

A Change Management Strategies for Each Phase of the Implementation of ERP System for Based on Domestic Corporation Cases

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Abstract: *Currently, many organizations introduce ERP system as a key enabler of business strategic accomplishment and it can improve productivity and efficiency of organizations by integration and managing enterprise resources. Already many organizations have introduced ERP systems and the number of introduced ERP system is increasing steadily. Unfortunately, even though organizations have invested much money, previous studies showed the ERP systems had not always turned in good result. It is easy to find many studies that suggest that successful implementing strategies for ERP systems. This study reviewed the previous literature on strategic use of change management in enterprise. In order to establish a successful implementation of ERP, this paper suggests proper solutions to conduct change management according to implementation phase with activity and output, especially analyzing successful organizations in implementing ERP system through consistent change management.*

Keywords: *ERP; Change Management*

1. Introduction

In the rapidly changing environment, it is getting more difficult for enterprises to competitiveness or even to exist with existing system. Unless they do not adapt themselves for that they will be in a very difficult situation like disappearing. Therefore they started to find new way to secure competitiveness, and these actions are connected with the world-wide importation of the ERP. Already many organizations have introduced ERP systems and the number of introduced ERP system is increasing steadily. Unfortunately, even though organizations have invested much money, previous studies showed the ERP systems had not always turned in good result. It is easy to find many studies that suggest successful implementing strategies for ERP systems. Even if the importance of ERP change management has been emphasized, studies for change management are seldom.

This study reviewed the previous literature on strategic use of change management in enterprise. In order to establish a successful implementation of ERP, this paper suggest proper solutions to conduct change management according to implementation phase with activity and output, especially analyzing successful organizations in implementing ERP system through consistent change management.

