TRANSFORMATIONAL PROJECT MANAGER: AN ENABLER OF AN ENTERPRISE RESOURCE PLANNING IMPLEMENTATION SUCCESS

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Abstract

The ERP business solution drives performance improvement by integrating an enterprise through software. However, it does not have the capability to make key business decisions. It is relevant key business decisions that enable and deliver business results. ERP can provide information and data to assist people in making key business decisions. Unfortunately, there are several cases of ERP implementation failure all over the pages of the media due to, namely: significant late system delivery, budget overrun, underserved functions, low performance and lack of return on investments. In ERP implementation project management, people (team and users) are the most challenging components to deal with. They are, however, still the most critical and important factors that determine whether an ERP system implementation will be a success or a failure. This research focuses on people as a component to ERP implementation, with emphasis on the leadership perspective. We aim to identify and evaluate leadership core competence values of a transformational project manager that critically enable the success of an ERP implementation project.

Keywords: Enterprise resource planning (ERP), ERP implementation, Transformational project manager (TPM), Project management (PM), leadership.
INTRODUCTION

More than two decades have passed since ERP systems emerged in the information system domain promising a new dawn for business performance by integrating enterprise through software (Mandal and Gunasekaran, 2003). ERP seemed to be more popular for business disruption headlines than for business transformation success stories. They were criticized for being too big, too slow, too complex and too expensive. According to Gartner’s 2008 report, regardless of the huge investment, about 20% to 35% of ERP projects are understood to have failed to deliver primary business benefits, while up to 80% experienced schedule and cost overruns. Further, about 50% to 60% of ERP implementations are compromised from the initial objectives as a result of their inability to customize the software as earlier designed in the proposal (Gartner, 2008). A survey conducted by Panorama Consulting in 2011 revealed that from 2009 to 2010, 35% to 61% of ERP implementations took longer than expected, 51% to 74% had exceeded cost budgets and 67% to 48% had benefit realization < 50% (Panorama, 2011). In many cases ERP implementations have proven disastrous to the extent of nearly bringing many fortune 1000 companies (such as Nike, FoxMeyer drug, Dell and Mobile Europe) to their knees (Al-Mashari and Al-Mudimigh, 2003). Research shows that after implementation, many companies suffer setbacks in business performance and low returns on investment (ROI) that may take up to two years from which to recover (Davenport, 2000; Bradley, 2006). Business executives have realized that traditional PMs are no longer adding value to the organization’s ERP system implementation projects (King and Burgess, 2006). The traditional project management style has failed to address current ERP implementation outcomes, and in addition has not been able to support the implementation of emerging business solutions. Project management of an ERP implementation is in a period of aggressive leadership transformation that goes beyond mere managing of an ERP project team with lack of clear goals and vision (Bass, 1990; Nemanich and Keller, 2007). A database search conducted on Science Direct, IEEE Explore, Emerald and MISQ (using the keywords ERP implementation, project management and transformational leadership) produced a total of thirty-eight papers. After carefully applying a selection criteria for primary study, we identified eight papers, including Bass (1990), Nemanich (2007), Cho (20110) and Rezvani (2012), that provided the foundation for leadership characters performed in the form of actions by TPM in relation to ERP implementation. Similarly, Neuhauser (2007) and Chen (2009) provide enlightenment of project management skills, principles and methodologies from the ERP implementation perspective. Mandal (2003) and Somers (2004) indicate actions of critical success factors that deserve strategic attention by TPM for an unusual result; while the rest supported these key papers in building a constructive study. Our experience in obtaining a relevant primary study was a typical indication that no notable research work has been carried out on transformational project management (or TPM’s) leadership role in the context of project management of an ERP implementation. This study is interested in investigating the leadership perspective of an ERP implementation project management. Hence, this study focuses on the following question, namely: What are the underlying leadership core competence qualities of a TPM that enables the successful implementation of an ERP implementation project?

