

PECULIARITIES OF PROJECTS OF BUSINESS MANAGEMENT SYSTEM IMPLEMENTATION

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Abstract

In the fast Information Technology (IT) society of today, there have been various changes in the organization behaviour. The information has become a strategic corporate resource and encourages business to invest in the knowledge management. Different measures are used to support the information and knowledge management processes and one group of them are variety of IT and information solutions such as Business Management System. The main reasons of lack of active enterprises involvement are weak BMS projects knowledge, passive interest in this area and transferring the responsibility for the project results to vendors and consultants. The main purpose of the paper is to evaluate the importance of business and IT alignment under the agility conditions and to describe all procedures of projects of Business Management System Implementation.

Keywords: Information Technology, Business Management System, Project management, Business and IT alignment.

INTRODUCTION

Contemporary market increasingly demands companies that are more flexible and can quickly react to business environment changes. The struggle for leader's position requires organizations to be innovative in searching for new possibilities and modern decisions. Countries, regions, areas of economy and separate companies become the systems more oriented towards projects.

The intent of the Business and Information Technologies (BIT) project is to study the impact of new information technologies on business and industry structure. In our days the enterprise is forced to be able to perform well under the abundance of information and hyper competition conditions. The basis of the enterprise survival in the market and the core development factors are innovation, improving efficiency, reducing costs and increasing competitive advantage by effectively managing knowledge. The information has become a strategic corporate resource and encourages business to invest in the knowledge management.

The main changes, encouraging the use of Information and Telecommunication Technologies in business area, are:

- Changes in Business and economical environment (globalization of market and

competition, free movement of goods and services, wider range of substitutes of goods and services, bigger requirements of customer);

- Changes in Business Management processes (increasing number of global corporations, changes in organizational structure and behaviour, coming to the market of virtual organizations, working and decision making in real time);
- Changes in the organizational and technical environment (the need of effective internal and external communication, problems of filtration of abundant information, e-business and virtualization of business relations, electronic interchange of information, development of ITT).

There is today an obvious demand for continuous improvement and alignment in enterprises but unfortunately many organisations do not have proper instruments (methods, patterns, best practices etc.) to achieve this [13].

Different measures are used to support the information and knowledge management processes and one group of them are variety of IT and information solutions such as Business Management System (BMS). In many case BMS are used as a synonym of Enterprise Resource Planning (ERP) system [3, 11].

However, the problem of enterprises involvement and active participation in the BMS implementation projects occurs. The main reasons of lack of active enterprises involvement are weak BMS projects knowledge, passive interest in this area and transferring the responsibility for the project results to vendors and consultants. Actually, consultants' and vendors' target is to enable appropriate knowledge transfer, but enterprises have to be ready to receive this knowledge and to use it to improve BMS implementation project results. In fact, the BMS implementation projects success rate mostly depends on the level of the enterprises participation in these projects.

The main purpose of the paper is to evaluate the importance of business and IT alignment under the agility conditions and to describe all procedures of projects of BMS implementation.

BUSINESS AND IT ALIGNMENT

In an environment marked by continual transformation, competitive organizations increasingly rely on the business and IT alignment based on agility. To survive and thrive, enterprises must capture and exploit new business and IT opportunities before competitors do [7].

Business and IT alignment is closely associated with attempts to improve the business value of IT investments. Business and IT alignment and their agility show how organizations can successfully deal with unpredictable, dynamic, and constantly changing environments. Business agility refers to the ability of an organization to rapidly adapt to change in productive and cost-effective ways through two key capabilities: 1) timely adjustments to supporting business structures, processes, and systems and 2) effective organization and use of human resources [1]. The more agile enterprise is, the higher value and competitive advantage is. Obviously, those firms who leverage IT to create business agility will be the clear winners. IT agility enables business agility as well as business agility enables IT agility. Alignment can only be successful if it comes from both sides [2]. Therefore, business and IT agility are inextricably linked.

From another point of view as it was mentioned by Hans Jonasson "knowing and understanding the business can be harder than understanding the IT are". [5] Sometimes it is

easier to teach a business person enough about systems to be successful than to teach a systems person about the business side.

Latest sources of information proves that IT needs to become more tightly integrated with the broader business, not just aligned with it, and that means embedding IT throughout the organization. Moreover, IT needs to become more tightly integrated with the broader business, not just aligned with it, and that means embedding IT throughout the organization [6].

