Chapter XIV
Implementing ERP Systems in Multinational Projects: Implications for Cultural Aspects and the Implementation Process

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ABSTRACT

In this chapter we present the factors for the success of ERP implementation projects. In the first section, we present the outcome of three surveys on the process and success factors for ERP projects. The first survey was undertaken in 2003 in Germany, the second in 2004 in the United States, and the third in 2006 in Turkey. The results are discussed in light of Hofstede’s model of cultural factors. In the second section we evaluate common ERP lifecycle models. In spite of the great variety of potential advantages, it is also necessary to illuminate the real effects of standard ERP software in practice. Recent studies have revealed that 81% of German companies interviewed using SAP do not fully exploit the software’s ability to optimize business processes, though 61% stated that SAP offers very good process optimization opportunities (Ploenzke, 2000). Therefore we evaluated popular lifecycle models with respect to their suitability to implement standard software in a process-driven way (Kuehl & Knoell, 2002). In the third section we present a semi-process-oriented approach lifecycle model for the implementation and
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INTRODUCTION

The widespread implementation of commercial standard ERP software has required considerable investment by industrial and service companies. However, research suggests that the claimed advantages of the systems’ capabilities in terms of optimized processes have not been realized in many of the current implementations. Studies and interviews undertaken within companies confirm this finding. In Kontzer (2003), Joseph Langhauser, engineering group manager at General Motors, is quoted as saying: “We don’t need more IT, we need to figure out the business processes we have.”

Holland and Light (1999) note: “Successful ERP implementations are certainly publicized…but less successful projects have led to bankruptcy proceedings and litigation against IT suppliers. Approximately 90% of ERP implementations are late or over budget.” Furthermore they write: “ERP implementation can reap enormous benefits for successful companies—or it can be disastrous for organizations that fail to manage the implementation process.”

The problem starts with the selection of the ERP system supplier. Franch and Carvallo (2003) describe the dilemma of the selection process: “One of the biggest problems is the lack of standard terminology amongst a domain’s software packages. Different vendors refer to the same concept by different names, or even worse, the same name might denote different concepts in different packages.”

Further, in practice we find that the often-applied proprietary lifecycle models for implementation of ERP systems do not sufficiently support the optimization of a company’s business processes, since they consider implementation as primarily a technical challenge. Although suppliers stress the necessity to improve the business processes by using the new software, there is a lack of clear instructions to guide the project team in analyzing and designing optimized business processes.

Daneva (2004) supports our earlier findings (Knoell, Kuehl, Kuehl, & Moreton, 2004) that the common lifecycle models for the implementation of ERP systems lack advice for project management on how to improve the company’s specific business processes, how to form teams, and how to control these teams during the project.

This chapter is structured into six sections. In the second section we give an overview of ERP and previous research. Against this background we wanted to explore the implementation approaches organizations used for their ERP systems and how successful they considered these projects. The first survey was performed in Germany from 2003 to 2004. The outcome showed a surprisingly high rate in projects success and project satisfaction, which was inconsistent with the Chaos Reports of the Standish Group (1994, 1996) and other reports of failed software projects (Dorsey, 2003). From 2004 to 2005, a second survey was undertaken in the United States to determine if there were any differences in the software implementation approaches and their success rates. In 2006 we did a third survey in Turkey with the same questionnaire. In the third section we present the surveys outcomes and try to explain them in light of Hofstede’s (1979) culture factors.

In the fourth section we draw attention to the business process optimization capability of standard ERP software implementation approaches and assess how they are used in practice. After that, we present the semi-process-oriented approach developed from our analysis and our experience; it is then evaluated with the criteria...
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