easy to use, we can change it if we want to, and we can change it with our own staff. With strong in-house teams, there are no obstacles to making the implementation a real success."

#### **4. Keep Talent In-House By Rewarding Performance**

There is one major downside to a well-trained internal SAP team: You run the risk of losing team members to other companies. Sedgwick County is not the first SAP user to provide "SAP skills pay" to its project members in an effort to retain their talent, but I have not seen as many "dot orgs" that aggressively reward skills and performance.

There are three components to Sedgwick County's talent retention plan. The first is during the initial hiring process. A country governance budget cannot pay the kinds of rates that you can get in the private sector, so Ma's team intentionally recruited people who were motivated by more than salary. They hired people who believed in the mission of serving the taxpayer with improved governance.

The second tactic is boosting the salaries of those with SAP skills. For the Sedgwick County team, the chosen approach is to boost the base salaries of those with "special skills" like SAP. Some companies opt for "hot skills bonuses," but at Sedgwick, they boost base compensation for SAP team members.

The third aspect of talent retention at Sedgwick is rewarding performance. Each department has established performance guidelines. Those who achieve their performance goals are rewarded accordingly. However, I was still surprised to learn that there wasn't more resistance on the part of team members to having their performance exposed and measured in more than 800 different KPIs. Ma had an interesting point: He told me that users were receptive to these KPIs precisely because they were not subjective, but were actually honest and fair indicators of performance, brought out into the light for everyone to see. People were willing to be evaluated by what they considered to be objective results.

"When I initially approached everybody about this, I assured all the department heads that the public has the right to know," says Ma. "Also, in today's world, you have a professional obligation to show how successful you are. Without this active display of your management information, you are subject to other people's opinions. By having a dashboard in place, you are actively getting the truth out. It turns out that everybody was okay getting the truth out."

### 5. Good Results and Next Steps

The results of making these 800 KPIs available to county officials is a push towards even greater transparency. There are plans to make the KPIs available to the public soon, though that will need to be approved by the elected officials. The exposure brought about by the KPIs has led to some important clarifications, not all of them expected.

For example, a KPI dedicated to monitoring the effectiveness of Emergency Medical Services (EMS) turned up some surprising results (see Figure 2). They learned that adding just one EMS crew doesn't measurably improve the overall performance of the EMS department. So, from a taxpayer's perspective, county officials know that to show an improvement in EMS performance, they should hold off on adding one crew to an EMS staff and wait until there is a budget for three or four additional crews.

Another interesting example involved firefighter respon-

siveness. Fire response is often measured by "room of origin" metrics, which measure the extent of fire damage from the room the fire started in. The problem is that in rural areas such as Sedgwick County, it's much more difficult to get to the source of the fire as quickly as in an urban area. This room of origin KPI was not sufficient. "The room of origin measure created some misunderstanding. Based on that, people tend to draw a conclusion that the Sedgwick County fire department is less professional than some urban city departments. And that's not the case at all." Ma's team responded by adding a floor of origin and a "total loss of structure" measurement. While not all of these results were positive, they helped to better illustrate the difficulties of fighting fires in rural areas.

So what's next for Ma? He has a fun project on the way: it's time to take the lessons learned from the first BW project and extend it to a similar one, this time to measure the performance of elected and appointed officials. These folks don't work directly for the County Manager, so the level of top-down buy-in will be different. There are sure to be new pressures and political dynamics, but for this greater challenge, Ma can bring with him the track record of a well received (and cost effective) project under his belt. When the elected officials saw the demo, they were encouraged by the fact that all the information in the system is automatically populated there by SAP. There is no human manipulation of the data on which they will be evaluated.



Figure 2: Comparison of Urban and Rural EMS Response Times

Ma also has his eyes on SAP's Business Objects (BO) acquisition. The BW back-end is working seamlessly, but he would love to have more flexibility on the presentation layer. Ma is hopeful that BO will eventually provide this. "The front end of the tool we use, which is SEM presenting on SAP Portals, it's getting the job done using the provided structure. But we wish we had more flexibility," says Ma. "We wish the end users could influence the presentation in a more significant way. It looks like BO is going to offer that approach. So once SAP has the necessary work done connecting BO in a major way with the BW back end, I think we need to start evaluating that and take the dashboard to a much higher level." Ma is also hopeful that SAP-BO integration will result in more flexibility for open text, keyword-based searching—another feature for which his users are asking.

### Conclusion

SAP has come a long way, both in terms of its implementation methodology and the availability of experienced consultants. Still, it's rare to hear of such a feel-good story in three areas that are often pain points for SAP users: change management, team training, and consulting expenses. I hope that this view of the Sedgwick County project has offered some useful tips in these areas that can be applied to other projects. No, it's not realistic to save 90 percent of consulting costs on a typical SAP project. But what is realistic is to develop a user-centric approach to SAP implementation. To accomplish that, you have to start somewhere. Renfeng Ma started out with a vision of greater transparency and better service to his constituency, and he found a way to see it through.

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