BEYOND THE TECH

WHY ERP SUCCESS HINGES ON OPERATING MODEL ALIGNMENT

The promises of ERP programs are widely understood and heavily invested in. Why, then, do the returns often fall short? The problem isn't the new technology; it's the weak operating model underneath. ERP can only deliver value if the organization is built to support it. The first two articles in this series set up the strategic blueprint for ERP programs (the business case and the strategic foundations); this is where we get to the bottom of successful implementation.

OPERATING MODEL LAYS THE FOUNDATIONS FOR ERP SUCCESS

In recent years, ERP transformation has become a focus area for a range of organizations. Representing massive, multiyear investments, ERP programs promise clarity, efficiency, and scale, and come with expectations of significant ROI. Yet, after the excitement of launch day fades, many organizations find themselves facing a stark reality: The expected results haven't materialized.

Why? Common explanations for underperformance (poor data quality, insufficient training, or slow user adoption) only scratch the surface. There is often a deeper issue at play: misalignment between the ERP system and the operating model around it.

In short, **ERP doesn't fail because of technology; it fails because the organization isn't built to work the way the system does.** Think of the operating model as the foundation of the company. When it's solid, the ERP system can build upward, delivering gains across the value chain. But when the foundations are uneven, the system has nothing stable to build on. This only drives tension rather than transformation.

ERP SUCCESS IS BUILT, NOT INSTALLED

All too often, leaders treat ERP modernization purely as a technology upgrade, unifying finance, supply chain, HR, and operations into a single digital backbone. In reality, **it's a business transformation, built from the ground up, that happens to involve technology.** The software merely codifies how the organization works (or how it should work).

When these assumptions clash with how the organization actually operates, friction is inevitable.

What's worse, if decision rights, governance, and role boundaries aren't clarified moving forward, **existing inefficiencies will be accelerated rather than eliminated.** Even a perfectly configured system will underdeliver if the underlying operating model runs on fragmented processes, unclear roles, or outdated governance.

> It's imperative to design the future operating model before system go-live, as part of the upfront design effort; governance can't be treated as secondary to technology. Otherwise, you're building on unstable ground.

This challenge is only becoming more acute as AI-enabled capabilities rapidly reshape the wider working landscape. Many organizations feel pressure to keep up with changes in the market, creating a sense of urgency to implement new systems, but **speed without structure only amplifies instability.** In effect, if they rush go-live, organizations **risk hardwiring yesterday's ways of working into tomorrow's technology,** scaling issues and embedding constraints that are harder to unwind later.

It's critical to do the groundwork; that's how you build foundations that will stand the test of time. The phase of identifying requirements and system design is also the time to envision not just roles and responsibilities but also the employee deal (comprising incentives, ways of working, and opportunities for career progression) to reflect the needs of tomorrow.

BLUEPRINT VS REALITY: WHEN SYSTEM AND ORGANIZATION DON'T ALIGN

ERP systems embed implicit assumptions about:

- **Who makes decisions**
- **How work flows**
- **Where accountability sits**
- **How controls are enforced**

In this reconfiguration, consider the ways each of the six elements of the employee deal can be redesigned to reinforce new behaviors in alignment with new expectations resulting from the transformation.

The employee deal is shaped by these key elements...

Results: Employee and business productivity, performance, strong customer experiences and workforce engagement

So, the real question isn't whether the system is ready; it's whether the organization is built to make it work, now and in the future.

The Mid-Market Trap: Skipping the Deep Structural Work

Mid-market companies are particularly prone to common pitfalls. They often assume they can avoid operating model redesign. After all, they're smaller than large conglomerates, with fewer silos, so why complicate things?

But ERP standardizes how work gets done, and in doing so, subtly shifts decision authority, process ownership, and cross-functional dependencies. In due course, **even small misalignments can create outsized friction.**

Still, with limited change management capability, many organizations of this size default to a "configure and train" approach. But that shortcut comes at a cost: It delays the very changes that determine long-term value.

BUILDING STRONG FOUNDATIONS FOR TRANSFORMATION

ERP can only deliver as much value as the organization is set up to absorb. In other words, **the operating model sets the ceiling on potential gains.**

This is because the operating model acts as the foundations of the organization, defining:

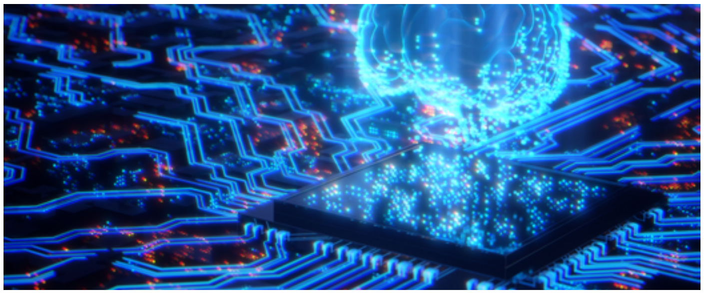
1. **Structure:** How teams are organized around outcomes
2. **Processes:** How work flows across functions
3. **Roles and responsibilities:** Who decides, escalates, and owns outcomes
4. **Governance:** How performance and controls are enforced
5. **Capabilities and culture:** The behaviors that drive daily execution, aligned with the employee deal

Without these strong foundations in place, **ERP becomes little more than an elegant façade**, capable of reporting on performance, but not improving it.

