

## Chapter 9

# Managing Knowledge and Change in GCC Project: ERP End-User's Perspective

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### EXECUTIVE SUMMARY

*The “End-Users” factor is singled out as the one of the most important ERP Critical Success Factors (CSF). It is evident from reported ERP failure cases that commonly used approaches to ERP end-users’ “training and competency building” are inadequate and ineffective. The case reports on an alternative structured approach that was developed and adopted in GCC Project. The new approach redefines the traditional role of “ERP Training” from isolated project activities that aim to introduce end-users to “how-to” use applications to an integral component of a comprehensive “knowledge and change management” strategy that advocates a holistic life-cycle approach to managing ERP. The proposed approach, which was successfully adopted in GCC ERP project, was built around “end-user characterization” as the main input into “competency building.” It is also flexible enough to plug into standard ERP methodologies and could be projected throughout the ERP life cycle. The end-users characterization and Competency Building Approach (ECB) is expected to contribute to increased business gains and return on investment as a result of boosting levels of ERP usage and utilization.*

DOI: 10.4018/978-1-4666-2220-3.ch009

## **BACKGROUND: MANAGING IT PROJECTS**

Organizations of all sizes, profits, or nonprofits have adopted one form or another of Enterprise Resource Planning (ERP) applications. ERP systems are increasingly becoming a business enabler for organizations to remain successful and competitive in this turbulent and networked environment. ERP systems are enterprise applications affecting many aspects of the organization both internally and externally. Therefore, successful ERP adoption and its effective usage and utilisation are critical to the success of the organization's performance and survival. ERP implementation can be viewed as an organizational transformation endeavours, it imposes socio-technical transformation of the organization, and it involves a large number of stakeholders who may influence the success or failure of an ERP project. Boonstra (2006) in his study on the influence of stakeholder on ERP implementation argues that stakeholders have different interpretation of ERP systems and this may lead to differences about priorities and ways of implementations. Stakeholders are affected by the previous experience, interests, self-images, and prospects and views.

A typical ERP application may consist of 1,000 modules and 10,000 application program (Steven, 1997). The cost for deploying an ERP can range from 3 million to one billion dollar depending on the company's size, and the implementation may last up to 4 years (Chen, 2001; Weston, 2001). ERP projects can take years to implement and like other IT projects they are subject to budget over-runs, delayed deliveries and as a fatal consequence falling short of meeting expectations or abandoning the project altogether. Trunick (1999) states that only 40 percent of ERP implementations are effective and 20 percent have been abandoned. Numbers of other studies have argued that ERP failures have been reported more than 50 percent and 60 to 90 percent are not performing as expected (Scheer & Habermmann, 2000; Sarker & Lee, 2003; Escalle, et al., 1999; Trunick, 1999; Ptak & Shragenhe, 1999; Soh, et al., 2000). No one seems to be immune from an ERP project failure, Dell for example; after two years, they have abandoned their ERP project because of incompatibility with their business model. Others, like FoxMeyer, did not have the time to abandon their ERP project instead they filed for bankruptcy in 1996 (Davenport, 1998).

Interestingly, most often managers view ERP projects failures as technical while in fact at 50% of the failures are attributed to people related issues such as resistance to change, lack of appropriate training, awareness, and / or understanding the organization culture. The organization culture is probably the most difficult hurdle in the implementation of an ERP since it involves a complex marriage between people personal values, habits, skills and the business processes and how staffs are viewed. Ward et al. (2005) argues that organizational issues during enterprise applications implementations are more difficult to resolve than the technical ones.

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