OXYGY

Why 7 Out of 10 ERP Transformations Derail, And How the P³ Formula Flips the Odds

by:

Arne Buthmann
Partner

Laurent Boukobza
Executive Advisor

September 2025

Introduction
A Familiar Story of ERP Failure

Every year, organizations invest billions in ERP transformations, aiming to unlock efficiency, transparency, and synergies. Yet despite the scale of these investments, failure remains alarmingly common. Depending on which study you read, anywhere from 55% to 75% of ERP initiatives underdeliver on their intended business case. A widely cited McKinsey statistic puts transformation failure at about 70%, with people-related issues — not technology glitches — as the top cause. Companies expect systems to work flawlessly, but too often overlook whether people and processes will adapt in tandem, and whether overall performance is monitored. That's why so many ERP rollouts look successful on paper: the system goes live, the data migrates, and the dashboards light up, but value doesn't materialize. The paradox is simple: the technology is fine, but the business still struggles.

Why? Because adoption stalls, workarounds persist, and the promised performance and expected value never show up. That's where the P³ formula (People, Process, and Performance) can change the odds.

Diagnosing the Reasons for Failure

To understand why ERP programs fail, we need to look at the three classic reasons for failure.

The first is "people not changing behaviors". Employees, managers, and even leaders cling to old ways of working or build new "Excel shadow processes" or "temporary workarounds" that become permanent.

Surveys show that **only 42% of employees feel included** in their company's transformation efforts, which erodes trust and engagement. When people don't feel part of the change, they disengage, even if the technology is world-class.

" Only 42% of employees feel included in their company's transformation efforts

The second reason is process misalignment. ERP systems enforce standardized processes, but business units often have local practices and specifics for finance, legal,

or compliance, often for valid reasons. If these aren't address-ed, employees find the system doesn't reflect their reality.

The third reason for failure is performance blindness. Leadership teams track system uptime and data accuracy, but they neglect process outcomes and people adoption. Without performance metrics tied to behaviors and outcomes, success is defined too narrowly.

Together, these three traps explain why ERP transformations so often stall, even when the technical go-live is smooth. In short, technology is necessary but never sufficient.

The P³ Formula as a Guiding Framework

At OXYGY, we frame ERP success around People, Process, and Performance — the P³ formula.

Performance
(KPIs)
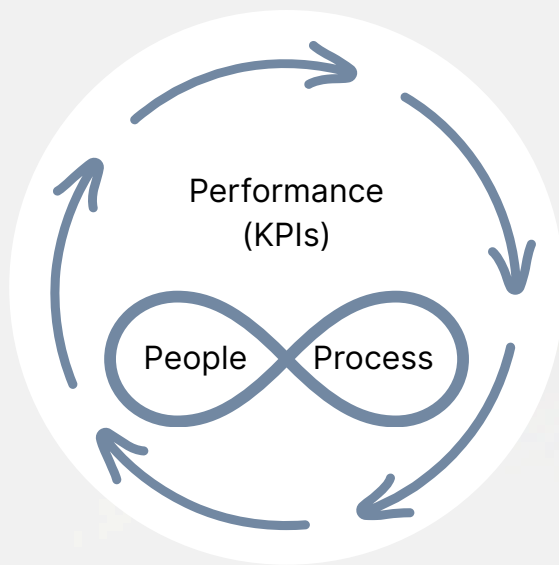
People   Process

People
means readiness, confidence, and capability.

Process
means connecting systems and process flows to actual daily work.

Performance
means measuring progress, adoption, and value.

The key insight is that these three dimensions must be integrated from day one. You can't leave People for "training at the end." You can't leave Process for "technical documentation." You can't leave Performance for "benefits realization someday." They need to move in lockstep; otherwise, failure creeps in.

People: Readiness Beyond Training

Too many ERP projects treat training as the endgame for people's readiness. If employees attend mandatory sessions and pass basic tests, leaders assume they're ready. But training ≠ execution.

Research on training transfer shows that without practice in realistic environments, **only 10–20% of training content sticks long-term.** That's why confidence often collapses at go-live, despite high training completion rates.

" Only 10–20% of training content sticks long-term "

Instead, organizations need to focus on capability. That means embedding "day in the life" simulations, where employees practice with real data in sandbox environments. It means designing persona-based journeys so employees understand exactly how their daily decisions will change. It also means providing quick-reference guides, floor-walkers, and peer networks to sustain confidence beyond go-live.

Another critical piece is leadership coaching. When middle managers are less confident than their teams, readiness collapses. By equipping leaders with clear action plans and tools, and helping them role-model curiosity and psychological safety, organizations create a culture where questions and mistakes are part of learning. Deloitte's 2023 ERP study showed that projects with strong middle-manager engagement were 1.8x more likely to achieve adoption targets.