All the above-mentioned transformations of corporate governance and business management to form a view of the business and IT have to be aligned as well as agile. That allows the company to create higher value only when there is excellence in three elements (see Fig. 1).

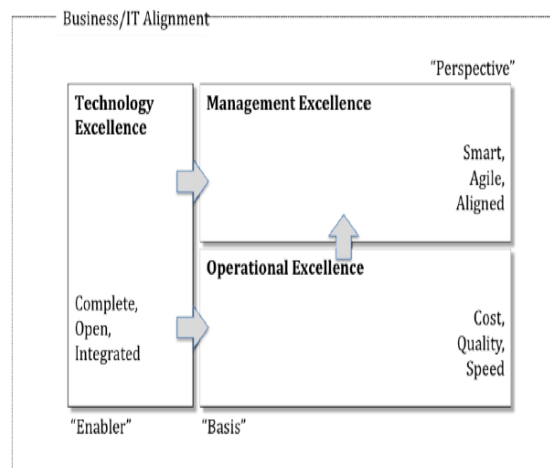


Fig. 1. Business/IT alignment [16]

Most people are familiar with the term operational excellence, optimizing cost, quality, and speed. It has become a prerequisite to fuel the next level of competitive differentiation – management excellence – which is characterized by three other attributes; smart, agile, and aligned. Neither can be achieved without technology excellence; an IT strategy that focuses on being complete, open, and integrated [16].

PECULIARITIES AND PROBLEMS OF BMS IMPLEMENTATION PROJECTS

As mentioned above, knowledge management is closely related to the use of IT in business. Hence, we can say that one of the manifestations of knowledge management is BMS implementation projects which means business processes

integration, facilitation and adding value to business.

BMS are software packages that enable the integration of transactions oriented data and business processes throughout an organisation [3 11]. BMS can be defined as “all in one” and as a strategic tool which helps companies gain a competitive edge [3]. BMS consist of many modules such as CRM – Customer Relationship Management, HRM – Human Resource Management, SCM – Supply Chain Management, EPM – Enterprise Performance Management, BI – Business Intelligence etc. adapted to a wide range of business segments. In most cases BMS software is flexible and allows company to add functionality to the system by adding new modules in the future.

CRM – Customer Relationship Management system can be a part of BMS. CRM has many definitions, for example, “it is a business strategy, targeted to the selection of best clients and creation relations with them” [3, 4].

As all systems CRM also has to be evaluated. The objectives and requirements for CRS efficiency evaluation must arise from the CRM objectives and requirements of a company. On the other hand, CRM objectives and requirements must arise from the CRM strategy and the CRM strategy must arise from the general strategy of a company [14].

In the case of the initial CRS efficiency evaluation, in order to select the main CRS alternatives, a two-stage evaluation is suggested. In the first stage of initial evaluation, an evaluation plan is made that should include only the critical indicators of evaluation groups, weight of indicators, and values of evaluation indicators sought [4].

SCM – Supply Chain Management system is keeping all information about operations and communication history with suppliers and partners.

EPM – Enterprise Performance Management – enterprise effective management system, which enable better strategic planning and prognosis, quick decision making, optimization of production, minimization of losses, minimization of costs etc.



Fig. 2. Enterprise Performance Management system [17]

For steps of Enterprise Performance Management system (see Fig. 2) [17]:

- Alignment of business processes & units:
 - ✓ Organizational alignment:
- ❖ Alignment of corporate, business units, support units, external partners, and boards with strategy;
- ❖ Integration of strategy into the planning, budgeting, management reviews, and reporting processes.
 - ✓ Creation of synergies between business units: financial resources, human resources and capital, quality, processes, projects, operations and risk.
- Translation of Strategy into Action:
 - ✓ Vision and Mission;
 - ✓ Strategy Maps;
 - ✓ Scorecard structures;
 - ✓ KPIs, Metrics, Measures;
 - ✓ Cascading.
- Communication of Strategy & Creation of Strategic Awareness:
 - ✓ Transparency;
 - ✓ Develop employee competencies.
- Action for Increasing Employee Performance:
 - ✓ Creating of a culture of performance;
 - ✓ Creating of initiative of management
 - ✓ Creating of “My space”;
 - ✓ Management of meetings;
 - ✓ Creating of notifications, alerts and reminders;
 - ✓ HP appraisals;
 - ✓ Creating and assignment of actions.

