

ECIS 2011

Critical Success Factors of Global Enterprise Resource Planning Programmes: An Empirical Model Based on Expert Interviews

Helsinki,
June 10th, 2011

Results of global ERP implementations leave room for improvements

Based on classical project measures results are often unsatisfactory

- ▶ Budget overruns, mostly due to excessive scope change requests
- ▶ Missed implementation dates
- ▶ Cancelled ERP projects with substantial sunk costs

But the gap in functional requirements is often even worse

- ▶ User satisfaction drops after ERP implementation ("... we had a better (local) solution for this before ...")
- ▶ Business disruption due to insufficient testing and training
- ▶ Organizational Change resistance has not been handled at all, leading to defensiveness against the new ERP system

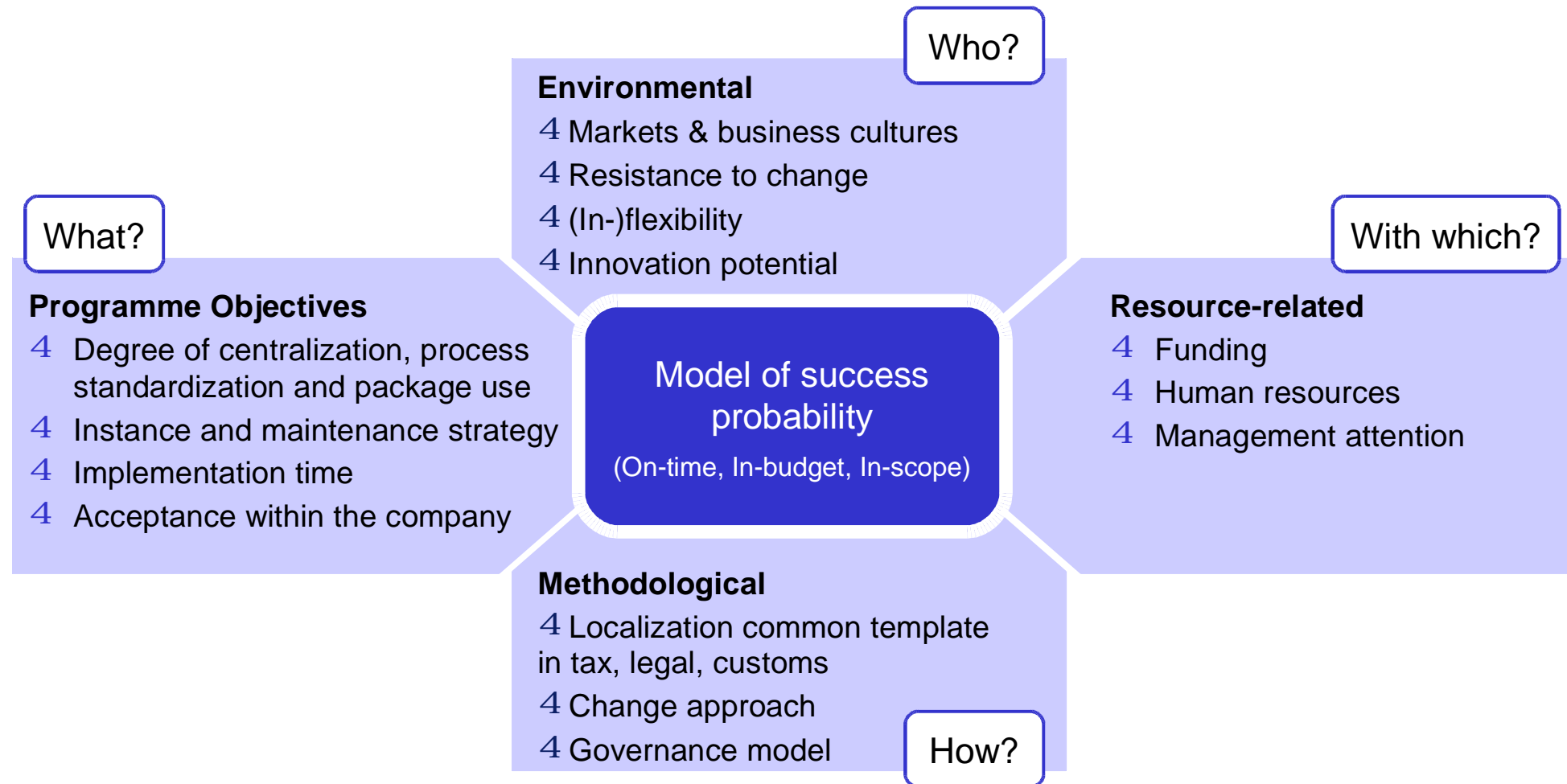
Source: Project Experience, ERP related Conferences, Literature Research, Case Study Research

These problems are often created from the beginning of the programme

- 4 Many ERP programmes suffer weaknesses from the set-up of the programme onwards
- 4 Senior Management often lack an understanding on the stress a global ERP programme puts on the organisation:
 - 4 While financial impact can be estimated relatively accurately, the requirements on the best skilled resources and the management attention often gets underestimated
 - 4 Organisational readiness is seldom assessed to start specific activities to prepare the organisation beyond functional trainings
 - 4 Too much thought is spend on technical implementation questions leading to a delegation of the whole programme from a CEO to an IT level
 - 4 The methods deployed are not aligned to project objectives, but put into the hands of system integrators or package providers
 - 4 Objectives of the ERP project are poorly aligned to company culture and market requirements
- 4 Only alignment of all aspects ensure proper ERP programme execution

Source: Research towards the phd thesis of Gunter Seidel

Only when environmental, resource-related and methodological factors are aligned to objectives, ERP programmes are successful



Source: Research towards the phd thesis of Gunter Seidel, initial research proposal for model

For a clear viewpoint of success and endangerment factors a series of expert interviews was conducted