THEORETICAL BACKGROUND AND RESEARCH MODEL

2.1 Transformational Leadership

A transformational leader influences and changes followers in such a manner that he is trusted and respected by them. Followers are motivated and inspired by the leader’s actions to perform their work with the utmost commitment and diligence in order to accomplish organizational goals and objectives beyond expectations (Burns, 1978). A transformational leader possesses vision and the ability to effectively communicate and execute his vision across the organization. He is an ethical person, highly committed, dedicated, and knows how to influence, inspire and motivate his team in order to achieve success (Cho, Park, and Michel, 2011). The transformational leader is identified with certain unique characteristic qualities that differentiate him from traditional leaders, namely: being an agent of change, a mentor, a "value-added" person possessing creativity and innovation, as well as tactical and strategic thinking (Bass, 1990).
2.2 Transformational Project Manager

The TPM recognizes the benefits of long-term goals and therefore takes ownership in creating project success (Nemanich and Keller, 2007). He maintains a high level of trust and respect within his team and the entire organization is inspired by his clear and positive vision of the future (Neuhauser, 2007). He empowers his team to make decisions, appraises their performance and provides feedback. The TPM leadership style and strategies both augment and complement the primary decision-making with regards to planning, organizing, leading and controlling common to (traditional) PM procedures. The TPM management style triggers radical ideas that dramatically stimulate project team initiatives and inspire unusual motivation, both of which enhance overall productivity. Some differentiating characteristics of a TPM (which are often not found in PM) include:

i. Intellectual stimulation – The TPM encourages a team’s ingenuity, creativity and innovative thinking, urging them to keenly question the status quo in order to make discoveries.

ii. Inspirational motivation – The TPM clearly communicates the organization’s goals and vision, subsequently motivating and inspiring the team to ensure its full realization potential.

iii. Individualized consideration - The TPM provides encouragement to team members in the form of individual mentorship, coaching, and counselling.

iv. Idealized influence – The TPM has clear values and leads by example so that his team may emulate him. His team treat him with high esteem and adopt his beliefs and principles.

The TPM has a greater ambition of accomplishing huge results, therefore his management style is driven by corporate vision and strategic direction. The traditional PM, however, more often is concerned with meeting immediate ERP implementation objectives, with little or no ambition of going beyond expected results. The TPM tactfully and strategically reaches out to the team and entire organization with the intention of leveraging and maximizing their combined efforts in order to accomplish greater success.

2.3 Leadership Core Competence of a Transformational Project Manager

The theoretical and conceptual knowledge and understanding obtained from the transformational leadership, project management, as well as ERP implementation literature studies, provide ideas and initiatives for integrating project leadership competences capable of transformation and critical success factors of an ERP implementation in developing key actions that are strategically performed by TPM to positively impact project outcome above expectation. These actions effectively augment and complement the primary functions of a PM and contribute in formulating and developing the foundation of this study’s hypotheses (Cho, Park, and Michel, 2011). The hypotheses were utilized as components in developing the leadership core competence model of an ERP implementation project. Every ERP implementation project is unique and hence there is no ”one size fits all” methodology. A TPM does not have to take all of these actions nor must they necessarily be taken in a particular order to achieve the desired improvement. These actions are all important, but the criticality and level of importance depends on, namely; a TPM’s level of experience, priority and approach, the ERP project scope, requirements, and organizational structure respectively. It is the nature and circumstances surrounding an ERP project that guides or dictates the manner, intensity, and order by which a TPM will take action.
2.3.1 Strategic coordination of top executives’ support and commitment

The TPM plays the role of educating the organization’s top executives concerning the importance and value of ERP projects (Mandal and Gunasekaran, 2003). He coordinates the top executives in the following areas, namely: planning, executing strategic plans, funding and provision of resources, approving policies relating to ERP implementation and usage, as well as reviewing and monitoring progress (King and Burgess, 2006). He engages top executives and ensures their readiness to define corporate goals and objectives that are mapped out and aligned with the organization’s business processes for integration and automation (Bradley, 2006).

**Hypothesis H1** – The transformational project manager is positively related to the strategic coordination of top executives’ support and commitment.

2.3.2 Deep knowledge of organization’s business practice and strategic direction

The TPM has a profound knowledge of the organization’s business model, strategic direction, structure, culture, and the respective ERP project goals (Al-Mashari and Al-Mudimigh, 2003). He is a strong business executive who has broad experience in managing organizational change and risk, marketing, negotiation, finance, strategic development, and human resource leadership (King and Burgess, 2006). The ERP business solution demands full integration of the organization’s goals, vision, strategy, culture, and business process into the ERP application system (Somers and Nelson, 2004).

**Hypothesis H2** – The transformational project manager is positively related to a deep knowledge of an organization’s business practice and strategic direction.

