Enterprise resource planning (ERP) systems are pervasive information systems that have been fundamental in organizations for the past two decades. ERP systems may well count as the most important development in technology in the 1990s. There are many ERP success stories; equally there are as many failure stories. This article reviews current literature of the critical success factors (CSF) of ERP implementations. This review will be used in conjunction with the case of a UK furniture manufacturer’s (Company X) implementation of an ERP system. This article considers the factors that resulted in the failure of the ERP at Company X in the chartering phase of the implementation.

Keywords: chartering phase; critical success factors (CSF); enterprise resource planning (ERP); implementation

INTRODUCTION

In November 2005, the authors were recruited by a UK furniture manufacturer (Company X) to implement an enterprise resource planning (ERP) system. In April 2006, Company X decided not to continue with the ERP adoption. The ERP system failed to be implemented. The project was unsuccessful.

The success and failure of an ERP implementation is closely related to how a company manages the process (Fang & Patrencia, 2005). How the implementation process of an ERP system is managed may vary amongst companies; however, there are general points which are important in the process and could result in ERP success or failure. Laudon and Laudon (2006) define these general points as critical success factors (CSF).

CSFs are the interest of this article. The authors wish to explore the reasons why the ERP implementation at Company X was unsuccessful using a specific selection of CSFs outlined in literature. Nine CSF have been selected from a combination of the work of Loh and Koh (2004), Nah and Lau (2001), and Parr and Shanks (2000). The work of these authors is utilized because they defined their CSFs in the context of their importance in each phase of the implementation process. This article will focus on the very initial phase of implementa-
tion; the phase which Markus and Tanis (2000) define as the chartering phase. The findings allow conclusions to be made as to why the implementation of the ERP system at Company X was unsuccessful.

What is an ERP System?
An Enterprise resource planning (ERP) system is a commercial software package (Davenport, 1998; Markus & Tanis, 2000; Kim et al., 2005) that promotes seamless integration of all the information flowing through a company (Davenport, 1998). Laudon and Laudon (2006) explain that an ERP system collects data from various key business processes in manufacturing and production, finance and accounting, sales and marketing, and human resources (Figure 1). The system then stores the data in a single comprehensive data repository where they can be used by other parts of the business. Managers have precise and timely information for coordinating the daily operations of the business and a firm, wide view of business processes and information flows.

Davenport (1998) explains how an ERP system can work:

A Paris-based sales representative for a U.S. computer manufacturer prepares a quote for a customer using an ERP system. The salesperson enters some basic information about the customer’s requirements into his laptop computer, and the ERP system automatically produces a formal contract, in French, specifying the products configuration, price and delivery date. When the customer accepts the quote the sales rep hits a key: the system after verifying the customer’s credit limit, records the order. The system schedules shipment; identifies the best routing; and then working backward from the delivery date, reserves the inventory; orders needed parts from suppliers; and schedules assembly in the company’s factory in Taiwan. (pp. 2-3)

Why an ERP System?
During the 1990s, ERP systems became the de facto standard for the replacement of legacy systems (Holland & Light, 1999). Somers and Nelson (2001) claim there are numerous reasons for the increasing demand of ERP systems, for example, competitive pressures to become a low-cost producer, expectations of revenue growth, ability to compete globally and the desire to re-engineer the business.
Putting Implementation into Enterprise Architecture Research
www.igi-global.com/article/putting-implementation-into-enterprise-architecture-research/159182?camid=4v1a