Lessons Learned from Enterprise Resource Planning (ERP) Implementations in an Australian Company

Ritesh Chugh, School of Engineering & Technology, Tertiary Education Division, Central Queensland University, Melbourne, Australia
Subhash C. Sharma, School of Engineering & Technology, Tertiary Education Division, Central Queensland University, Melbourne, Australia
Andrés Cabrera, BHP Billiton, Antofagasta, Chile

ABSTRACT

Successful Enterprise Resource Planning (ERP) implementations are a boon for organisations. However, there have been many instances of failed ERP implementations globally resulting in millions of wasted dollars. It is vital to learn from past ERP implementations so that such expensive mistakes are not recurrent. This qualitative exploratory case study aims to explore and document the lessons learned from ERP implementations in an Australian global natural resources company to mitigate such problems in the future. A single case study was conducted with the aim to understand experiences from different sites of the company that have already undergone proprietary ERP system implementation. Data was collected through interviews of key participants who were involved in the implementation. Analysis of the interviews has resulted in comprehensive lessons learned around the project focus areas. Finally, ten tips, divided in 4 categories i.e. People, Strategy, Technology and Management have been identified, to guide future ERP implementations and increase chances of success.

KEYWORDS


INTRODUCTION

Globally, organisations have leveraged enterprise resource planning (ERP) systems to streamline business processes, improve performance and obtain value (Cao, Nicolaou & Bhattacharya, 2013). The advent and usage of ERP systems over the past two decades has had a profound impact on organisations globally (Davenport, 1998). The main purpose of ERP systems is to provide seamless integration amongst disparate information systems in organisations (Laudon and Laudon, 2015). Through this integration, the flow of information becomes less cumbersome and business processes become cohesive across all functional areas allowing processes to extend beyond organisational boundaries. However, ERP implementations come with their own lacunae and forte. Successful ERP implementations provide cost savings, improve decision making and provide competitive advantage (Shang and Seddon, 2000) whereas failed ERP implementations lead to loss of money, resources and effort (Zeng and Skibniewski, 2013). There have been many instances of failed ERP implementations (Barker and Frolick, 2003; Xue, Liang, Boulton & Snyder, 2005). According to a recent survey of

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562 ERP implementations globally, it was found that often ERP implementations take longer than scheduled, are over budget and have an increased failure rate (Panorama, 2015). This study also suggested that companies can increase their success rate by identifying critical success factors. Analyst firm Gartner estimated that 55% to 75% of all ERP projects fail to meet their objectives (Sullivan, 2015). Analysing past ERP implementations can provide an in-depth understanding of reasons and challenges (Abukhader, 2015). Hence, in order to avoid ERP implementation failures, it is important to learn from past implementations so that costly mistakes are not repeated.

ERP implementation has been one of the most important challenges for practitioners but little research has been conducted about ERP implementations (Hong & Kim, 2002). A literature review study has reported a lack of research of organisational learning and ERP systems; ERP implementations can also support organisational learning (Myreteg, 2015) as learning via past projects can aid success in the future. Based on the review of literature, most prior studies of ERP implementation are derived from countries other than Australia. The lack of ERP implementation studies based on previous projects, especially with an Australian context, prompted this study. Moreover, as previous studies have limited themselves to one implementation project, this study holistically looks at ERP implementations at three different sites. Literature also offers insufficient guidance to organisations for ERP implementations so they can manage future implementations successfully (Esteves & Bohorquez, 2007; Nandi & Kumar 2016).

This paper provides insight about ERP implementations in an Australian global natural resources company. The company is one of the world’s largest producers of natural resources such as iron ore, coal, copper and uranium, which it sells nationally and internationally. The name of the company explored as part of this study has been withheld for confidentiality reasons and the pseudonym Cabshachu has been used instead.

Cabshachu uses a proprietary enterprise resource planning system, which was one of the most important business transformation initiatives in its history. Its ERP projects have focused on standardising and simplifying organisational processes. Cabshachu’s ERP project delivers a SAP-based business software system across their global business and concentrates on integration and enhancing process efficiencies. The proprietary ERP system focuses on implementing simple, standard and effective processes across the entire organisation and sharpens the focus on safety, production and cost. The proprietary ERP system has already been successfully implemented in some sites of Cabshachu around the world.

The scope of this paper is to outline the lessons learned in the implementation of the proprietary ERP system projects at three sites of the company – two national and one international. The ulterior motive of understanding and documenting the lessons learned from these three sites is to improve implementation of the proprietary ERP system at a fourth site of Cabshachu, which is facing its own unique problems and challenges. The implementation strategy of the proprietary ERP system at the fourth site does not form part of this paper and will be outlined in a future publication. Nevertheless, the implementation of the proprietary ERP system for the fourth site focused on being an effective, efficient, safe and final action (one-time only). This paper provides an extensive insight into knowledge from three implementation projects that have already implemented a proprietary ERP system to improve their processes. The lessons learned from prior implementations will be a feeder into future projects at Cabshachu and can also be a guide to other organisations globally who engage in similar ERP implementation projects.

The rest of the paper is organised as follows. The next section presents an overview of the current literature of ERP implementations highlighting the theoretical positions and empirical findings. A contextual background by outlining the problems and challenges faced at the fourth site, which calls for implementation of the proprietary ERP system is then presented. The subsequent section describes the research method and other key considerations adopted for data collection and analysis. Findings and discussion are then outlined. Finally, the conclusion section highlights the implications, importance and limitations of this study along with future research suggestions.
Distinct Stakeholder Roles Across the ERP Implementation Lifecycle: A Case Study
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Enhancing Traditional ATP Functionality in Open Source ERP Systems: A Case Study from the Food & Beverages Industry
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