



**IFIP WG8.3
Workshop**



IFIP

INTERNATIONAL FEDERATION FOR INFORMATION PROCESSING

Case Studies of Decision Making and Decision Support

Explaining Enterprise Integration with a Business Game – The MNC case study

IFIP WG 8.3 task force meeting

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Frederic Adam, BIS, UCC

Context

- Advanced IS courses (ran twice in 2004/2005)
- Topic: Enterprise Wide Applications
- A number of key objectives
 - Understand the applications (ERP, SCM etc...)
 - Understand the difficulties in implementing them
 - Be able to plan for an implementation
 - *Understand* organisational decision making
- Problem:
 - Students don't know enough about the operations of a firm in detail
 - Students underestimate the political dimension of organisational decision making
 - Students assume organisations “know what they are doing”

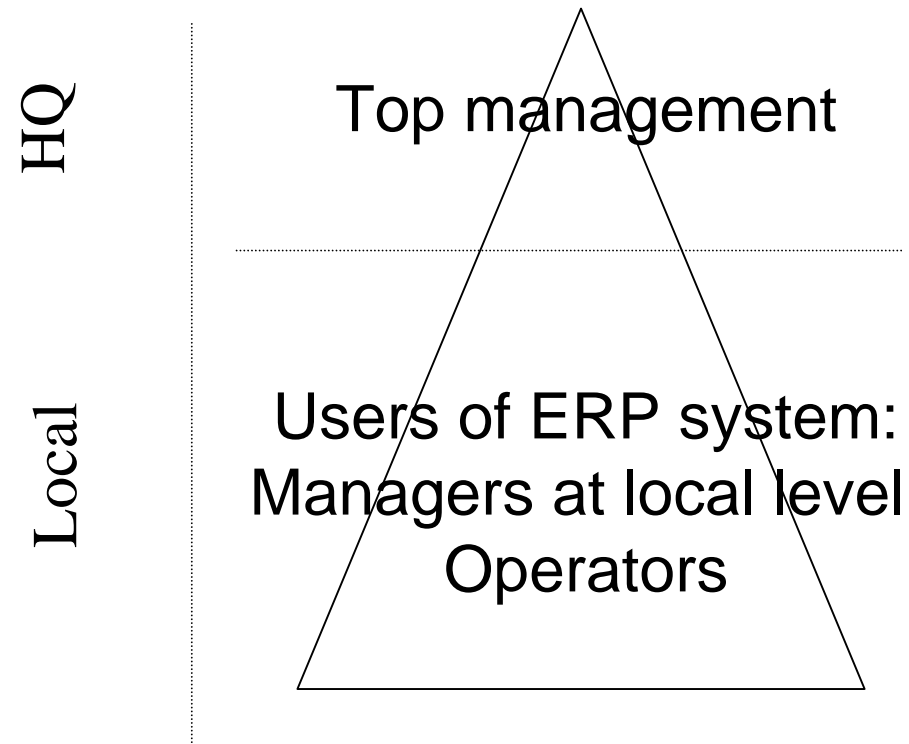
Teaching about integration

- Explain why organisations want ERP
- Explain why ERP applications needs integration
- Explain the impact of integration in practice
 - Standardisation
 - Centralisation
- Illustrate the impact on the autonomy of organisational actors – eg: decision making
- Play a business simulation game where students represent the different functional areas

Parameters in ERP implementations

- **Integration**
 - Application
 - Services
- **Standardisation**
 - Business practices
- **Centralisation**
 - Decision making
- **Control**
- **Acceleration**
 - Information flows
 - Business process steps
- **Cost reduction**

And the two levels at play are:



“One reason, then, that we expect top acceptance of information technology is its implicit promise to allow the top to control the middle just as Taylorism allowed the middle to control the bottom.”

Leavitt and Whisler (1958)

The computer and the new decision-making techniques associated with it are bringing changes to white-collar, executive and professional work as momentous as those that the introduction of machinery has brought to manual jobs.

Simon (1977)

One must consider the impact of IT in terms of a "radical re-organisation of middle management [...], with certain classes of middle management jobs moving downward in status and compensation (because they will require less autonomy and skill), while other classes move upward into the top management group.“

Leavitt and Whisler (1958)

