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A Successful ERP Implementation in an Ethiopian Company: A case Study of ERP Implementation in Mesfine Industrial Engineering Pvt. Ltd.

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Abstract

The implementation of enterprise resource planning (ERP) systems has been known to be much more difficult than the development of a computer application supporting a single business function. In this article, the researcher presents a case study of an ERP system implementation by a medium company in Ethiopia. Mesfine Industrial Engineering (MIE) Pvt. Ltd. is a vast unrivalled metal construction and electromechanical engineering in Ethiopia, and has recently adopted and implemented an ERP system. The paper examines key dimensions of implementation of ERP system within MIE and takes an in-depth look at the issues behind the process of ERP implementation by focusing on business and technical as well as cultural issues at the heart of the MIE implementation. The case study also looks at the implementation risks and reports how MIE coped with the typical challenges that most medium organizations face when implementing an ERP system.

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1. Introduction

Firms around the world have been implementing ERP systems since the 1990s to have a uniform information system in their respective organizations and to re-engineer their business processes [1]. ERP system implementation process involves a wide range of complicated resources and issues. With no plan or supporting procedure, companies may spend tons of money, resource, and time on ERP implementation but not enjoy a bit of the benefit ERP system should have brought out [2-10]. A successfully implemented ERP system has the advantages of reduced cost and high system quality [11]. It can also yield benefits to its customers not only because they can purchase products or goods at low prices resulting from the cost savings but also because they share the data of the production line in real time [12]. The benefit of ERP systems is highly dependent on the success of its implementation. In order to get the best out of ERP system the implementation must be managed as a program of wide ranging organizational change initiative rather than as a software installation effort [13]

Many business organizations that adopted ERP systems attained the benefits they sought [14]. After ERP systems were successfully implemented, companies could set up standards on financial management and operating procedures like managing inventory systems [15]. However, not all adopters had successful implementation, and some organizations failed because ERP system implementation was much more complex than just developing a computer application for a single business function. More than 90% of ERP implementations have been delayed and required additional budget amounts due to numerous changes in the original plan [16]. Even when a company realizes that its ERP implementation is not going to be successful, it is usually impossible to cancel the effort [17]. Such IT driven initiatives require change of the organization's socio-economic system, which is intertwined with technology, task, people, structure, and culture [18].

A quick review of ERP research revealed different strategies for implementing ERP successfully. Aladwani [19] stated that past ERP implementation research may be described as factor research, which involves identifying the factors or variables that are critical for implementing ERP successfully. Although factor research is valuable for advancing our understanding of ERP implementation success, it adopts a rather static view, which limits its adequacy in explaining the dynamics of the implementation process. Thus, factor research alone is not adequate for explaining successful ERP implementation. Unlike factor research, process research helps us understand how ERP implementation efforts have happened; it therefore gives a moving picture about how we got from time 1 to time 2.

Most literature on ERP implementation has focused on large enterprises that were considered to be appropriate for ERP systems [20]. However, the cost of ERP systems is rapidly decreasing to let small- and medium-sized enterprises (SMEs) adopt the system [21]. For example, the application service provider (ASP) for ERP is an attractive source of support for SMEs that have a few IT professionals [22, 23]. Considering the importance of ERP in SMEs, an attempt has been made in this paper to analyze the implementation issues of ERP in a medium Ethiopian company. The paper takes an in-depth look at the issues behind the process of ERP implementation via a case study methodology. To benefit from both factor and process research perspectives the case study explains the reasons behind the successful ERP implementation practices of MIE such that companies of similar nature will get a practical exposure in managing such complex implementation projects.

In reporting the case study this paper is organised as follows. In Section 2, the reasons why MIE adopt ERP system and the organizational representation of the ERP project team is presented. The phases followed in implementing the ERP system has been presented in section 3. In section 4, risks of the project and how these risks were managed is presented. Finally, summary is provided together with the conclusions in section 5.

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