

# ERP Project Success Perception by the Adopters: An Exploratory Study of the Projects beyond Budget and Schedule

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## ABSTRACT

*The purpose of this paper is to determine how the context of the deviations from the planned budget and/or schedule affect the success perception of the project in the eyes of the project management and top management of an adopting organization on a basis of three Enterprise System implementation projects, none of which has met the time-budget criterion. The projects are evaluated against the lists of project failure factors commonly cited in the literature. The results of the study show that deviation from the initially planned schedule and/or budget does not affect the success perception, providing that the project was properly managed and its business outcome is achieved.*

**Keywords:** *Enterprise Resource Planning System Implementation (ERP System Implementation), Enterprise System Implementation, Information Technology Project Success (IT Project Success), Success Evaluation, Success Perception*

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## INTRODUCTION

Many research publications (Al-Ahmad et al., 2009; Mc Manus & Wood-Harper, 2007) and reports for practitioners (Standish Group Report, 1995 – 2009) evaluate IT projects with the use of the so-called ‘iron triangle’ criteria, namely alignment with the planned scope, budget and schedule. On the other hand the use of the ‘iron triangle’ project success measures is subject to criticism (Chan, Scott, & Lam, 2002; Baccarini, 1999; Lim & Zain Mohamed, 1999) for being too narrow, not only for the assess-

ment of IT projects. In addition, the statistics prepared with the use of the ‘iron triangle’ criteria indicate that a very limited number of all IT project is successful (Standish Group Report, 1995 – 2009). Although the usage of systematic project management approach (Rozenes & Vitner, 2010; Rozenes, 2011) as well as careful implementation of project management best practices (Lind & Culler, 2011) may increase the success rate, and the figures in some of the reports, including Standish Chaos Report, are now considered to be exaggerated (Glass, 2006; Jørgensen & Moløkken, 2006), the number of project considered to be failed and challenged still remains in contradiction with the continuous large investments in IT

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worldwide. This contradiction encourages any kind of research that aims to investigate the perception of project success among its stakeholders and can explain the paradox of massive investments into IT undertakings, which are in most cases ‘unsuccessful’ if one takes the iron triangle measures as a reference. The purpose of this paper is to determine, how the context of the deviations from the plan affect the success perception of the project in the eyes of the project management and top management of an adopting organization.

## PROJECT SUCCESS PERCEPTION – LITERATURE REVIEW

Traditionally, the project was considered a success if it was accomplished on time, within the budget and as a result supplied the functionality specified during the project planning. However, these so called ‘iron triangle’ criteria are criticized for being not enough comprehensive for the purpose of assessing the success of complex projects (Chan, Scott, & Lam, 2002; Baccarini, 1999; Lim & Zain Mohamed, 1999). A study among Australian construction industry project managers performed by Collins & Baccarini (2004) revealed that 53% of the respondents considered time, budget and quality to be insufficient criteria for project assessment. The ‘satisfaction of the client’ made up the most common additional criterion. Also in the survey among Norwegian project managers (Karlsen et al., 2005) the highest ranked success criterion was whether a system ‘works as expected and solves the problem’, whereas the iron triangle criteria were ranked lower on the list. The conclusion these authors draw from their studies is that a project should be assessed in two categories: product success, which involves meeting the customer’s organizational expectations, and project management success, which involves satisfying time, budget and functionality criteria. Nelson (2005) adds up to this discussion concluding, that even if a product is delivered according to the functional specification, it may

not yield business outcomes due to poor business planning or to the changing business environment or organizational strategy. To sum up, the project should be evaluated from two major perspectives (Atkinson, 1999; Baccarini, 1999; Nelson, 2005; Thomas & Fernandez, 2008):

- Product success – i.e. Achieving the project’s organizational and business goals;
- Project management success – i.e. Satisfying the budget, time and quality/functionality criteria.

Another issue, that has to be taken into consideration is that different stakeholders (e.g., users, project managers, team members, sponsors and top management) are interested in different aspects of the project’s success (Badamas, 2011; Nelson, 2005; Thomas & Fernandez, 2008). The issue of users’ criteria for evaluating an IT project as success forms a separate research topic that is widely covered by the literature regarding user acceptance (e.g., Davis, 1989; Venkatesh et al., 2003) and shall not be discussed in detail here. In this paper, the criteria will be examined from the perspective of project management and top management of an adopting organization. If a project meets both product and project management success criteria it can be, without doubt, considered to be successful. However, the question arises, if a deviation from any of these criteria automatically entitles to categorize a project as a failed or challenged one. Eveleens and Verhoef (2010) state, that the deviation from the initial forecast is dependent on the estimation routine, adopted in a specific organization. Some would show the lowest possible estimates, some would try to make their forecasts as exact as possible, and some others would steer towards the criteria fulfillment and overestimate the project parameters such that all projects are always ‘successful’. If the project is performed according to some of the non-waterfall approaches, like agile development, the initial forecast of the scope and/or schedule may even not be available.

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