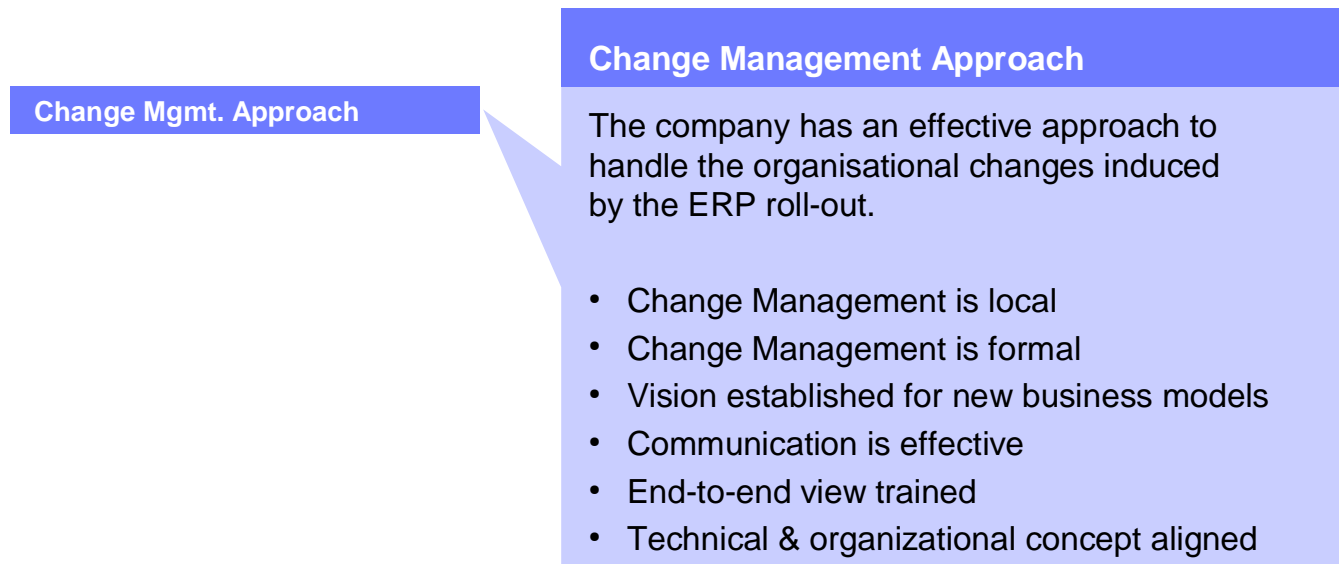
FINAL LIST

Key	Position	Industry	Lifecycle	Main Project Location	Employees
A	Project Manager	Nutrition	Late roll-out cycle	Germany	40,000
B	Project Manager	Automotive	Mature operation	Italy	10,000
C	CIO	Chemical products	Blueprint phase	Germany	4,000
D	Application Mgr.	Industrial products	Mature operation	Switzerland	3,000
E	CIO	Insurance	Post pilot	Switzerland	20,000
F	Consultant	HW-vendor	n/a	n/a	n/a
G	Project Manager	Industrial products	Late roll-out cycle	Germany	4,000
H	Consultant	ERP-SW-vendor	n/a	n/a	n/a
I	CIO	Chemical products	Mature operation	Switzerland	20,000
J	Project Manager	Insurance	Late roll-out cycle	Switzerland	60,000
K	CIO	Industrial products	Mature operation	Germany	10,000
L	Project Manager	Automotive	Blueprint phase	Italy	20,000
M	Project Manager	Paper	Late roll-out cycle	Germany	40,000

Source: Research towards the phd thesis of Gunter Seidel

A success factor was only included in the final model when it could be verified in multiple interviews without contradiction

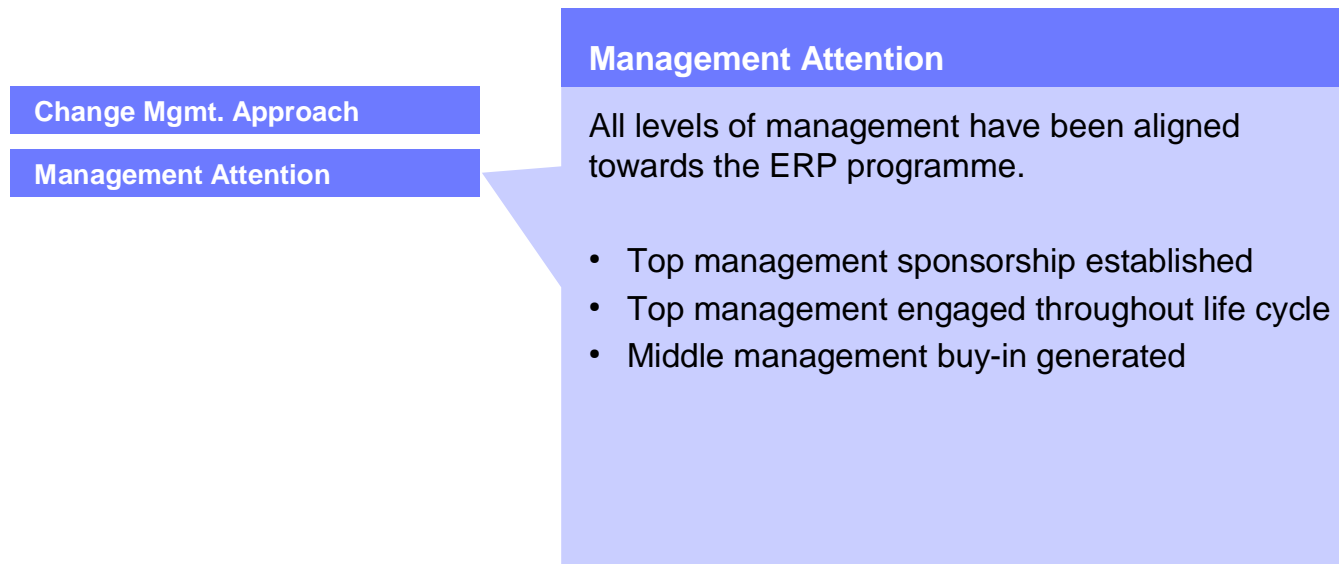
Model derived by an Expert Interview Series



Source: Results of empirical research towards the phd thesis of Gunter Seidel, based on 13 expert interviews

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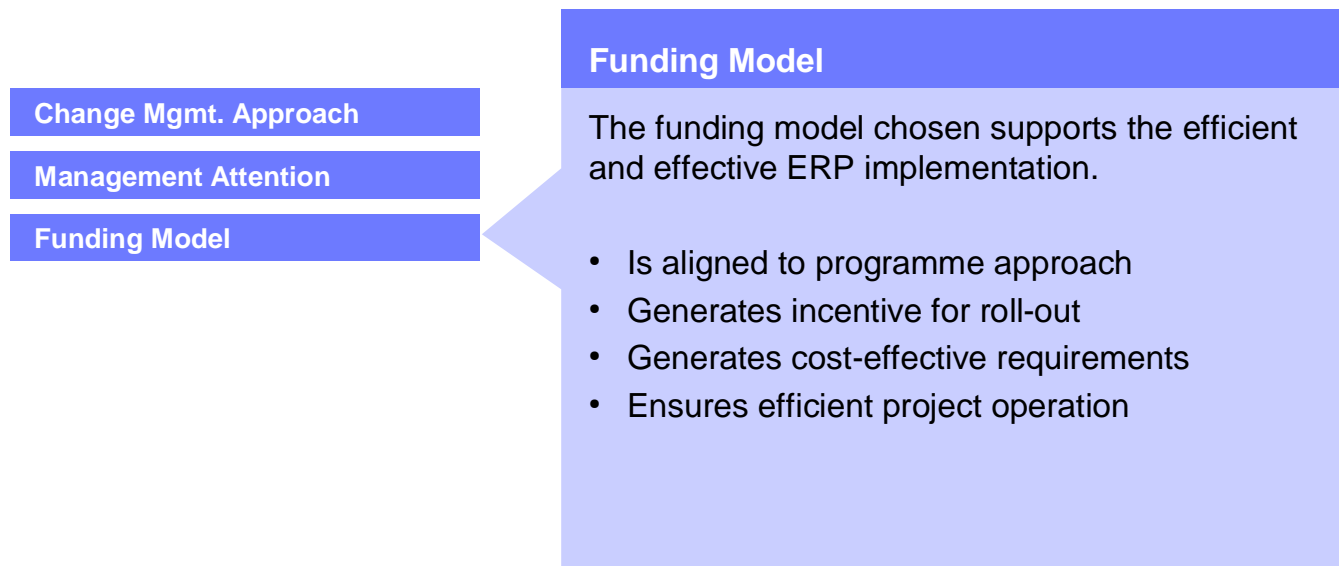
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Model derived by an Expert Interview Series