BMS integrates all the enterprise processes, and thus allows controlling and optimizing the business and its individual processes. BMS allows companies to operate more efficiently and move on to the next and higher quality stage. Companies which implemented BMS are able to perform better and improve the various performance indicators [13].

Main criteria of making *decision about BMS implementation* are [7, 9, 13]: functionality, integrity, installation by business processes, technical support, price and return on investment, time of installation, date safety and renewal possibility, complexity of operation, complexity of training, opportunities of development (renewal), complexity of auditing, possibilities of adaptability for individual requirements, etc.

Main criteria of selection of BMS implementers are [7, 9, 13]: technical support, trustiness of implementer (the amount of successful projects), experience of implementer (the amount of implemented projects), responses of other BMS users, time of being in the market, available part of market, financial reliability, number of clients, number of satisfied clients, professionalism and experience of workers, the level of support of project implementation in the enterprise, variety and novelty of offered products and services, understanding of customer's requirements and needs, strategy of implementation of BMS, availability of services on-line, conditions of guarantee extension, etc.

Because these systems affect so many aspects of a companies' internal and external operations, their successful deployment and use are critical to organisational performance and survival. However, implementations of BMS are one of the most difficult investment projects because of the complexity, high cost and adaptation risks.

The most common BMS implementation project problems are inadequate feasibility studies and organizational maturity level evaluation, change management and training issues, weak project management, inadequate BMS software, which does not meet the needs of company, selection, underlining only BMS technical possibilities, rather than the emphasis on the needs of business processes, poor top management support, over-expectations, passive enterprises participation and involvement etc

[8, 15]. Thus, the main risk factors are internal and depend on the companies' ability to use and manage existing and newly acquired knowledge in this field.

Successful project and program implementation and management depend not only on competency of projects' and programs' supervisors and team members, but also on appropriate program management methodology and application of maintenance software. Often a lot of money invested in software installation does not bring the desired effect for the company. Sometimes such investment in software installation never gives yield and software is only partly used. Thus the company should properly evaluate its readiness level – the level of project management maturity in an organization – before acquiring and installing software for projects and programs management [15].

The maturity in project-oriented organizations and nations can be estimated and evaluated in terms of productivity with the help of maturity models [9]. Evaluation of project management maturity (PMM) as well as organizational maturity level in order to apply the optimal software for reaching the raised objectives is an up-to-date problem. Many consulting agencies have been set up which can help organizations in evaluating their „level of maturity “according organization's ability to manage projects [15].

BMS users mostly rely on BMS vendors and consulting companies' consultants. However, it is worth noting that company inside information is very valuable and is helpful in every step of BMS implementation project. Each wrong step may destroy a bunch of successful previous steps independently whether it caused by lack of information or by inappropriate allocation of resources etc. All those reduce return on investment and benefit take-up rate. For these reasons, authors believe that active participation in BMS implementation project is essential and to increase benefit take-up rate.

Implementing BMS is expensive and time consuming. A substantial cost is associated with pre-implementation involvement and training designed to encourage acceptance and effective implementation of the system [10].

Numbers of BMS implementation promoting models were proposed, but mostly of them

focuses on vendors' needs and these models focus on technical rather than managerial issues of BMS implementation. Thus, these models are created to support BMS vendors, but not BMS users [13].

Authors offer complex plan for BMS users, which could support BMS implementation project. This plan is based on the active enterprise participation and involvement. This support plan consists of such stages – identification of investment opportunities (opportunity study), BMS implementation project planning (analysis of requirements, definition of requirements, projecting of BMS), BMS project implementation (including adaptation processes of BMS in the enterprise), BMS exploitation (including support and audit of system and system development and renewal in the future) (see Fig. 3).

Using this support plan, company acquires the knowledge in BMS implementation project field and is able to apply this knowledge to achieve maximum benefit.

CONCLUSION

IT sector is developing rapidly and provides new opportunities for business. Dynamic business conditions stimulate IT application in business as it is an effective way to maintain business agility and to gain a competitive advantage.