2. Theoretical investigation

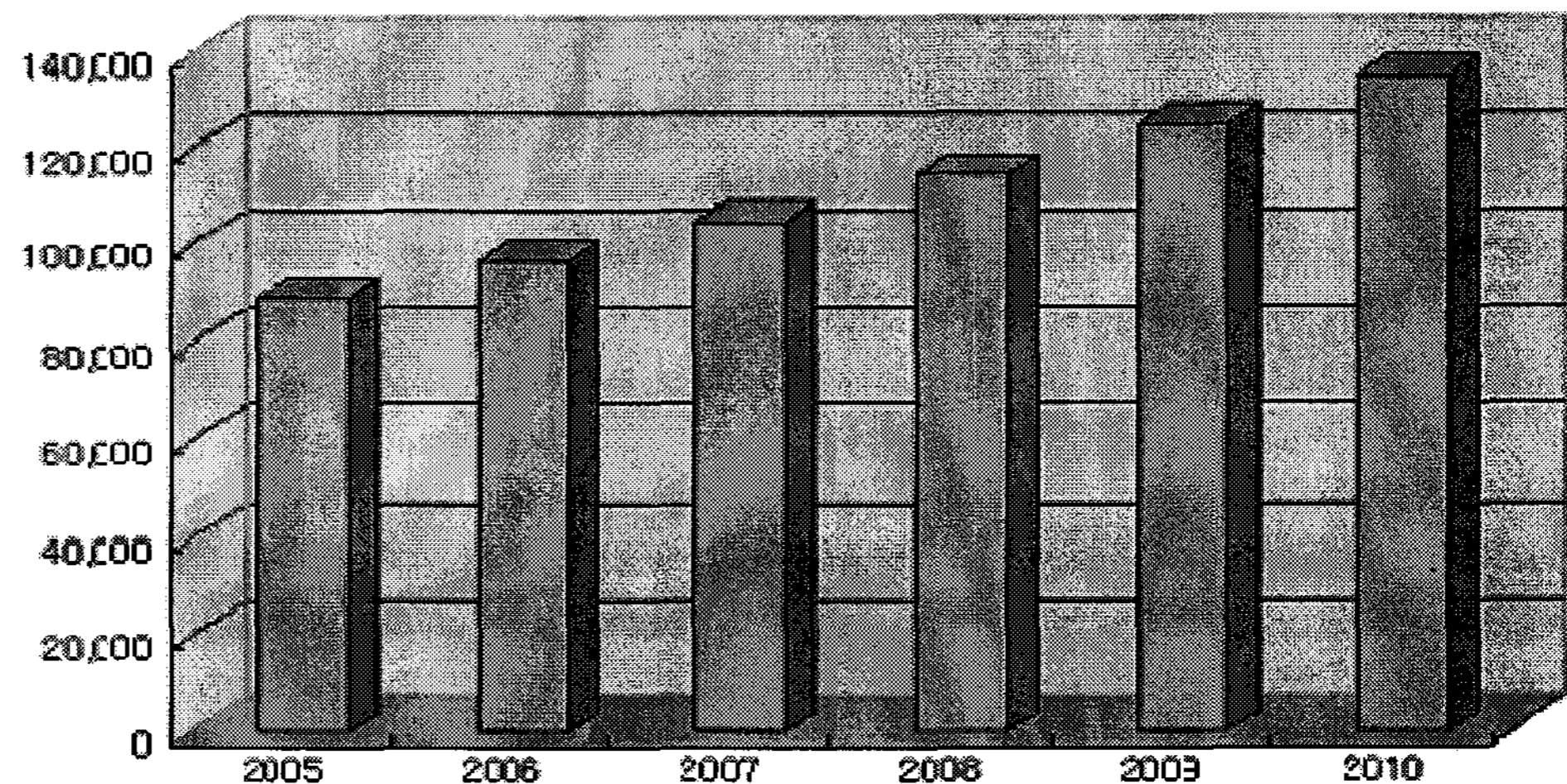
2.1 Concept of ERP

ERPs – software package that manage and integrate business process across organizational functions and locations – cost millions to buy, several times as much to implement, and necessitate disruptive organizational change. While some companies have enjoyed significant gains, others have had to scale back their projects and accept minimal benefits, or even abandon implementation[1].

Briefly, ERP are commercial software package that enable the integration of transactions-oriented data and business process throughout an organization.

2.2 Tendency of ERP system market

According to “Report about analysis and prospect for Korean ERP application” from Korea IDC[2], Korean ERP market is getting out of depression which was due to overall depression of market and investment in early 2000s. And it turned into backing up from 2004 and 2005. They expected that the market will grow continuously until 2004 base on consistent demand.



Material : Korea IDC(2006)

Figure 1. Korean ERP system market

2.3 Effect of importation of ERP system in enterprises

84.4% of companies which already imported ERP system agreed the effect of ERP system (a little effective 39.3%, a lot effective 23.5%, partly effective 21.9%). But there were 15% that had no effect or had more problems after importation of ERP system[3]. The control on changing management from the inside might not proper. It will be more important to manage after the importation.

2.4 Study on change management

Changing management is the tool to systematically change the current situation into the way the organization wants to go. Leadership, participation of employees, communication, motivation, direction, changing on culture and structure and changing on IT are given as ways of changing management[4]. Following is Table 1 that shows 5 factors of changing management arrange by Son Jung-hee[5]; leadership,

participation of employees, communication, educating and training, and structural change and more.

3. Designing changing management process

3.1 changing management process

To achieve successful ERP system importation, I applied factors to changing management area which is most important in importation process. Then based on methodological for ERP importation, I came up with following Figure 2 which explains changing management process.