- Change Mgmt. Approach
- Management Attention
- Funding Model
- Human Resources

Human Resources

Human Resources are adequately provided to the ERP programme to fulfil its tasks.

- Top process skills available
- Intercultural know-how available
- Joined Buz+IT, global+local teams
- Team stability is ensured
- Team can interact face-to-face
- Team is full-time
- External resources are well managed

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Model derived by an Expert Interview Series

- Change Mgmt. Approach
- Management Attention
- Funding Model
- Human Resources
- Governance Model

Governance Model

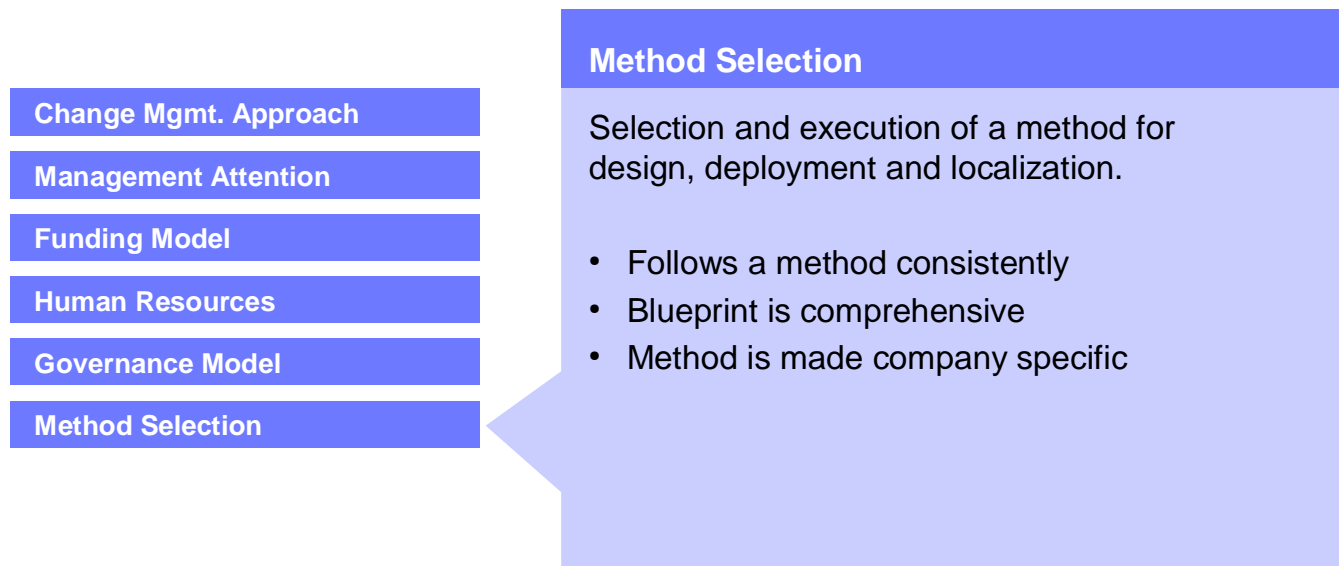
A stringent governance model is established to manage the ERP programme.

- Efficient scope change management
- Governance board to handle Mg. effectively
- Programme management established
- Stable objectives
- Sustain global ERP

Source: Results of empirical research towards the phd thesis of Gunter Seidel, based on 13 expert interviews

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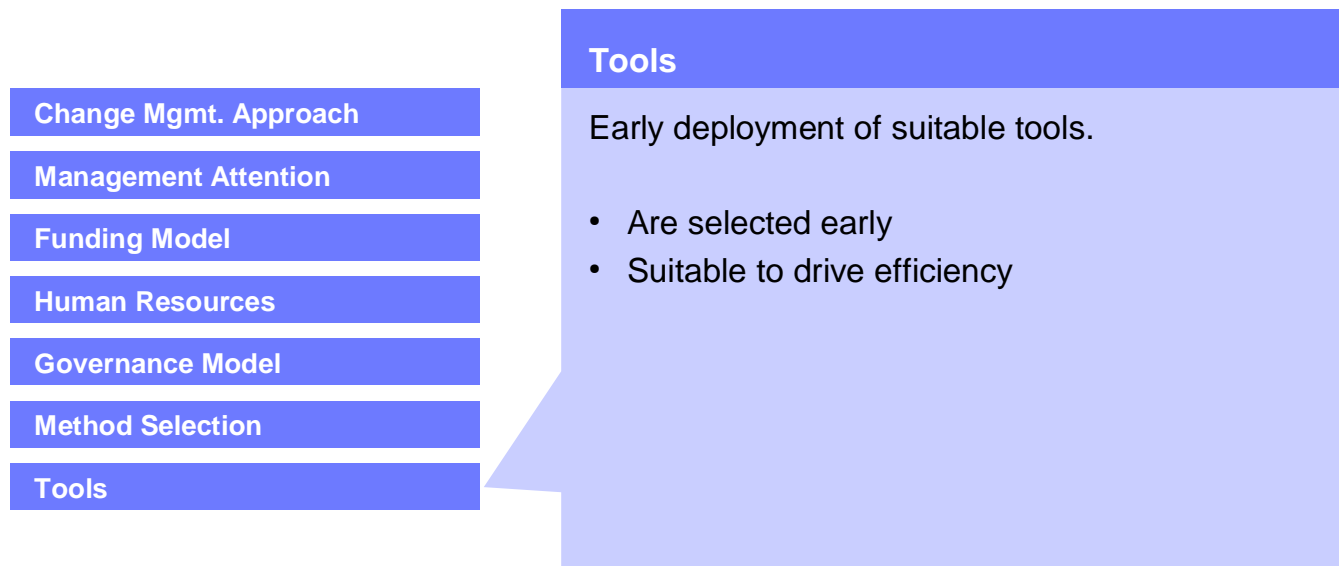
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LOCAL

GLOBAL

Change Mgmt. Approach

Management Attention

Funding Model

Human Resources

Governance Model

Method Selection

Tools

Technical Factors

Technical Factors

All technical challenges are addressed.