In short, People readiness is not about box-ticking training; it's about building confidence in real-world execution.

Process: Turning Swimlanes into Reality

ERP programs usually begin with process or operating models. These are necessary, but they don't guarantee adoption. Employees don't live in swimlanes; they live in complex realities. Processes often break down at handoffs, exceptions, and decision points. If ERP designs don't reflect these realities, people revert to old habits.

The solution is to "people-ize" processes. That starts with creating before-and-after role snapshots. These make changes tangible: what does the planner do differently tomorrow compared to yesterday?

Another method is running cross-role walkthroughs. By bringing upstream and downstream roles together, employees see how their actions impact others. This builds empathy and accountability across functions.

Another method is running cross-role walkthroughs. By bringing upstream and downstream roles together, employees see how their actions impact others. This builds empathy and accountability across functions.

Job aids and quick guides also make process changes actionable. Instead of relying on memory, employees have concrete reference points. Finally, simulation sessions with real data show employees what the process feels like in action. This surfaces mis-understandings early, before they become bottlenecks.

Performance: Measuring What Matters

Most ERP steering committees focus on system KPIs: uptime, transaction speed, data quality. These are important, but they only tell half the story.

To see the full picture, leaders need to track process execution and people adoption. This means measuring confidence, capability, and behavior change, not just system usage. For example, tracking whether planners trust system forecasts enough to stop using Excel, or measuring how often process handoffs happen without rework.
Heatmaps can visualize where adoption is sticking and where it's stalling. Pulse surveys can capture employee confidence scores in real time. Linking these measures to business outcomes creates a holistic view.

This reframes the conversation from "Is the system working?" to "Are we working better because of it?" Gartner research confirms that organizations that measure adoption and business outcomes together see 30–40% higher ROI from ERP investments. Without these metrics, risks remain hidden until they explode. With them, leaders can intervene early, where it matters.

1. Transformation Readiness & Strategy

5. Value Creation

2. Communication &Engagement

Performance (KPIs)

Proces × People

4. Go Live & Hypercare

3. Training & Capability Building

Practical Playbook for Leaders

So what should executives do differently?

1 Put People, Process, and Performance — the P^3 formula — on equal footing in governance. Don't let the steering committee focus only on IT dashboards.

2 Design adoption from day one. Build simulations, role journeys, and reinforcement loops into the project plan.

3 Measure leading indicators. Don't wait for post-go-live outcomes to tell you adoption failed.

4 Coach leaders at all levels to role-model behaviors. Employees take cues from what leaders do, not what they say.

5 Celebrate adoption wins visibly. Stories of success build momentum faster than formal reports.

6 Treat go-live as the start of adoption, not the end. Make adoption a continuous loop, not a one-time milestone.

Conclusion: Flipping the Odds with the P³ Formula

ERP transformations are hard, but they don't have to fail. The odds are against you if you rely on technology alone. But when People, Process, and Performance move in lockstep, ERP becomes more than a system rollout. It becomes a business transformation. And value shows up faster and in full.

Performance
(KPIs)

People   Process
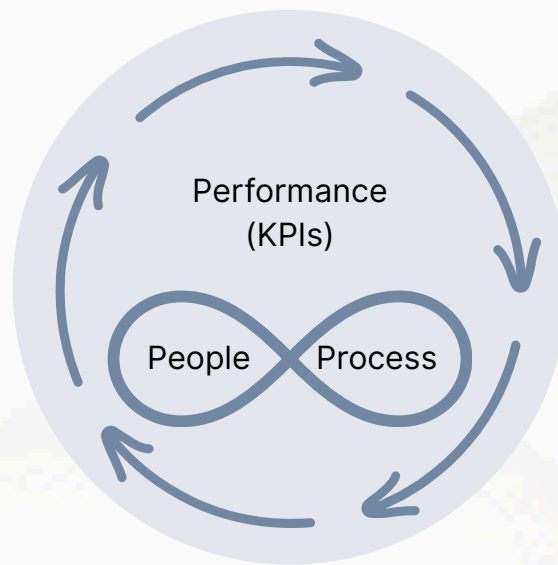
Book a Call With Us

We're about to show you a real-world example of our P3 formula in action, generating these outcomes...

But first, book a Discovery Call with us if you're intrigued

Ready to unlock your transformation value? Let's talk!

Please contact us at
transformation@oxygyconsulting.com

About the Authors

Arne Buthman

Founder &
Board Member,
Practice Lead for
IT-enabled
Transformations

Laurent Boukobza

Executive Advisor,
Former
Pharmaceutical,
Luxury & FMCG
Executive

CHOOSE OXYGY, WHERE MEANINGFUL CHANGE BEGINS WITH PEOPLE.