Organizational change in conjunction to the implementation of an ERP system
-A case study of a logistics company

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Abstract

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Title: Organizational change in conjunction to the implementation of an ERP system
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Background: Today also smaller companies (SME) are implementing enterprise resource planning systems. One difference is that the SME have smaller resources regarding people and finance which can cause some problems if they are not aware of this. The company we have studied have undergone an organizational change and simultaneously implemented an ERP. Two parts of the implementation of the ERP worked just as intended and the third and last part experienced some major difficulties.

Purpose: The purpose of this thesis is to examine the situation in which a small company undertake two major changes almost simultaneously, one of which is the implementation of an ERP. This matter when an SME is implementing an ERP is not well researched since it is only in the more recent years that this type of organization feel the need for it and therefore have ventured into this. The aim of this thesis is to add to the theoretical field of small organizations introducing enterprise information systems.

Method: This is a qualitative study conducted in the form of a case study. The main data sources have been semi structured interviews, combined with observations and a document study. The data have been analyzed inductively.

Conclusion: The implementation of this ERP has gone bad in one area due to several cooperating mistakes. SME’s have some circumstances that does not apply to the larger organizations. In a SME every person carries greater importance in the success or failure of the implementation. Preparation is equally important in an SME as in larger organizations.

Suggestions for further research: The field of ERP have not been very thoroughly studied since it is a comparatively new field. Further research in this matter would be of some value.

Keywords: ERP, SME, change management, organizational change, implementation
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List of abbreviations

CFO – Chief Financial Officer
CEO – Chief Execute Officer
ERP – Enterprise Resource Planning system
SME – Small –Medium- Enterprise
1 Introduction

Introducing an Enterprise Resource Planning system (ERP) in any organization can have a large impact on the entire organization, not at least a small to medium-sized organization (SME) which has previously used cut and paste from different isolated islands of software into for example Excel as the main tool for producing economic reports. Some of these SMEs have very large companies as customers and according to Búrca et al (2005) it is common that these customers are more or less implicit in their message that some form of electronic interchange between the systems is soon to be demanded. The solution for this problem is to invest in some form of ERP that can connect the different parts and processes of the organization together as one unit. Due to the impact an ERP can have on the organization, the decision to invest or not is usually made by the board which is also the case with bigger changes in the organization. Búrca et al (2005) also claims that implementing an ERP often causes the need for organizational needs and of course this therefore calls for the need of change management within the organization.

One problem with smaller organizations is that they often lack the in house expertise and knowledge to handle the requirement process as well as the implementation of an ERP and also to fully estimate the expected effects and outcomes of such an implementation. Small companies often do not even have their own IT department and if they have one, they are usually not experienced in such large scale system changes. Another important aspect to take into consideration is that an ERP system is not primarily a matter for the IT-department but of the entire company and especially the top management due to the impact on the business processes. Additional implications can of course occur if the company at the same time is undertaking a total reorganization of the company. This reorganisation can sometimes be necessary due to the implementation of the ERP but of course, reorganisations are often caused by other external or internal factors as well.

1.1 Background

We have had the opportunity to look closer into a small company that has just undergone two large simultaneous projects. The company in question is operating in the field of logistics which means transporting goods of different types between different locations, within Sweden as well as internationally. The company also have a warehouse where goods can be stored temporarily or more continuous. For many years this company was organized as a group consisting of three rather independent subsidiaries, each led by a
managing director, MD. According to the CEO of the parent company, this sometimes led to the different subsidiaries “stealing” deals from each other and quite frequently led to decisions being made by the different MD’s and employees, causing sub optimization of respective subsidiary instead of the company’s greater benefit. In a company consisting of approximately 100 employees, the CEO and the board did not think this was optimal and therefore decided to make a complete reorganisation of the entire company. They decided to sell one of the subsidiaries and reorganizing the other two into business areas and also at the same time starting a new business area.

At the same time as this reorganization was discussed at the board, late 2004, some of their larger and most important customers were talking about electronic interchange of information. Not so much as explicitly demanding it but more in terms of mentioning that other logistics companies are doing it, hence implying that this matter will gain importance in the future. The management and many of the employees were also getting increasingly aware that the current situation with the information systems would not suffice for much longer. They therefore decided to venture into the world of enterprise information systems.

This means that we have a company of about 100 employees that are going to do a major structural change in the way the company is organized, including selling one subsidiary and starting a new business area at the same time as they are going to work on implementing a brand new ERP. Of course the day to day business also has to work as usual with minimal and preferable no negative effect at all for the customers. One interesting question in this situation is of course if everything worked as planned and the answer to that question can be given directly. According to the CEO of the company, it did not. From his point of view the organizational change has worked as intended even though there is more to be done and when it comes to the implementation of the ERP, two out of three parts have worked as intended. The third part has caused a lot of grievance in the company, both for the management but also for the employees in this business area. It now happens that this business area is the newest and it was therefore constructed from scratch a short time before the organizational change. This meant that the person in charge of this business area had to build the organization, oversee the construction of the new building needed and at the same time work with the new ERP.
1.2 Problem discussion

Much research has been conducted about ERP in larger organizations but since it has only more recently become common for SME’s to invest in ERPs, much less research has been done in this field. Reorganizations in itself is not a new field of research, not even when it comes to SME’s but in this case there is a major organizational change done that is very much intertwined with the implementation of the ERP. SME’s have their own way of doing things because of shorter communication ways, less hierarchy and they also have less human and capital recourses at their disposal. An ERP is however a complex product that require the attention of the organization. It is therefore of great interest to study how the implementation of these two changes is conducted in such an organization.

