Chapter XXXI

Change Management of People & Technology in an ERP Implementation

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EXECUTIVE SUMMARY

PowerIT is an autonomous company of about 200 staff producing and repairing power conversion supplies. Eighteen months after adopting an enterprise resource planning (ERP) system the chief executive officer wanted an investigation into the performance of the system. This was to focus on its technical capabilities and its acceptance by users, since it was not delivering the anticipated gains in profits. The results of the investigation reported here reveal problems with the acquisition and implementation process. This case highlights the difficulties that can be encountered by organizations that attempt to tailor an enterprise resource planning system to the existing business practices. In particular, the need for careful impact analysis of proposed software modifications and effective change management within the entire project is demonstrated.

ORGANIZATIONAL BACKGROUND

PowerIT Ltd. is based in the north of England. It has an annual turnover of around £40 millions, and a workforce of around 200 people. It is part of the $4 billion Taiwanese-based PowerIT Group, an international company that employs over 40,000 people worldwide, 70% of whom work outside Taiwan. PowerIT Ltd. is classed as an autonomous decision-making company, where the management's declared business strategy and direction is focused on customers' needs. For UK and European customers, this provides the cost advantages of a Far Eastern supplier together with the local support and logistics of a European manufacturer. The appendix provides sample charts for this company (its management structure, growth in customers and a table of key performance indicators which are used to assess the company's quality).

The key performance areas that PowerIT focuses on in maintaining its competitive edge are:

- technology and product innovation;
- responsiveness;
- environmental management;
- cost;
- customer service, being a self-managing supplier;
- delivery, always on-time delivery to promise;
- assured quality; and
- flexible supply (with minimum inventory, on-time delivery to request).

PowerIT has two business units: PowerIT Production and PowerIT Services. PowerIT Production designs and manufactures 30W to 2KW power supplies for the conversion and conditioning of AC and DC inputs to regulated DC outputs for applications in the networking, communications, financial services and industrial markets. PowerIT Production designs and manufactures custom-engineered power supplies from 30W to 2KW, AC/DC and DC/DC, with a global capacity of 34 million units annually. PowerIT's design team uses project management software and state-of-the-art circuit, printed circuit board (PCB) and mechanical design tools, in producing their quality assured designs and bringing products to market on time.

PowerIT Service's core business function is to provide full service support to the electronics and electrical industries including full repair reporting and fault diagnosis, rework and refurbishment capability, route cause analysis and full repair capability offering customer support (inc onsite test and re-screen). Value-added business is created by fostering close business partnerships with strategic customers. There is a commitment to investing in and using the latest state-of-the-art equipment in the field.

A third area of activity with PowerIT is "PowerIT Learning." The company has an explicitly defined goal to *"...develop the individuals within the organization to have the right knowledge, skills and values required to add value to the business, achieve the highest standards to the customer and ensure personal and professional development for all."* To this end the company has an ICT Learning Centre (a dedicated ICT suite, fully equipped with Internet-linked PCs, provides a vast range of ICT and general business courses through national UK initiatives) and the PowerIT Learning Cell (where

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