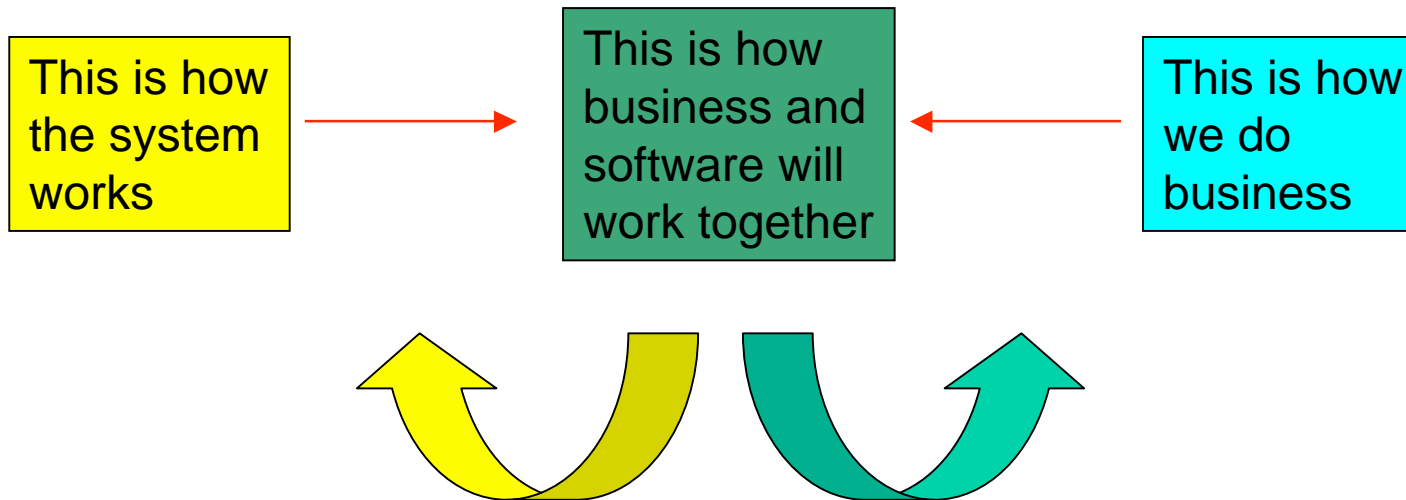
How does integration work?

- Focus on end-to-end process rather than single activity
 - Cross functional
 - Multi-competence
- Reduced autonomy
- Structured communication
- Increased reliance on tools
- Rationalisation of process?
- Benefits may not accrue where the system is most constraining – or too unconstrained

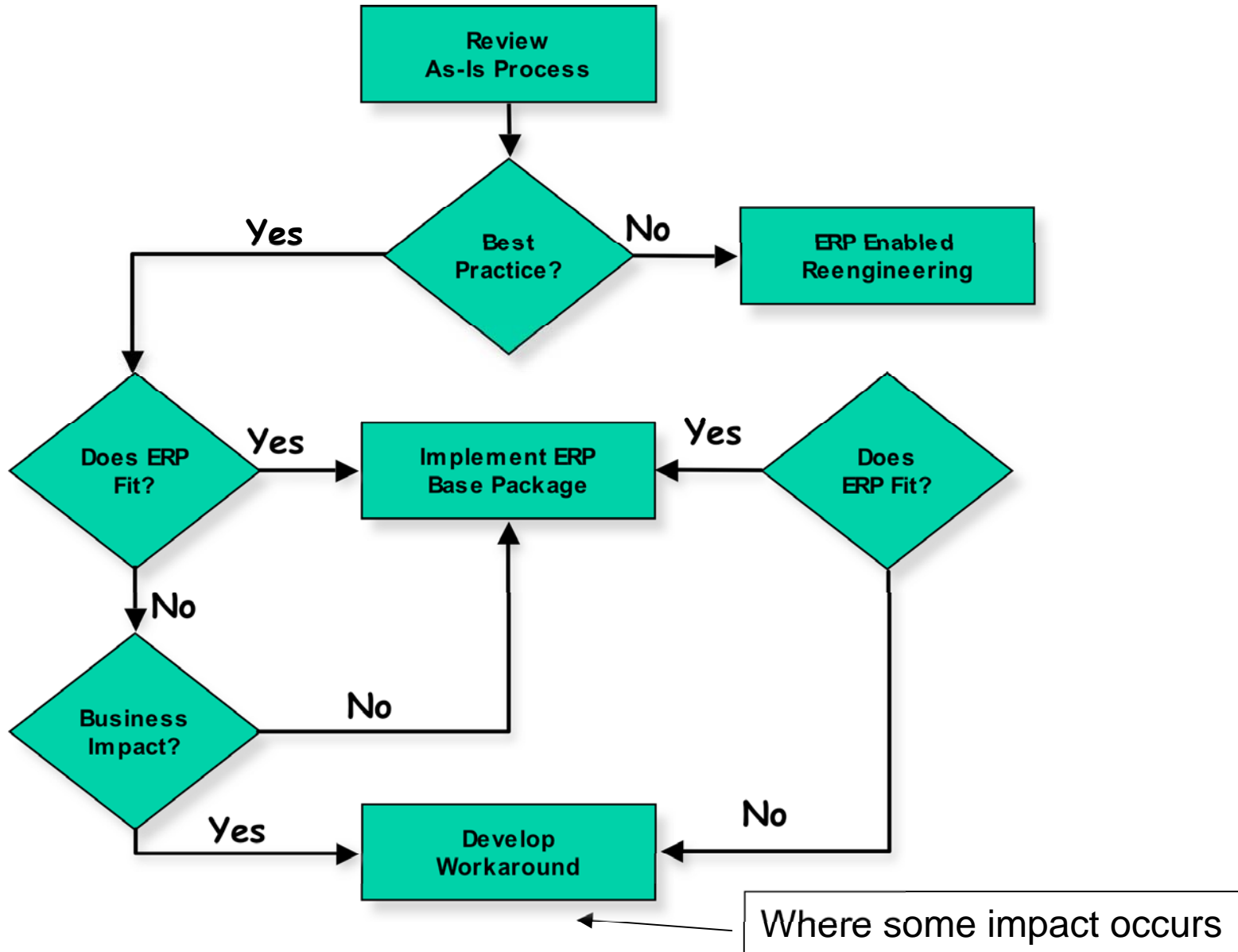
Where problems originate?

