

## Chapter 7.13

# Feral Systems and Other Factors Influencing the Success of Global ERP Implementations

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### ABSTRACT

In this chapter we look at the factors that influence the successful implementation of a global enterprise resource planning (ERP) system. We identify 12 issues that need to be considered when implementing such systems. Each one of these issues is expanded upon with relevant literature and examples. In this chapter we also look at factors that lead to the development of information systems by employees in addition to or outside the implemented ERP. We introduce the concept of feral systems to explain this phenomenon. Other factors such as employee mistrust of the system are also discussed. Finally we look at future directions with respect to ERP implementations.

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### INTRODUCTION

With increased globalization and the accompanying need for multinational companies (MNCs) to have offices in international locations, it is not surprising that billions of dollars have been spent by MNCs over the last decade in attempts to integrate their information technology. The most common approach to this problem is the implementation of enterprise resource planning (ERP) systems. The primary object of global ERP implementation is the imperative to have totally integrated information technology resources stretching across the entire global organization. This integration will result in better alignment of IT investments against organizational goals, better accountability of IT investments and expenditure, and more timely access to data. According to Systems Applica-

tions and Products in Data Processing (SAP), the market leader in ERP sales, improved access to accurate data has a number of advantages, including “accelerating time to market of products and services, maximizing partner business results through synchronized product catalogues and improving the ability to respond and adapt to changing conditions” (SAP, 2006, p. 1).

This chapter focuses on the factors affecting the implementation and adaptation of ERPs in business. It will provide multiple perspectives to post-implementation problems for the global corporation. Much of the literature to date has concentrated on the negative aspects of ERP implementations rather than the positives that accrue from the integration of information technology resources within an enterprise. Some examples of these positive aspects include providing a means for global companies to lower costs, improve quality, increase inventory variety, and improve delivery reliability through the enabling technology of a global ERP system (Gupta & Kohli, 2006).

In summary this chapter will look at the following factors:

- Background to ERP implementations and the problems associated with them
- Examples of the positive benefits of ERP implementations
- Issues to be considered when implementing ERPs
- Factors leading to the development of systems outside the ERP
- Employee mistrust of the ERP

## **BACKGROUND**

Global ERP implementations have had a patchy history. For example, implementations with companies such as FoxMeyer and Hershey have resulted in significant delays in work and, in the case of FoxMeyer, even bankruptcy. The lessons learned from the FoxMeyer example were that

the company tried to do too many projects at once and this resulted in managerial over-commitment. Scott (2006) suggested that this over-commitment was even more disastrous than management not being committed enough. In addition, employees knew their jobs were on the line and that a major reason for implementation was to downsize the workforce. There was a reported morale problem with many employees due to the concern of their jobs being threatened, and this even resulted in cases of employees damaging inventory and not filling orders. In addition, FoxMeyer was heavily dependent on consultants from Anderson Consulting and this made it difficult for the company to maintain proper control over the project (Scott, 2006).

The Hershey example resulted in a better outcome with the eventual successful ERP implementation, but this was not without a great deal of pain as the company had difficulty in the early stages of implementation. However these difficulties were more about the timing of the implementation during the period of very high sales, namely Halloween 1999. In reality, the problems Hershey incurred were not too dissimilar to many other enterprise systems (ES) implementations. The former CEO of Hershey, Mr. Wolfe, stated that:

*Enterprise software is hard. It takes a long time [to implement]. It's hard to get people to change the way they work so that the system will function correctly. But they eventually adapt. You will have problems in your business at first because enterprise software isn't just software. It requires changing the way you do business.*

Initial success can often be turned into failure. This was demonstrated in a case study conducted by Larsen and Myers (1999). Here the implementation was considered a success, but over time it turned out to be a failure. This was due to many factors including experts' delegation of duties to inexperienced junior staff and a dramatic reduction in staff immediately after implementation. This

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