

CASE STUDY:

City of Oakland: An Updated System Implementation Project

The Challenge: How to execute a successful system implementation project.

A large percentage of system implementation projects are not ultimately considered successful by the organization's management. By the time the [City of Oakland, California](#) identified their "[Year 2000 risk](#)," they needed to rush to implement a new financial and payroll system. Lance Bateman, the City's Controller, who had moved over to lead the financial system implementation, said, "because of the short deadline we had, we not only had insufficient time to do a risk analysis, we didn't even have time to do thorough user needs assessments."

The Mistake: Not enough preparation in terms of time, staff resources and budget planning.

The City sent out its request for proposals without a thorough requirements definition. They selected Oracle software and selected Oracle consultants to lead the implementation. A large percentage of the Oracle contract was required to be subcontracted to minority firms. (This was a great risk-mitigating strategy—it would keep the implementation consultants from blaming the software or the subconsultants for any problems and vice versa.) Unfortunately, during the highly political contract negotiations, the City asked for and received a \$2 million price reduction in return for Oracle not being responsible for supervising the work of the minority subconsultants; instead City personnel were appointed to manage the work of City and subconsulting staff. Oracle advised that approximately 20 functional and technical experts from the City be dedicated to the project team, however the City could only find the resources to dedicate the project manager for the financial system and the project manager for the payroll system; all other personnel were called-on "as needed."

Without a good requirements definition and faced with a short timeframe, the City's top staff frequently repeated the mantra: "Just make the new system work like the old one did." For example, the City maintained their previous paycode structure with its 1500 pay code elements. This led to the need for a significant number of modifications of the software that would not have been necessary had the City's mantra been "let's adapt to Oracle's best practices." The large number of modifications, the lack of dedicated City resources, and the lack of Oracle's overall accountability for the implementation led, not surprisingly, to time and cost overruns. The implementation's nine-month schedule was not met (6 months late for the financial system and one month for the payroll system) and was \$2 million over budget.

The Result: A hot mess...

Even when the City went live with the systems they were not fully ready. There had not been enough time to thoroughly test the software or enough training to prepare staff to effectively operate the new system. As a result, the police department payroll checks issued in January were

incorrect and the local newspapers had a field day reporting the problems to the public. All the W-2s distributed at the end of that year were wrong and had to be reissued.

The City of Oakland did not identify the major risks that could go wrong during the implementation and put plans in place to address those risks that occurred. According to Bateman, “if the City had a way to early-identify the risks it would face during implementation, we would have been able to avoid many of the problems we ran into.”

Oakland’s situation was not unusual. Projects that don’t meet management’s expectations are almost always the result of the lack of appropriate risk identification, assessment and management.

The Fix: Adequate risk identification before the start of new a system implementation project.

Read our [Method for Effective Risk Assessment](#) in this blog post.