Study the Importance of SWOT Analysis on ERP Implementation

Dr. Ramdas S. Wanare, Associate Professor & Head, Department of Account & Applied Stat. Vivekanand Arts, Sardar Dalipshingh Commerce & Science College, Aurangabad
Amar R. Mudiraj, Research Student, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad

ABSTRACT

Any organization which wants to survive in the market must have the new and advance technical tools and weapons to reach and sustain in the today’s rapidly changing world of business. ERP stand for Enterprise Resource Planning and it is an integrated tool used by many of the organization to be an advance in all the aspect as compare to others. As ERP is the long-term, time consuming, tedious and costly process, the Top level management not in a mood to fail in the ERP implementation and for this the organization always looking for the tangible and intangible factors which affecting on ERP implementation. And to achieve this goal SWOT analysis is the structured planning method used mostly where the organization looking for the factors affecting on the ERP implementation and out of those factors which factors are favourable and which are unfavourable are get determine. By this tool the organization can decide whether they are in position for going to implement such huge technical change in their organization or not. This paper highlighting the SWOT analysis process and list-out some important factors which plays very vital role during the ERP implementation.

Keywords
ERP, SWOT, SWOT Analysis, Strengths, Weaknesses, Opportunities, Threats.

1. INTRODUCTION

Today’s Business has the different dimension on which any organization gets the unique place in the eyes of customers. ERP is one of the important and new dimension gets popular now days. ERP is the software business tool which integrated different module of the organization like HR, Marketing, sales, Financial etc. ERP help the organization to flow the business data among the different department as common entity. By this every department can have exact and accurate data for the process without having the interaction with the individual of different organization. A ny organization who wants to implement the ERP must understand the organizational mission & vision. ERP is one of the most though, time consuming and costly process which take more than a 2 or 3 yrs to get fully implement in the organization. For this, every organization must analyze and ask the question to itself as “is there any need of ERP implementation in the Organization?” Ones we get the answer in “Yes” then the organization look for the Business Process Reengineering (BPR) which deals with the current working process and problem with the current working style. Another analytical tool for analyzing the organizational position to go for the ERP implementation of not is SWOT Analysis. SWOT analysis is the tool used for analysis and Planning to evaluating the factors affecting on the achievement of business. This paper will highlight the SWOT analysis for the organization which goes to ERP implementation. In the paper we consider some basic factors which further get fragmented into the SWOT matrix which has the effect on the ERP implementation.

2. INTRODUCTION TO SWOT ANALYSIS PROCESS:

The SWOT Analysis the business tool used to highlight the different factors affecting on the business process which the organization plan to design and implement for achieve the mission and vision of the organization. The SWOT analysis firstly describe by the American business and management consultant Albert S. Humphrey in the 1960 and 1970. The SWOT stand for Strengths, Weaknesses, Opportunities, and Threats. The tool identifies the internal and external key factor which seems to be very crucial and important to achieve the organizational goals and objectives. Any organization which want to implement ERP the organization look for the factors which effecting on this process to control and mange the problems which comes during the ERP implementation.
Which shows the process gets started with the Top level management and they ready to implement the ERP in their organization. Ones they decided they are call the meeting with the all concern people who have direct and indirect influence on ERP implementation from different level of organization like Board Members, Managers, Dept Heads, Technical Staff, Supervisors etc. The meeting gives the idea about the vision and mission of the organization and the objective which the organization plans to achieve with ERP implementation. The meeting also clarifies the role of individual and groups in implementation process. Ones everyone gets the clear idea about their role in the process, the top management start to collect the information about the current status of the internal and external environment of the organization. On base of this information, organization starts to make a list of factors which will create the influence on the ERP implementation.

Ones the list get finalize about the factors affecting on ERP implementation, the organization starts to divide the factor divide them into two major categories Internal factors and External Factors. Internal Factors which can controllable and inside the organization environment. External Factors are those factors which have the influence on the organization from the outside world, which are mostly not under control of the organization.

Further the internal factors are divided into two sub categories Strengths & Weaknesses of the organization. The External Factors are gets divided in Opportunities and Threats.

The next step in the SWOT analysis will be creating the SWOT matrix which consisting the list of factors which comes under the Strengths, Weaknesses, Opportunities and Threats of the organization.

The last step to SWOT analysis will be top level management analyze the strengths of the organization and keep them as weapon for achieve the target. Similarly organization focuses on the weaknesses on the organization which they have to control and cover-up during the ERP implementation. With the same top level management look for the opportunities in the outside world to grab with the help of their strengths during the ERP implementation. During the analysis and grabbing the opportunities the tangible and intangible threats creates the hurdles in the ERP Implementation which has to get manage and control during the execution of ERP implementation process.