Table 1. Factors of changing management

Factor	Meaning	Researcher
Leadership	. Leadership and Support from the management . Control power of team manager . Support from outside consultant	①,⑤,⑦, ⑧,⑩,⑬, ⑭,⑯,⑰, ⑱
Participation Of Employees	. Active participation of CEO . Users awareness on necessity of change . Active attitude for system development managers and users . Regular meeting of members . Participation rate of inside employees	③,④,⑥, ⑦,⑪,⑫, ⑯
Communication	. Understanding for users needs . Smooth communication and promotion	④,⑨,⑪, ⑮,⑯
Educating and Training	. Member training for system access . Service of official training program . Object (enterprise, function) . Subject of human resource development(outside, inside)	②,④,⑦, ⑪,⑭,⑱, ⑲
Planning and Aiming	. Setting a concrete and clear goal . Permitting proper planning time	⑯
Promotion and Support	. Design to help people have current problem . Considering replacing system . Consistent examination	④,⑪
Structural Change	. Changing of organizational culture and structure	⑯
* Researchers ①Boeker(1997) ②Davenport(1993) ③Eisenstat & Spector(1990) ④Greiner(1972) ⑤Hall et al.(1993) ⑥Ives & Olson(1984) ⑦Kettinger & Grover(1995) ⑧King & Rodroquez(1981) ⑨Kettinger & Schlesinger(1979) ⑩Kotter(1995) ⑪Kotter & Schlesinger(1979) ⑫Lucas(1981) ⑬Pfeffer(1993) ⑭Robey et al.(2002) ⑮Rosenthal & Wade(1993) ⑯Stoddard & Javenpaa(1995) ⑰Kim Jae-jin(2000) ⑱Lee Byeon-gon(1999) ⑲Hwang Hwa-jung(1998)		