2.3.3 Developing and managing effective ERP implementation project team

The TPM selects clever and experienced team members (King and Burgess, 2006). He builds a team that is mostly made up of talented business gurus who are technically savvy, effective communicators and relationship builders. They are drawn from functional units across the organization (Davenport, 2000). These individuals understand the organization’s goals, business process, information technology infrastructures, internal culture, structure and environment. Their primary job is directly
related to the products and services the organization provides to its customers (Somers and Nelson, 2004).

**Hypothesis H3** – The transformational project manager is positively related to developing and managing an effective ERP implementation project team.

**2.3.4 Coordinating appropriate ERP training and education for the organization**

The TPM designs and prioritizes the ERP training and educational programs for top executives, management, project team and users in a timely fashion (Mandal and Gunasekaran, 2003). Top executives need training in order to understand the ERP overview; while functional managers need not only training, but also the ability to train their subordinates. Similarly, the project team needs training for designing, implementing and supporting the ERP solution, while at the same time formulating training manuals with which to train end-users (Rezvani, Khosravi and Ahmad, 2012). Appropriate and adequate training and education creates ERP knowledge, as well as enhancing a successful ERP implementation and encouragement of system acceptability.

**Hypothesis H4** – The transformational project manager is positively related to coordinating appropriate ERP training and education for both the project team and users.

**2.3.5 Application of effective and strategic risk management process**

The TPM develops a proven methodology by which to anticipate, identify, control and manage risk (Nemanich and Keller, 2007). The common risk elements associated with ERP implementation include, namely: unclear scopes, schedules and budget estimates, level of system customization, team members’ experience, lack of sustained top executive commitment, as well as users’ resistance. He creates a risk response process and defines action items, thresholds and metrics for risk monitoring and control.

**Hypothesis H5** – The transformational project manager is positively related to the application of an effective and strategic risk management process.

**2.3.6 Enforcement of effective and strategic change management process**

The TPM develops an effective change management program by which to counter all resistance from end-users due to ignorance, as well as by appropriately educating them to understand the ERP system’s purpose from a positive perspective (Rezvani, Khosravi and Ahmad, 2012). He proactively manages all aspects of changes relating to ERP implementation in the organization. He should also effectively negotiate with the various political interest groups in the organization to incorporate and support the ERP change process (Somers and Nelson, 2004).

**Hypothesis H6** – The transformational project manager is positively related to the enforcement of an effective and strategic change management process.

**2.3.7 Building and managing effective project teamwork**

The TPM recognizes the importance of teamwork in relation to ERP project success and focuses on developing long term teamwork by creating a sustainable environment that facilitates team cooperation and networking (Davenport, 2000). He builds and develops teamwork by encouraging the improvement of knowledge-sharing, team interaction and collaboration (Neuhauser, 2007). He establishes teamwork building activities, strategies and programs, such as group assignments and special time for team-interactive sessions to deliberate on project challenges, progress and solution suggestions.

**Hypothesis H7** – The transformational project manager is positively related to building and managing effective project teamwork.
2.3.8 Empowerment of ERP implementation team to make decisions

The TPM has the leeway and confidence to empower his team. He makes his team understand that they are stakeholders and part of the overall vision, and he encourages them to make correct decisions through consultation for the success of project goals and objectives (Davenport, 2000). This strategy ensures that the team is capable of coordinating the affairs of the project in his absence and no aspect of the decision-making process should be delayed (Al-Mashari and Al-Mudimigh, 2003).

**Hypothesis H8** – The transformational project manager is positively related to the empowerment of the ERP implementation team to make decisions.

2.3.9 Creating motivation and satisfaction among team members

The TPM incorporates into the organisation appropriate means of recognizing and rewarding desirable behavior, good conduct, special commitments, and exceptional performance by team members (Mandal and Gunasekaran, 2003). Motivation is central to leadership and hence team members are motivated to achieve goals beyond expectations. He knows and understands the team and provides effective rewards that both give satisfaction and meet significant needs valued by the recipients (Khosravi, Rezvani and Ahmad, 2013). Motivating factors include offering very competitive salaries, regular and meaningful communication and incentive bonuses.

**Hypothesis H9** – The transformational project manager is positively related to creating motivation and satisfaction among team members.