BMS implementation project is one of the examples of the IT application in business, which encourages business processes integration, improvement and increases business value. However, experience shows that enterprises' knowledge in BMS implementation project field is too narrow and they need support in order to participate actively and fully realize their original purpose of BMS software implementation. Thus, knowledge management problems in this field have to be resolved.

Authors proposed a support plan is expected to support ERP users or enterprises implementing BMS projects.

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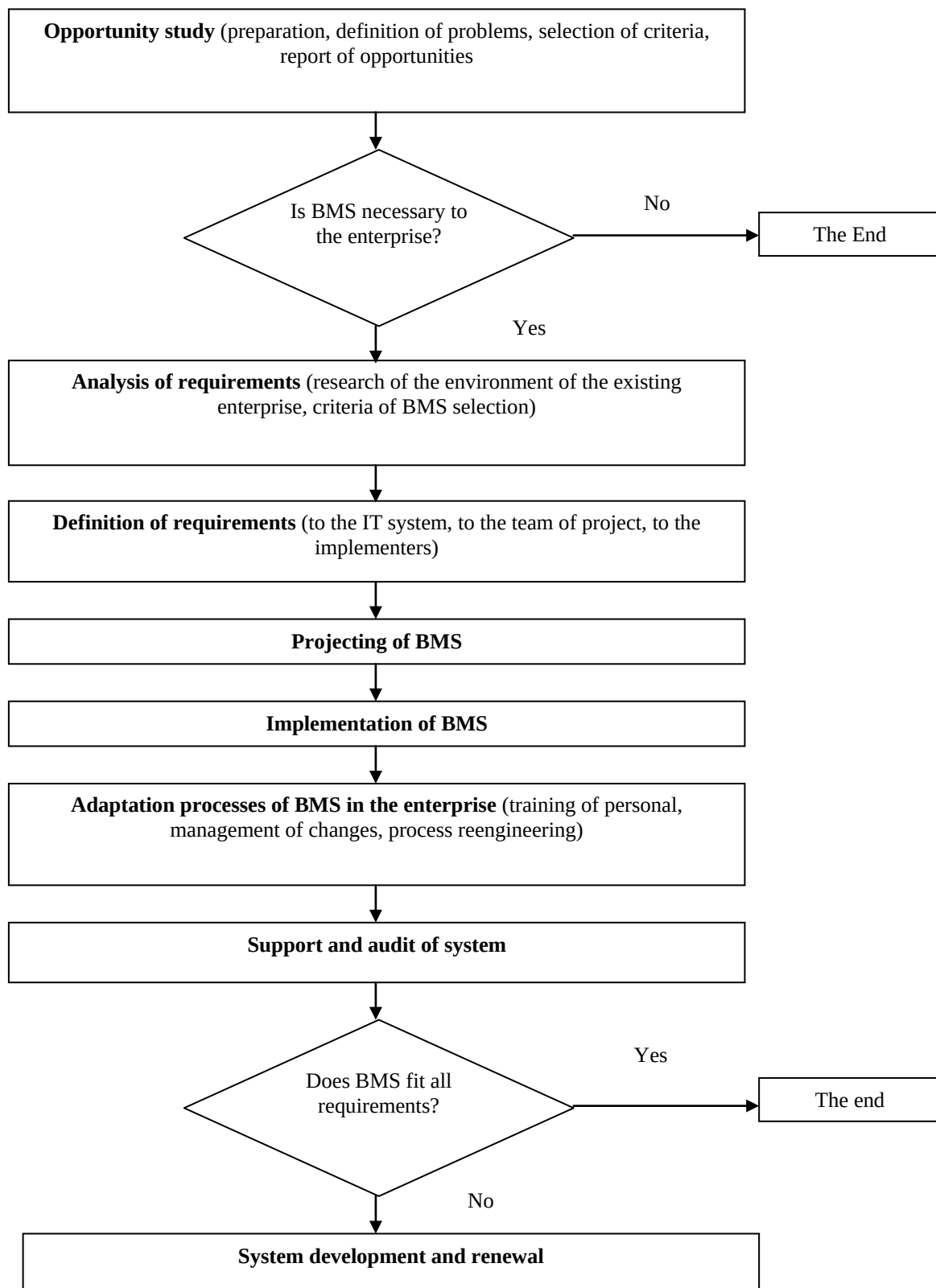


Fig. 3. Plan of BMS project implementation