- Technical challenges are addressed: Compliance, Data Conversion, Master Data, Security, UniCode, Availability, Time Zones, Translation, Infrastructure

Source: Results of empirical research towards the phd thesis of Gunter Seidel, based on 13 expert interviews

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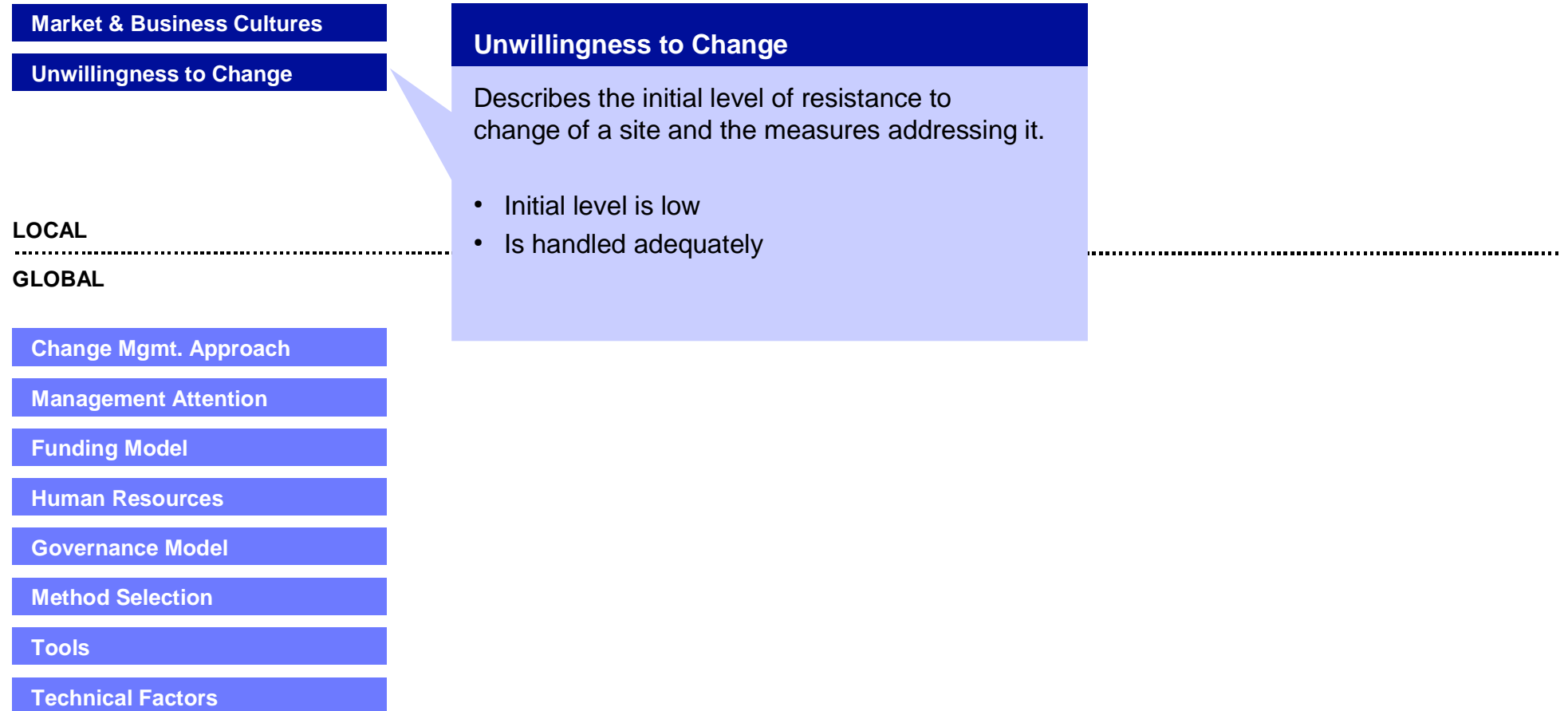
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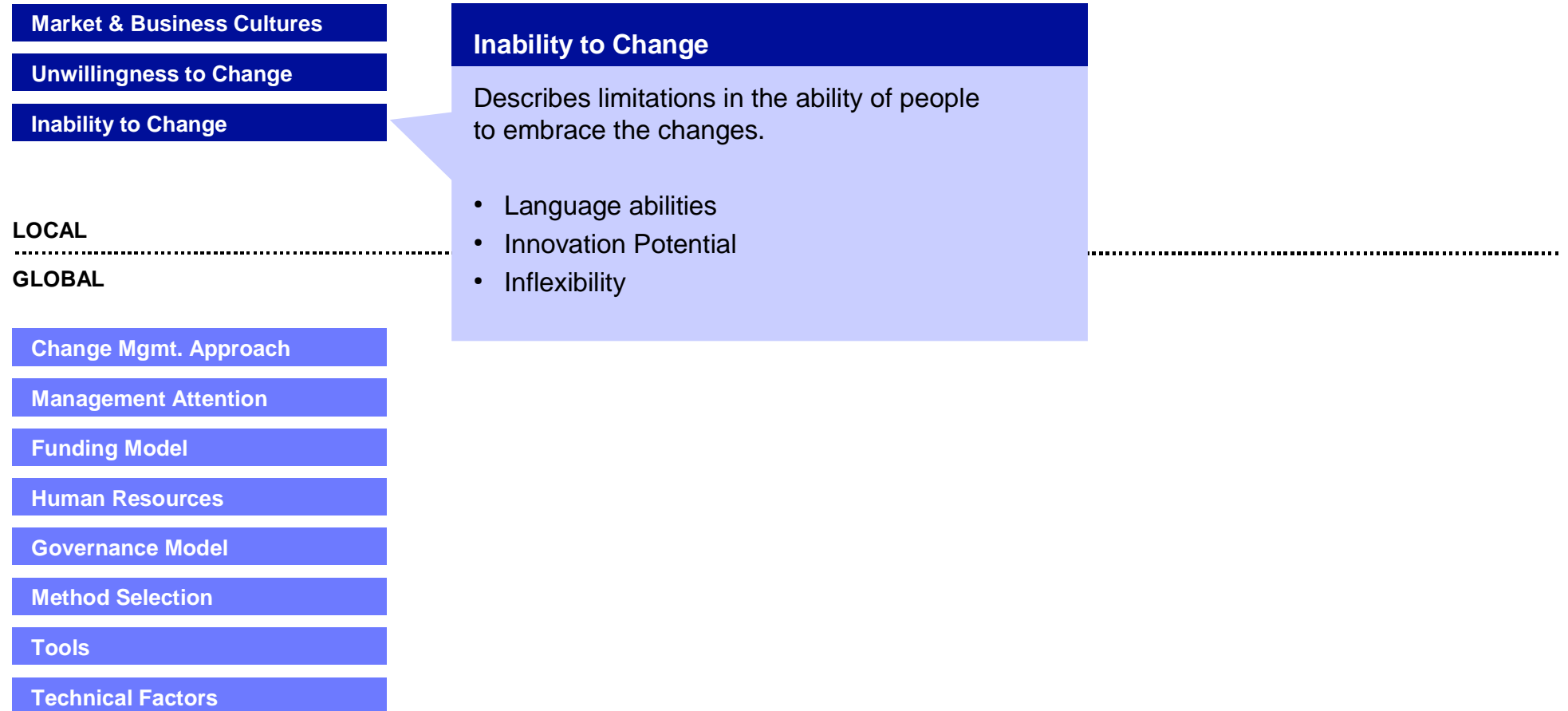
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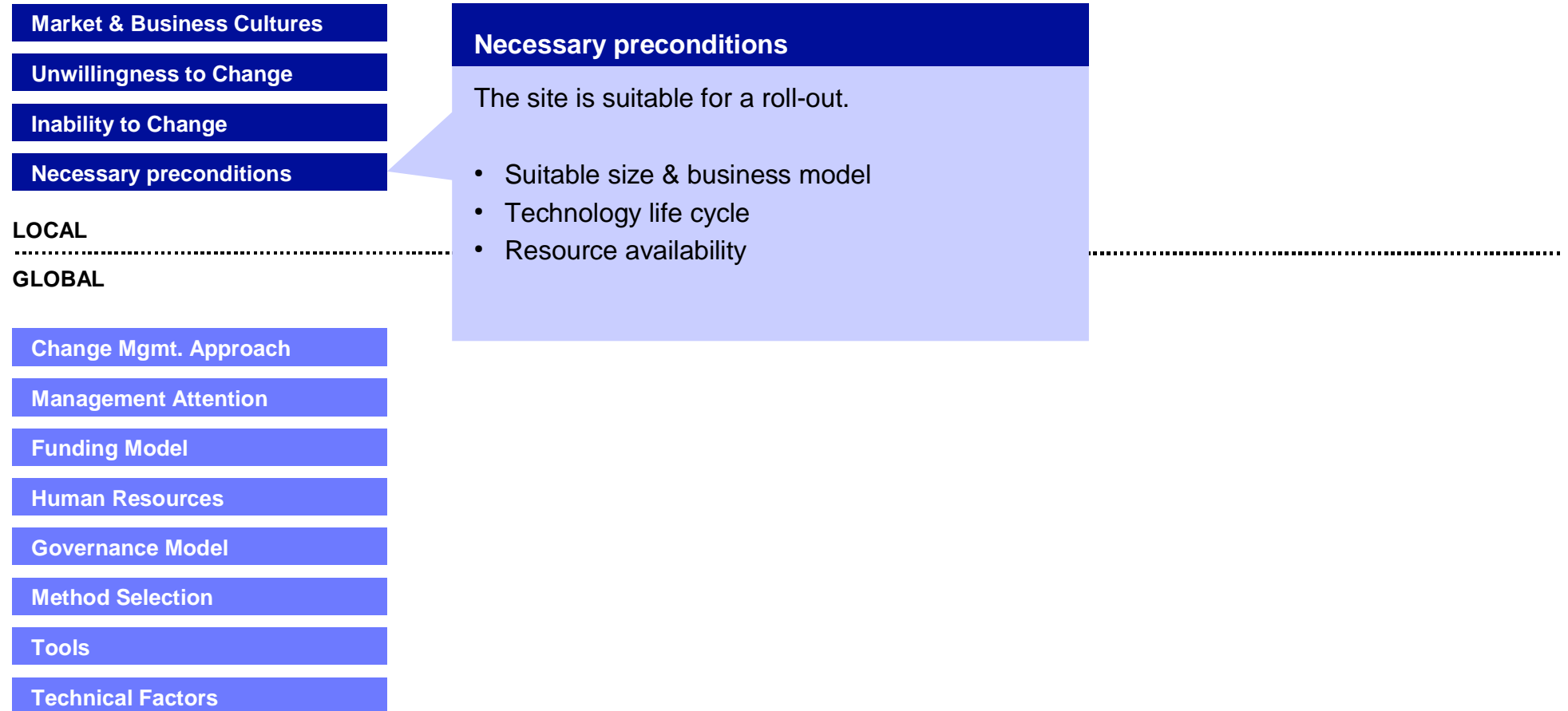
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In summary 12 success factors were identified and 2-7 management actions to establish them gathered