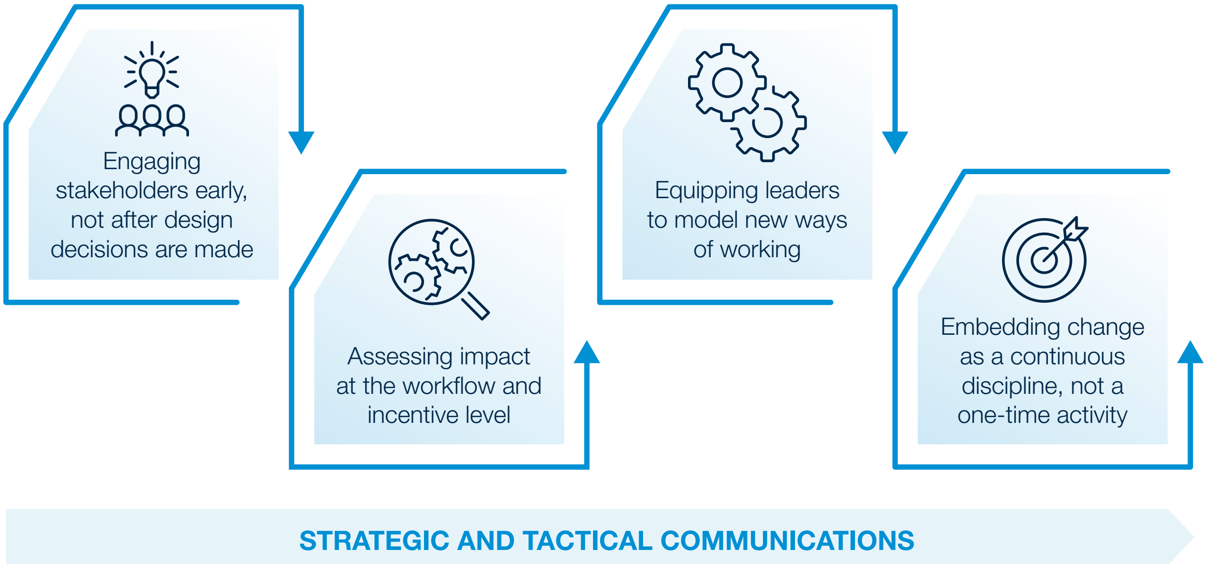
REINFORCING THE STRUCTURE: RETHINKING CHANGE MANAGEMENT

Just as importantly, the "build" doesn't end with system configuration. Too often, **change management is treated as the final layer (communications and training added at the end) when in reality it's core to the foundation that should begin at the onset of the program, contributing to transitioning the organization and long term ROI.**

ERP programs are among the largest multiyear investments organizations make, but equal, if not greater, value comes from clearly defining governance, roles, responsibilities, and the employee deal that drives adoption and sustained success. You can't rebuild how work gets done without redefining what employees are being asked to do, and what they get in return. This is a valuable opportunity to simplify decision pathways, strengthen accountability, and align incentives to desired outcomes.



REAL CHANGE MANAGEMENT MEANS:



That's how you move from a system blueprint to a structure that stands: delivering sustained value and adoption. After all, **go-live isn't the end of the process; it's just the beginning.** The real test is how it performs over time for the people who use it.

CONSTRUCTING FOR LONGEVITY: HOW TO CAPTURE ERP VALUE

- Define the future operating model early to clarify process ownership, accountability, and cross-functional handoffs.
- Map decision rights onto system logic, aligning authority and escalation paths with the system's controls and workflows.
- Establish governance that reviews and approves operating model shifts alongside system design.
- Redesign the employee deal to match new expectations and behaviors.
- Invest in sustained change management, especially after go-live.
- Plan for post-go-live optimization with rapid feedback and iterative improvements.
- Create a two-way feedback loop between org design and ERP capability evolution.
- Track adoption, process performance, and decision velocity to verify outcomes.

TECHNOLOGY IS THE ENABLER, ALIGNMENT MAKES THE DIFFERENCE

The organizations that succeed aren't just technically proficient. They are deliberate about aligning technology with how people work, decide, and execute, laying the foundations for lasting success.

They use ERP as a catalyst for:

- Clarifying accountability
- Simplifying decision-making
- Standardizing execution
- Reinforcing the right behaviors

ERP isn't just a system upgrade. It's a strategic opportunity to redesign how the business runs and to align technology with the people who make it work.

> When technology, data, people, and processes work in sync under a clear operating model, ERP transformation delivers real results, driving value and ROI.

HOW A&M PARTNERS WITH LEADERS TO REALIZE ERP VALUE

As advisors, we focus on making sure your ERP program remains a business-led transformation, grounded in strategic clarity and operational alignment.

We focus on the foundational drivers of ERP success:

STRATEGIC ALIGNMENT

We help clients answer the “why”, define their ERP strategy, and build the business case for ERP by connecting technology needs directly to the business strategy and strategic imperatives.

ORGANIZATIONAL ALIGNMENT AND EMPLOYEE DEAL

We help clients define a compelling Employee Deal by aligning performance, rewards, and development to reinforce the critical capabilities and behaviors needed for success in the new operating model.

FUTURE OPERATING MODEL DESIGN

We build a workforce operating model to support short & long-term needs, along with quick wins.

STRATEGIC PROGRAM OVERSIGHT

We advise and support clients with independent program leadership, risk identification, quality management (QMO), and performance tracking to keep ERP efforts on target and on value.

With deep operational experience and a history of guiding complex transformations, A&M helps position your ERP investment to accelerate business outcomes — whether they be growth, integration, efficiency, or scalability.

Let’s talk about how to make your ERP more than a system change. Let’s make it a competitive advantage.

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