

Chapter XI

Learning from Failures

To prevent failures, the scope of the project has to be manageable and projects need to be properly evaluated and reviewed (Maguire 2007).

STRATEGIC FAILURES

Introduction

Strategic failures can be defined as failures of achieving the expected benefits from the organizational, size and industrial sectors or countries' perspectives at a higher level.

At an organizational level, such failures could be related to a scenario where the ICT implementation has failed to enhance an enterprise's image and recognition in the specific industry. From the angle of size and industrial sectors, such failures could be related to a phenomenon where 'sectorial divide' is apparent owing to the different stages of ICT adoption and hence affecting the possibility of integrating with suppliers and customers in a supply chain. Strategic failures can also be extended to failures at the countries level.

It must be noted that ICT adoption and implementation go hand-in-hand in the sense that successful past implementation will increase adoption (Gunasekaran et al, 2006). Government policy plays a critical role in determining ICT growth, adoption and implementation for the country's economy, the industry sectors and ultimately the enterprises.

Measuring information systems success and failure is a very complex process. Academics have attempted to identify the key criteria that affect the successful implementation of information systems for over 30 years (Lucas 1978). One recent research project used six key dimensions: system quality, information quality, service quality, use, user satisfaction, and net benefits (Petter et al. 2008).

Factors Affecting Strategic Failures

Outsource manufacturing and/or service operations to developing/transitional countries have become a common strategy for many enterprises in the west. For examples, Morgan Stanley outsourced their call centre to India, and many Motorola's mobile phones' parts are made in Malaysia.

Exhibit 11.1.

Mini Case: Wal-Mart and P&G

Wal-Mart and P & G, are the two consumer packaged goods suppliers that have made supply chain a household word. Back in the 80s, retailer shared very little information with manufacturers. Then, they built a software system that hooked the USA's P&G up to the USA's Wal-Mart's distribution centers. When P&G's products run low at the distribution centers, the system sends an automatic alert to P&G to ship more products. In some cases, the system goes all the way to the individual Wal-Mart store. It lets P&G monitor the shelves through real-time satellite link-ups that send messages to the factory whenever a P&G item swoops past a scanner at the register. With this kind of real-time information, P & G knows when to make, ship and display more products at the Wal-Mart stores. It eliminates the need to keep products piled up in warehouses awaiting Wal-Mart's call.

Invoicing and payment happen automatically too. The SCM system saves P&G a significant amount of time, reduced inventory and lower order-processing costs that it can afford to give Wal-Mart "low, everyday prices" without putting itself out of business. However, the small suppliers, e.g. farmer who delivers fresh organic vegetables to Wal-Mart, may not have similar types of ICT systems for such transaction. This shows that ICT adoption is influenced by a 'sectorial divide'.

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