- In preparation phase for project
- Lack of managerial awareness of risks / opportunities
- Lack of understanding of how to select software
- Lack of vision of the business impact

The core of the problem



Package Enabled Approach



ERP roll outs

- Core team (global)
- Local implementation teams
- Roll out step:
 - Initial meeting with local pm
 - Local team set up
 - Bringing local team up to speed
 - Understand implications of template at local level
 - Create additional workarounds
 - Define criteria for acceptance / rejection of additional demands

Understanding Fit

- Functionality grid
- Break down per functional area
- Down to process stage level
- Ask vendors to rate fit
 - Not supported
 - Supported with mod / workaround
 - Supported with minor alteration
 - Fully supported
- Score and recommend to board of directors

Second degree impact

- Trivialisation of tasks
- Automation of decision making
- Middle managers should be monitoring How the system is being used
- How does this fundamentally affect the firm?
 - HRM / change management
 - Knowledge management / Know how
 - Responsiveness
 - What will the firm look like?

Two interpretations of the same story...

- Software vendors are like the Sorcerer's Apprentice
 - They created software that has dangerous side effects
 - Managers are ignorant of the impact they are having when implementing ERP
- Software vendors have finally delivered on top management everlasting dream of grinding the firm to its simplest form.
 - Top managers knowingly use ERP as Trojan horse for imposing restructuring of a kind that would not be acceptable otherwise.

So is ERP:



So is ERP:



Or:



?

The MNC case study

- Multi national company preparing to roll out ERP
- Dressed up as an IT project
- Complex project including substantial changes:
 - shared service for finance
 - Cost reduction
 - Head count reduction
 - Reduction of local power and autonomy
- Interesting because ERP to ERP scenario (version upgrade)
- Based on two real life cases

Preparation and Material

- Case study brief (see handout)
- Course notes
- Briefing session
 - Introduction to the case
 - Selection of actors
 - Private talks with the facilitator
 - Preparation within functional areas
 - Email Q&A with facilitator

Game

- Slow start: students don't understand what they must do
- Then, tension rises
 - Very territorial
 - Overly focused on HR issues
 - “Trade union officials” vs “Hyper managers”
 - Conflict between reducing IT resource but increasing reliance on systems!
 - No tendency to compromise – tension keeps rising
- Great for understanding of project induced tensions

Specificities of functional areas

- Finance are inhibited
 - No vision of future
 - No understanding of what shared service will mean => very realistic
- IT same – resignation to move to outsourcing arrangement: but how will service be maintained?
- Sales very belligerent
 - Fight with manufacturing
 - “we sell the product, not you” => realistic
- Manufacturing
 - Territorial
 - “if we don’t make it you can’t sell it”
 - “what makes you think you can do it better”? On scheduling
 - Discuss the brief a lot (“why close on plant”)
- Steering committee “we don’t care” approach
 - Very patronising: “we have no choice”
 - Take it or leave it => very realistic

Conclusions

- Not enough understanding of the technical dimensions of the different areas
- No realistic discussion of walk arounds or business processes design
- Good for showing them that there is an impact and that there will be winners and losers
- Good illustration of organisational dynamics
- Worthwhile exercise to draw students out
- Some gutsy performers!
- Debriefing shows it is difficult to identify specific learning

Lessons learnt

- Need better brief
- Need specific learning objectives
- Need specific debriefing vehicle to measure learning
- Need briefings with real experts?
- Need to select a few students and make them act for the rest of the class?
- Need to add written deliverable to increase commitment levels?