3. SWOT MATRIX FOR ERP IMPLEMENTATION:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cost</td>
<td>1. Bureaucracy</td>
</tr>
<tr>
<td>2. Schedule</td>
<td>2. Poor Understanding of Technology</td>
</tr>
<tr>
<td>4. Efficient and Experienced Manpower</td>
<td>4. Dependency on Consultants</td>
</tr>
<tr>
<td>5. Long Term Vision and Mission</td>
<td>5. Poor Market Knowledge</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Respond to RFP of Customer</td>
<td>1. Security</td>
</tr>
<tr>
<td>2. Division for consulting</td>
<td>2. Maintenance Cost</td>
</tr>
<tr>
<td>4. Central Control on Workflow Data</td>
<td>4. Competitor’s Technology</td>
</tr>
<tr>
<td>5. New Strategies for Improvement</td>
<td>5. Existing Consulting Market</td>
</tr>
</tbody>
</table>

Fig 1.2 SWOT Matrixes for ERP Implementation
3.1 Strengths:
It stands as a characteristics or factors that give an edge for the company over its competitors, which give the advantages over others in the market. The Strengths factors are the factors depends upon the organization can go for ERP implementation. Some of the factors are listed in the matrix like Cost, Schedule, Infrastructure, efficient and experiences manpower and last long-term mission & vision. The organization having strong financial hand can go for any new change in the organization and as, ERP needs lots of money so cost can be one of the important Strength of the organization. ERP implementation is long and time consuming process so, it required more time schedule for better implementation in organization and if the organization has the enough time so it will be more beneficiary for ERP. If the organization already has the better infrastructure in hand it makes more easily to ERP implementation otherwise more time take to create a new setup for the new technology deployment. Most of the organization considering the human resources are their main strengths and if the organization have the more efficient and experienced man power so the thing are get easily adopted and implement perfectly in most of the cases. Above all the strengths of the organization has the clear, advances, long-term mission and vision in Top level management the organization will always stand as supporting poll for the ERP development team as parental tree to achieve the goals and objective.

3.2 Weaknesses:
It stands as characteristics or factors that can be harmful if used against the firm by its competitors or it can be disadvantages relative to internal environment of the organization. During the ERP implementation the role and support of Top level management plays a vital role and if decision making is having any Bureaucratic nature of the Top level management during the implementation the people on other level of organization may not have faith on the Top level and it may affect very badly on the ERP implementation. Some time all the people of the organization may not technically sound as compare to the ERP development team and if the people who are having the direct operative position on ERP system then they must understand the technology. If they failed in understand the technology so it will be one of the weakest thing for the organization. Some time the people of the organization not in position to change their traditional working environment and they are not in position to acquire the new technology in their working mode, some time can be more dangerous for the organization to acquire the new technology. While end of ERP implementation most of the organization hired the consultants for implementation and deployment of the ERP and after finishing the task the consultant are leave the organization. Here the problem arises in the regards of maintenances of the ERP and if we have no group of people who have the enough knowledge of ERP technology deeply so, again the consultation process get started and it increase the cost of process. Most of the organization fails to analyze the need of market and customer requirement and by poor knowledge of the market the ERP implementation may get failed.

3.3 Opportunities:
It stands as characteristics or favourable situations which can bring a competitive advantage in the market. The organization that always looking for the new opportunities to achieve the objective will never face the failure in market. Similarly the organization who planning for ERP implementation need to find the opportunities in the market for the ERP implemented technology adopted organization. While considering the opportunities in market for organization the first element is customer and ERP will create the rapid and corrective responds to the Request for Proposals (RFP’s) of customer. The next opportunities can be possible by ERP in organization is, it can create the one of the consultant division in the market for the ERP implementation for other non-ERP implemented organization. With the help of Rapid responds to the RFP’s of customers, the ERP creates the opportunities to make our customer satisfied at certain level. With the help of ERP we can have the idea about how and what data flowing among the different processing activities in organization which keeps top level management updated in the regards of organizational information. The ERP also gives the better understanding of the current organizational workflow and fund-flow which help the organization to change its tactical decisions by creating new strategies for the improvements.

3.4 Threats:
It stands as characteristics or un-favourable situations which can negatively affect the business or cause trouble for organization. While considering the Threats parameter in the ERP implementation the very first factor comes in mind is security for providing the data which get travel from the different individuals, divisions, departments, offices and plant, some time at same location or different geographical location which need more security. One of the most costly threats for the ERP implementation is
Maintenance Cost of ERP system which requires continuous monitoring, time and people in the process. Some time slow growth of the organization also plays the serious cause on the process where the organizational growth is not upto the mark as per decided by the Top level management during the ERP implementation. Competitor is the most and biggest threat for any organization and if the competitor is more advance in technology as compare to our technology then, there is nothing worst that it. After completing ERP implementation some people from the organization must have the technically enough to solve the problem may face in coming time, which can reduce the dependency on the ERP development consultant which are outsiders for the organization and it will defiantly reduce the cost of maintenance.

4. CONCLUSION

This paper highlights the SWOT analysis is the process as eye opener for the organization which gives idea about the factors affecting on organization during the ERP implementation. This paper also describes the some factors divided into internal and external factors. The internal factors affecting by inside environment which more controllable by the organization itself. The internal factors includes the Strengths and Weaknesses of the organization, which describe the Strength as main weapon of the organization present inside on the organization and Weakness as some non-favourable factors as a disadvantages to the organization and it must overcome to achieve the goals. The paper lighten the external factors like Opportunities and Threats which provide the favourable situation where the organization can convert their strengths into profit for the organization. The threats just creates the trouble to the organization in the form of Competitors, Advance Technology, Change in customer mood etc where the organization need to face positively to achieve the goals set by the top level management. At last the SWOT analysis creates new path for the organization on which business can go longer, profitable and reach the success in ERP implementation.

5. REFERENCES:

[7]. www.rapidbi.com/created/SWOTanalysis.html  