Material : Son Jung-hee(2003) recomposed by researcher

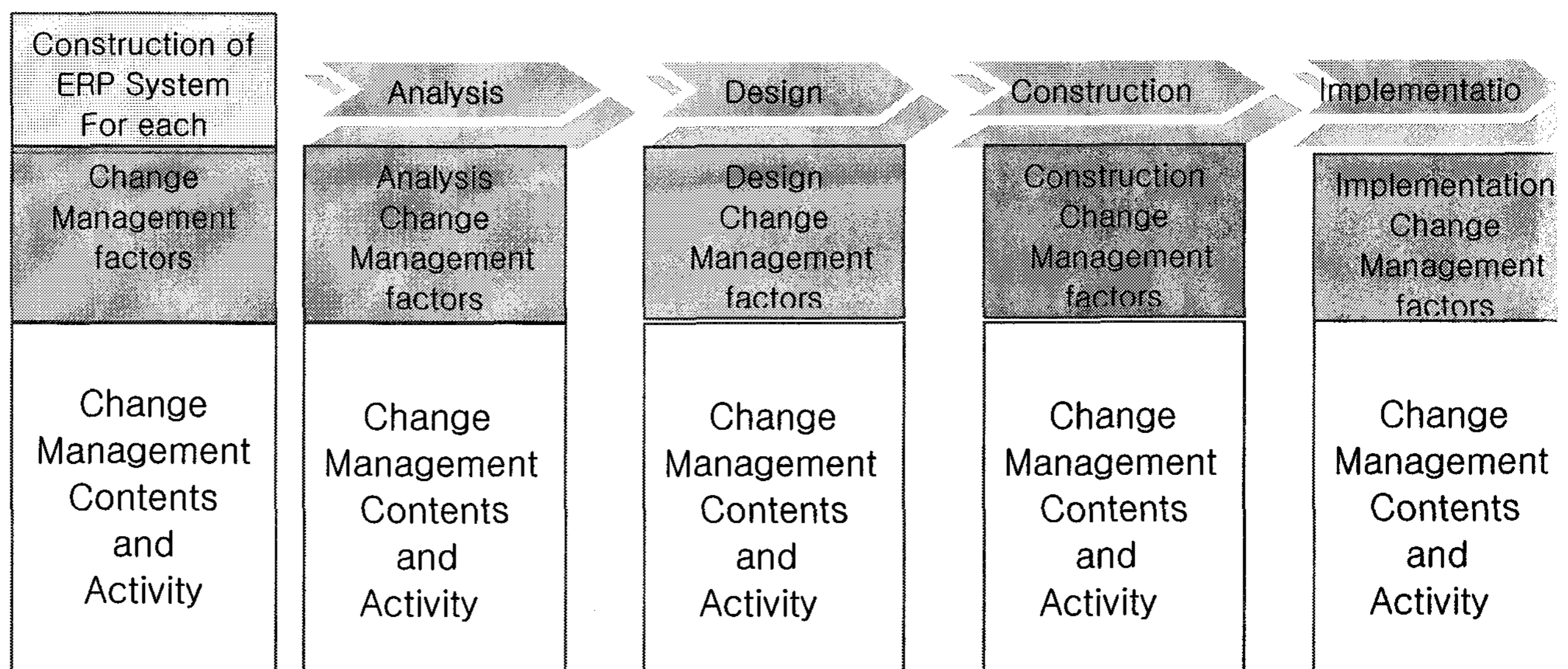


Figure 2. changing management process

4. Summary of case study

4.1 Summary of S Company

In the case of S Company, the ERP system importation is estimated as a success. Now, many organizations are interested in importation of ERP system and importing ERP system actively. However, it is still focused on large companies because of its huge investment cost and unclearness of effectiveness.

S Company is the biggest TV tube company in the world, and they successfully imported ERP system. The world is looking at S because they achieved overall importation from ordering to sending out in a year. Thus this study focuses on S Company case that was settled very early successfully.

4.2 Generalization on changing management of case

Like bottom, I generalized ERP system importation changing management process in each level of S Company. After the case study, I found out that educating and training take the most part of those factors. There were no big differences among other factors compared to educating and training. Therefore we need continuous changing management from the overall view than solution for each problem that factors have.

Importing Level	Factors	Meaning and Activity
Setting plan And preparation	<ul style="list-style-type: none"> ● Planning and setting goal ● Participation of members ● Leadership ● Education and training ● Promotion and support 	<ul style="list-style-type: none"> ➤ Setting clear and concrete goal ➤ Permitting proper planning time ➤ Users awareness on necessity of change ➤ Regular meeting of members ➤ Leadership and from the management ➤ Member training for system access ➤ Considering replacing system

visioning	<ul style="list-style-type: none"> ● Planning and goal ● Communication ● Education and training ● Participation of members 	<ul style="list-style-type: none"> ➤ Setting clear and concrete goal ➤ Promotion ➤ Service of official training program ➤ Users awareness on necessity of change
Redesigning process and mapping	<ul style="list-style-type: none"> ● Communication 	<ul style="list-style-type: none"> ➤ Subject of human resource development(inside) ➤ Support from outside consultant
Preparation for Applying	<ul style="list-style-type: none"> ● Education and training ● Promotion and support 	<ul style="list-style-type: none"> ➤ Subject of human resource development(outside) ➤ Support from outside consultant
Setting and operating	<ul style="list-style-type: none"> ● Education and training 	<ul style="list-style-type: none"> ➤ Support from outside consultant

5. Result and suggestion of study

In this study we looked at factors studies on changing management that should be considered and during the importation and analyzed changing management factors that can occur when the ERP importation is being conducted. We also applied the case of succeeded in importing ERP system with changing management. Through these procedures we found out the ways and factors for changing management.

First, we studied on practical changing management activities with case study through rearranging the 7 changing management factors. Thus enterprises that are planning to import ERP system should apply the factors which suggested in this study.

Second, I suggested changing management process in each level based on ERP importing methodology.

Third, I found out that educating and training take the most part of those factors for successful ERP importation, after I applied factors to changing management area which is most important in importation process. There were no big differences among other factors compared to educating and training. Therefore we need continuous changing management from the overall view than solution for each problem that factors have.

Limitations on this study are following.

Lots of enterprises are using ERP system. But there is a chance that this study just delivers the peculiarity of one company because it was a study one company. And the case was from successful company even though it will help to make a strategy for ERP importation with changing management. Therefore, in future study, we need more objective factors with more various case studies. And we need a study for various industries. This study focused on domestic company, but we need more case from world-wide. That will derive more effective research result. Finally if we studied on failed companies and find the reasons it will help a lot.

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