Chapter 8
Risk Management and Business Processes Reengineering, Success Drivers for ERP Projects: A Case Study

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ABSTRACT
By using a case study example and focusing on the implementation phase, this chapter presents and emphasises the validity of specific risk management model. Briefly, an overview of another two ERP projects risk management’s models will be provided; the first model deals with ERP as technology where risks are managed in accordance to Information Technology and Information System (IT & IS) projects governance. The second model considers the integrated and interdisciplinary nature of ERP systems and introduces the term “ERP Governance” as a model that demands balance between IT and business governance. The third model, while similar to the second, relies heavily on best-practises and assessment frameworks from the industry. Throughout this chapter, the author explores this model, its importance, and application in contexts similar in nature to those found in the hierarchically structured intergovernmental organizations. Finally, the author concludes that embedding risk management best practices into the organization culture and business processes can positively influence the success of ERP system implementation. In other words, earlier adoption of risk management best practices for ERP system implementation will help both business & projects to meet their intended objectives and thus positively influence the success of ERP projects by ensuring that prescribed goals are met.

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INTRODUCTION

Successful planning, implementation and use of Enterprise Resource Planning (ERP) systems are critical to the operational performance and to the survival of ERP adopters. While the identification of risk factors and critical success factors for the management of ERP projects has been addressed by some research papers, less attention has been made to the impediments of risks and drivers of success. There was no substantial research that explores ERP implementation success factors with a critical view on how to monitor the risks, especially in the context of hierarchically structured, non-profit intergovernmental organizations such as the United Nations, where key success factors for ERP-project’s implementation and its future sustainability are bound by real business transformation that is built on well planned and well managed risk monitoring or risk aware strategies.

This chapter will review the “Techniques for Legacy systems and the internal processes to successfully adopt and implement the features required for new business challenges” for which the chapter proposes the following:

- A ‘risk versed culture’ must be established by inoculating the organizational culture & values with Risk Management knowledge and practices. This need to be established far in advance as it will be the base upon which the success of other business developments and initiatives can be sought
- To present an example, an organization in which Risk Management were designed as a key process in reengineering the internal processes, reforming the overall risk culture and preparing a multisite international organization to successfully adopt and implement the features required for the new ERP system and other business improvement initiatives.

Successful planning, implementation and use of ERP are critical to the operational performance and to the survival of adopters, this is because many of the organization’s functions are considerably transformed and reengineered to operate under the control of one ERP system.

It can be safe to say that reformation of organization (A or B) is easier or harder (in terms of budget, schedule, and efforts) in one organization than the other, the difficulty level depends on many factors, the most obvious of which are the organizations size, complexity, and structure. The latter for example can have a significant effect on the organizational culture; it can literally mark it as flexible or inflexible culture.

This chapter presents an overview of the reengineering and reformation of a hierarchically structured Intergovernmental organization as a unique case study. In this example, there are challenges including the current bureaucracy and inflexible setup which constitute a huge threat to ERP and similar initiatives mainly because the inherent organizational culture will hardly accommodate or tolerate change. Thus, process and culture reengineering is inevitable.

BACKGROUND

What Does it Take to Implement an Enterprise Resource Planning (ERP) System? A Brief Account

ERP systems have received great attention in the recent years because of its bona fide ability to facilitate decision-making and improve productivity of its adopters, as noted by (Aloini, et. al., 2007) it also help in lowering overall operating costs and improving customer services.

Unlike the conventional Information System project implementation which is – by more or less- a technology-driven innovation that aims at providing reliable tools for monitoring and controlling specific business activities, the implementa-