Model derived by an Expert Interview Series

Market & Business Cultures	: 2 management actions / indicators
Unwillingness to Change	: 2 management actions / indicators
Inability to Change	: 3 management actions / indicators
Necessary preconditions	: 3 management actions / indicators

LOCAL

GLOBAL

Change Mgmt. Approach	: 6 management actions
Management Attention	: 3 management actions
Funding Model	: 4 management actions
Human Resources	: 7 management actions
Governance Model	: 5 management actions
Method Selection	: 3 management actions
Tools	: 2 management actions
Technical Factors	: 1+x management actions

Source: Results of empirical research towards the phd thesis of Gunter Seidel, based on 13 expert interviews

The specific meaning of 'success' was verified throughout the interviews

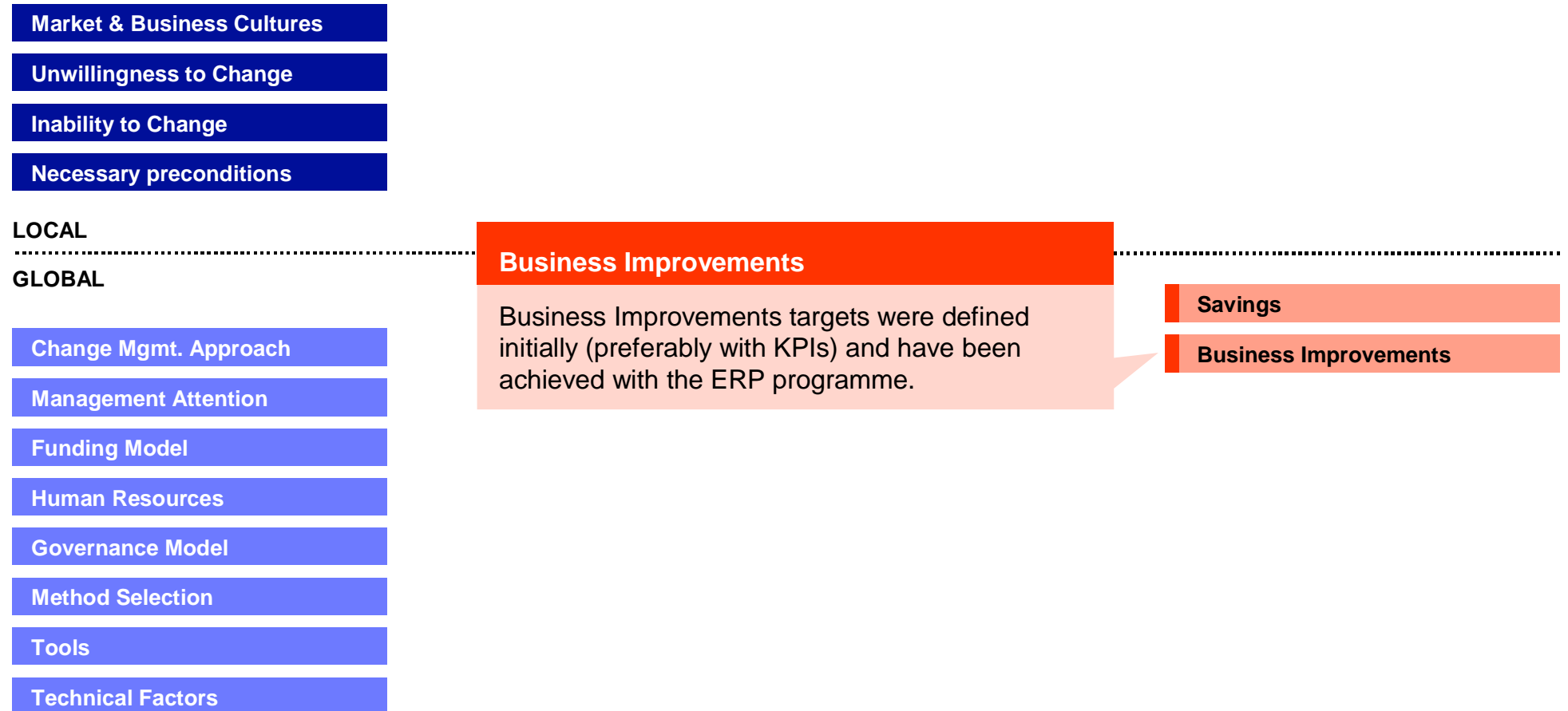
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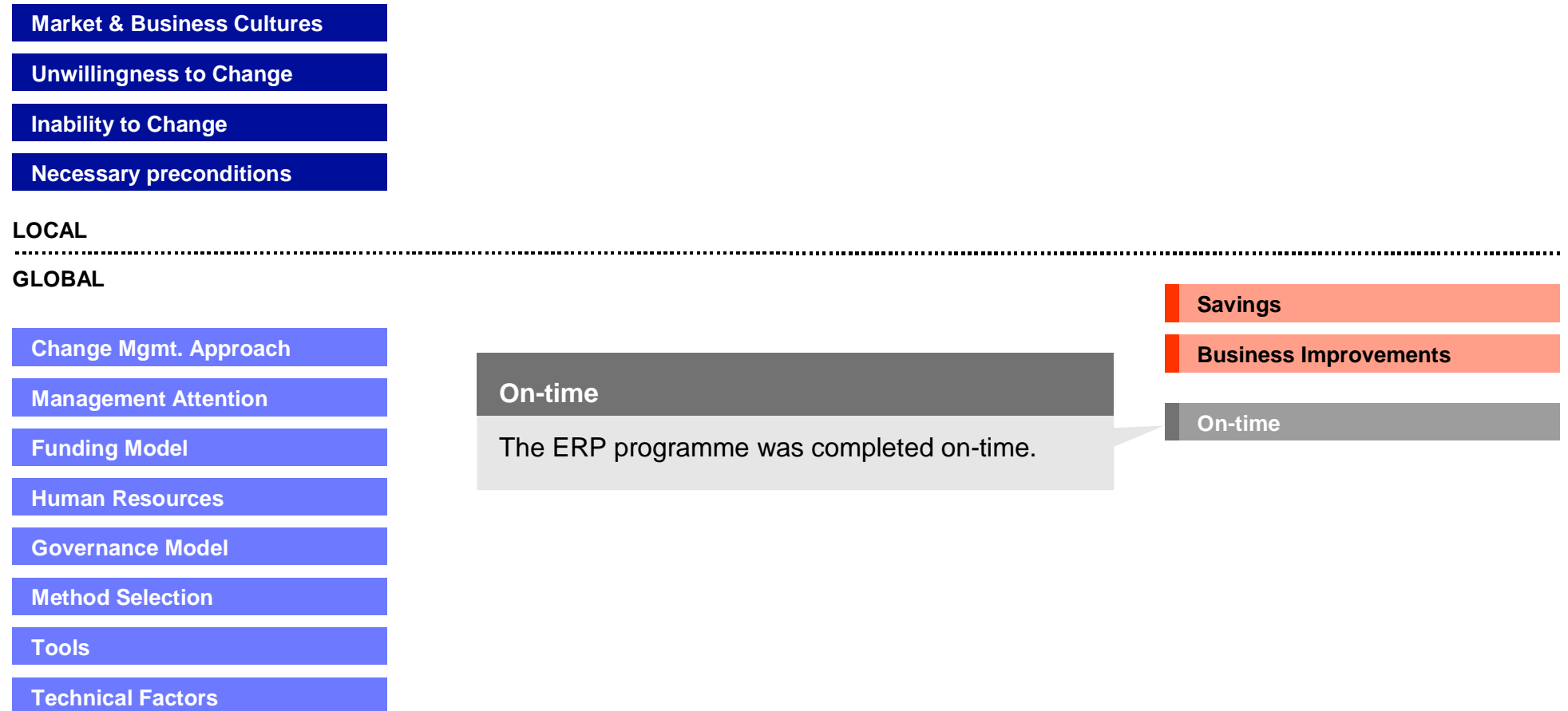