2.3.10 Application of dynamic project management strategies and methodologies

There is no "one-size-fits-all" strategy and methodology. The TPM decides upon the most suitable methodology and strategy that will be rapid and flexible, provide coordination and control, and enable quick manipulation of key projects elements (Somers and Nelson, 2004). He ensures that integrating partners are able to support multiple methodologies in a dynamic fashion. The essential component of managing projects is to focus on providing solutions, overcome constraints, barriers and challenges, as well as communicating with and reporting to stakeholders on a regular basis (Mandal and Gunasekaran, 2003).

**Hypothesis H10** – The transformational project manager is positively related to the application of dynamic project management strategies and methodologies.

3 CURRENT RESEARCH DIRECTION

We choose our sample population from among organizations that have completed ERP system implementation as part of a corporate business solution. The respondents are going to be individuals who participated in either this or a similar ERP implementation project as team members in any capacity, and include the consultants and the staff of ERP integrating partners. We plan to employ quantitative research methods through a structured survey to empirically validate the research model. The leadership core competences (actions) are the independent latent variables (X-variables) and the predictors and exogenous variables. ERP implementation success, meanwhile, is the dependent variable (Y-variable), the predicted and endogenous variable. Our data collection instrument will focus on observing certain actions stimulated by PM’s character through a questionnaire. We will formulate closed-ended multi-choice questions to reflect our research questions so that the answer will satisfy our research objectives. The measuring items or indicators will measure each latent variable (hypothesis) using a Likert scale of 1 to 5. We will form two models, namely: the reflective measurement model and the structural model. We are going to analyze our data using smartPLS statistical software by running bootstrapping computation and a PLS algorithm in order to determine the reliability and validity of our structural model (which is made up of the hypotheses and the research model (leadership core competence model of ERP implementation project)).
4  RESEARCH CONTRIBUTION

This study proposes two important contributions to the enterprise information system domain. First, it has identified the underlying leadership core competence qualities of a TPM that enables a successful ERP implementation project. These core competences are critical actions that should tactically and strategically be undertaken by a TPM to enhance the success of the ERP implementation outcome. Second, it assists in the development of a leadership core competence model of an ERP implementation project using the research hypotheses as building blocks. Although studies ((Chen, Law, and Yang, 2009) and (Sarantis, Smithson, Charalabidis, and Askounis, 2010)) have previously examined the effect of project management practice with respect to ERP implementation, little consideration was given to the leadership aspect of the project management of an ERP implementation. This study is distinguished by its in-depth focus on the transformational role of a PM in project managements including, namely: an ERP implementation project, or any other enterprise information systems. These include entities such as: CRM, SCM, PLM, EAI, and Data Warehousing which have similar characteristics such as large-scale and packaged applications involving integration and automation of business process, sharing of common data and practices across the enterprise, and producing and accessing of information in a real time environment. However, the leadership core competence model of an ERP implementation project can be adopted and applied to any enterprise information system software implementation with an organization.

5  CONCLUSION AND FUTURE WORK

Transformational leadership of TPM indeed augments and complements the effective decision-making process of a traditional PM in enhancing and enabling the success of an ERP implementation project outcome. We have attempted to distinguish the difference between the respective roles of the TPM and traditional PM, as well as highlighting the positive impact introduced by the leadership and management style and strategies of the TPM. We discovered that TPM plays a significant role in decision-making over the planning, organizing, leading and controlling of ERP implementation projects. In addition, it augments and complements his character by stimulating actions designed to motivate, inspire and influence both the ERP implementation project team and the organization in a tactical and strategic manner. This will have the aim of placing the ERP implementation project in a position that delivers the ERP system on time and within budget estimates, while at the same time meeting business needs and goals, providing performance improvement, and offering a higher return on investment. Hence, TPM is distinguished by these characteristic components such as, namely: intellectual stimulation, inspirational motivation, individualized consideration and idealized influencing of the ERP implementation team and the entire project stakeholders. However, due to the complexity in scale, multiple intensive training, huge capital outlay and considerable time and effort associated with the ERP implementation project organization, the PMs should be raised up through leadership training (with focus on organizational change management) so as to occupy the position of TPM in order to address the current ERP implementation challenges.

Our proposed future work on this study seeks to obtain primary data from respondents who participated in ERP implementation as team members in any capacity, together with consultants. We would then use the data to empirically evaluate the reliability and validity of the research hypotheses, as well as the proposed leadership core competence mode of an ERP implementation project. We hope this will provide an interesting result.

REFERENCE