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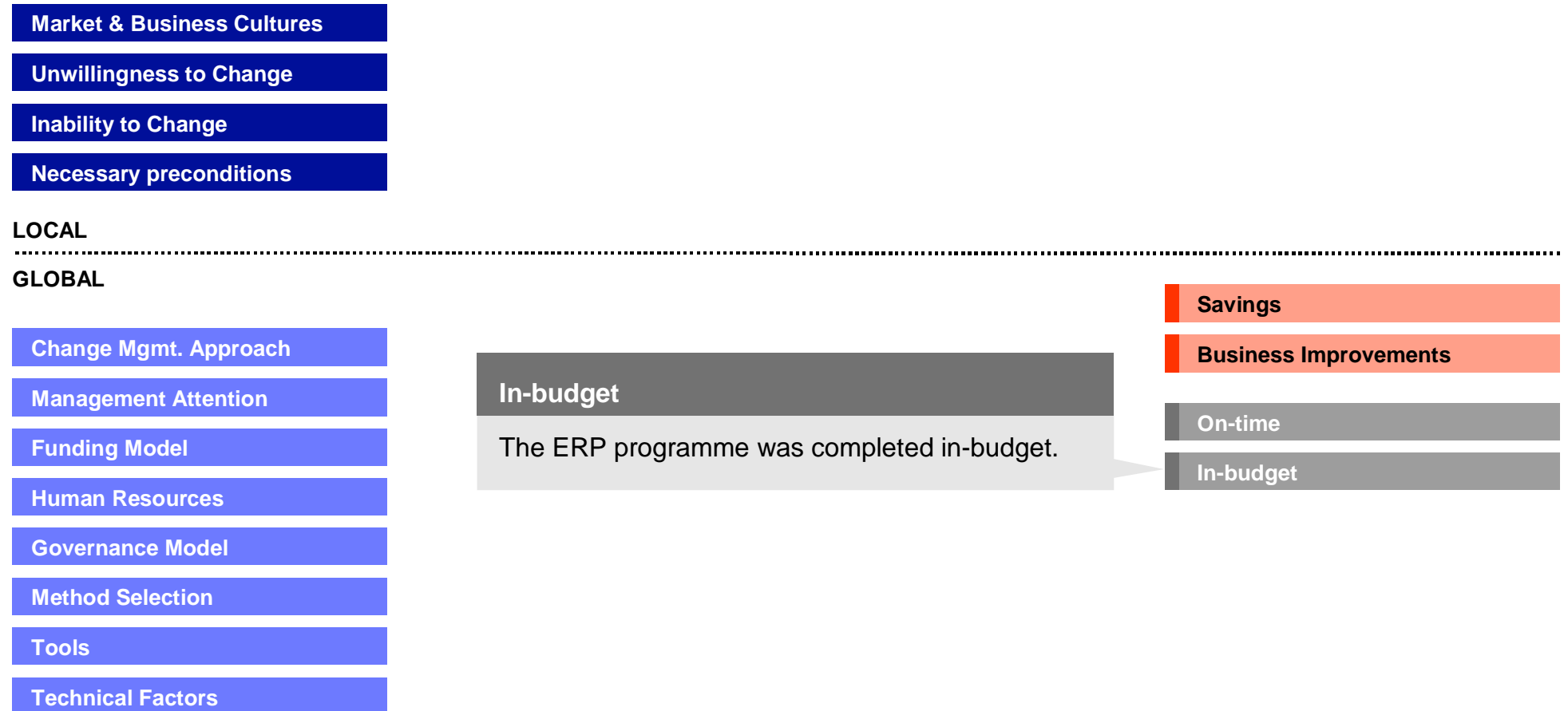
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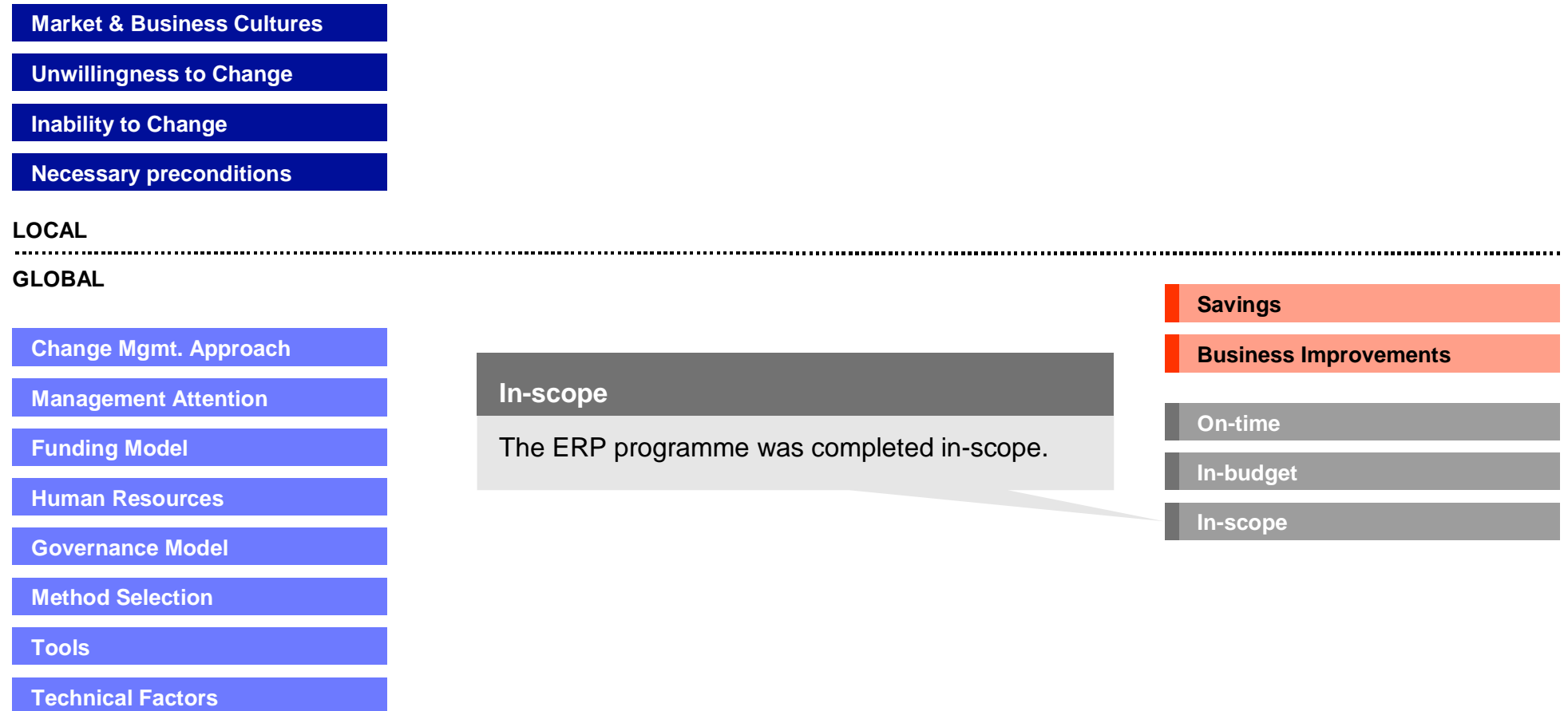
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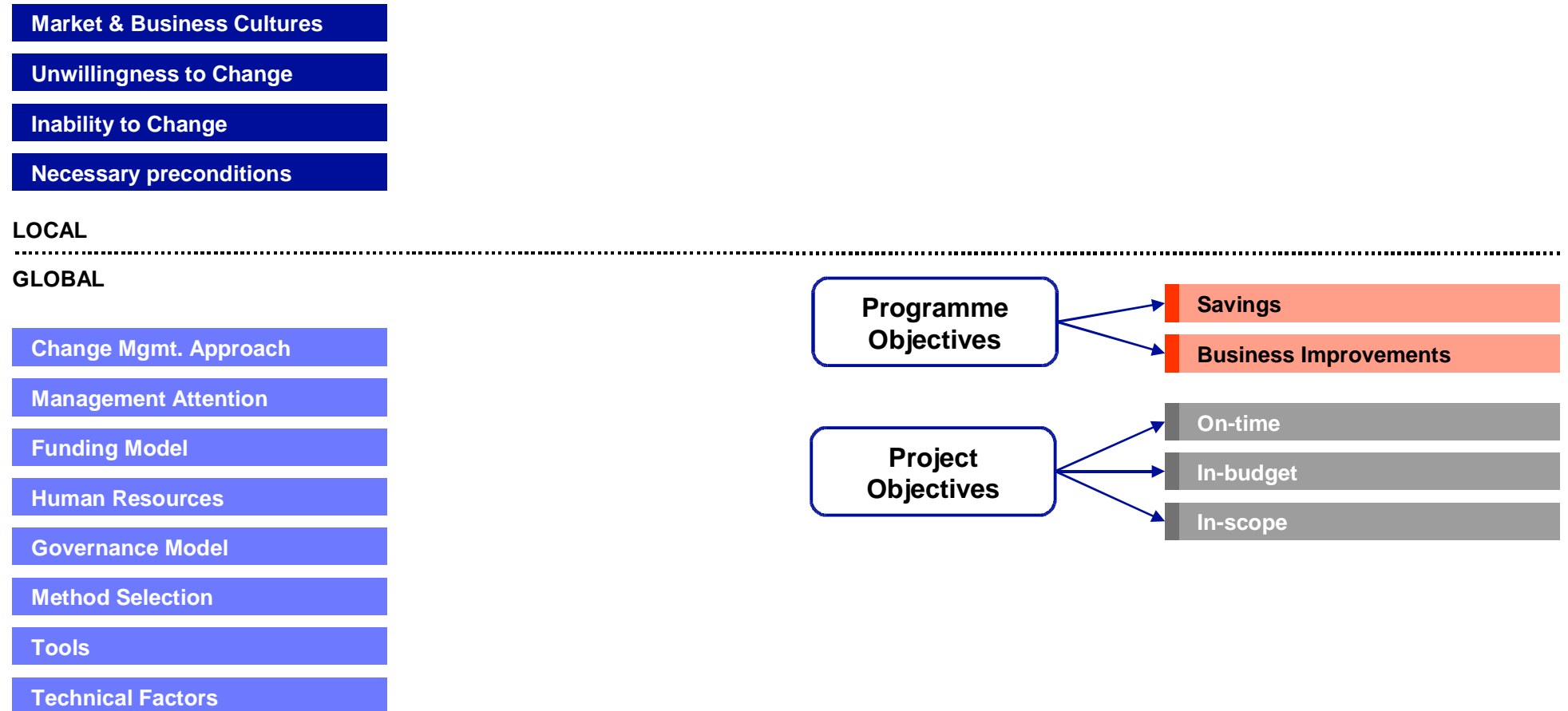
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The elements of success were grouped into programme and project objectives according to the interview results

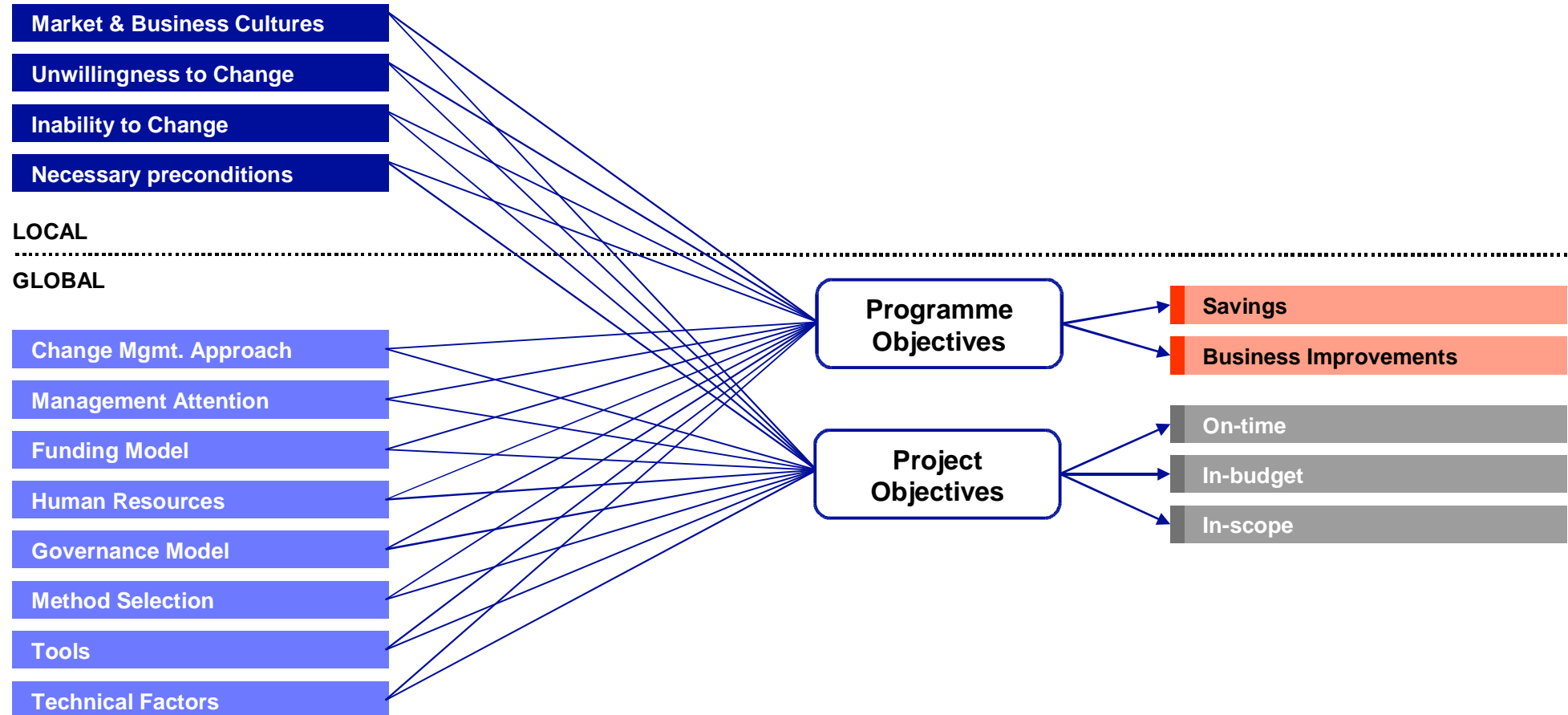
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This results in an unweighted model of Critical Success Factors driving Programme and Project success

Model derived by an Expert Interview Series



Source: Results of empirical research towards the phd thesis of Gunter Seidel, based on a survey of 67 global ERP programmes

Questions?

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