Therefore we conclude our research question as:

How can a small organization act to ensure a smooth organizational transition in conjunction to the implementation of an enterprise resource planning system?

1.3 Aim of the study

The purpose of this research is to examine the situation in which a small company undertake two major changes almost simultaneously. Small companies usually lack the expertise needed to handle this type of large and complex changes and therefore much can be learned about important factors to take into consideration. In this part of Sweden there are many companies of similar size and these in particular can benefit from this thesis. At University of Växjö entrepreneurship is an important subject. This field of research focus on small companies and organizations that are developing and changing and this thesis can provide some valuable information in this field.

1.4 Limitations

The ERP in itself is not a primary issue in this thesis and we have therefore not examined or evaluated the system in itself to any extent nor have we in any way taken any considerations whether or not the best system were chosen. In this matter we take on a more pragmatic view and assume that since the company feels they have made the correct choice, they most likely have done so.
1.5 Disposition of the thesis

In order to show how this thesis is constructed and thus aiding the reader in what to expect of the different chapters, we have here compiled the structure.

1. Introduction
   - In this chapter we aim to introduce the reader to the subject of this case study. We discuss the background and of course also the problem.

2. Methodology
   - This chapter aims to clarify what methods we have used and why. We will also discuss some methods we have chosen not to use and why.

3. Theory
   - This part will explain some of the theoretical framework for this thesis. We will bring forth some previous research in this field and to some extent also adjacent fields.

4. Empirical findings
   - In this chapter we aim to account for our empirical findings. This means to account for our observations and interviews with the respondents.

5. Analysis
   - This part of the thesis is reserved for connecting the theoretical part of the thesis with our empirical findings.

6. Results
   - Based on previous chapters we will in this chapter conclude our findings and give an answer to our research questions. We will also give some suggestions for further research.

7. References
   - In this final chapter we present all written recourses used in order to write this thesis.
2 Methodology

In this chapter we will address the scientific methods we have used for this research.

2.1 Qualitative and quantitative research

According to Ghauri and Grønhaug (2005) there are two ways to conduct research. This can be done using either qualitative or quantitative research methods. When to use which method is described in somewhat different terms by different authors but one common denominator in several (Jacobsen, 2002; Ghauri and Grønhaug, 2005; Denscombe, 2000) is that quantitative research is best used when deductively proving a theory by using for example surveys and thus gathering a measurable number of respondents, all answering the exact same question. Quantitative research is according to Ghauri and Grønhaug (2005) suitable when the emphasis of the research is on testing or verifying existing theories, when there is a possibility to use controlled measurement and when there is a focus on facts and or reasons for social events. The essence of quantitative research is that the result of the research can be measured in numbers of some kind which can be analyzed statistically according to Jacobsen (2002). Jacobsen continues to say that this method assumes that the researcher has deep knowledge of the phenomenon to be researched and that it allows to be categorized in predefined alternatives for the respondents to choose between. This of course also assumes that the respondents can fit their perception of the reality into the fixed alternatives.

Qualitative research on the other hand is suitable when the emphasis is on understanding and interpretation of the respondents’ point of view, when there is a need for a more holistic view and when the aim of the research is explorative oriented according to Ghauri and Grønhaug (2005). In order to really understand social phenomena and learn how people interpret their social reality, only a qualitative research can suffice according to Jacobsen (2002). Ghauri and Grønhaug (2005) states that qualitative research can be used to study a social event or process in that it can provide intricate details and understanding and it is quite usable for studying individuals, groups or organizations. They also states that there are three major components associated with qualitative research at this is that data is most often collected through interviews and/or observations, the techniques used to interpret the data is most often analytical or interpretive and it all concludes in a written report. Ghauri and Grønhaug (2005) also states that qualitative research is the most suitable when the studied object requires a more in depth-insight in the problem.
Alvesson and Sköldberg (2000) describes the line between qualitative and quantitative research as somewhat blurred but states that the main difference is that quantitative methods characteristically derives from the researchers thoughts and ideas of what the researcher mean should constitute the central focus area while qualitative methods can be distinguished by its starting point in the actions and perspectives of the subjects of the study.

Since this study has as a purpose to examine what happens in a specific organization when conducting an organizational change and implementing an ERP, with a focus on the perception and thoughts of the people involved, we mean that a qualitative method is most suitable in our case. The next issue then to take into considerations is which qualitative method to use. According to Merriam (1998) there are five major types of qualitative methods:

- **Basic or generic qualitative research** which is characterized in that it includes description, interpretation and understanding. The purpose is to seek understanding of a process or a phenomenon and to understand the perspectives and worldviews of the people involved. The analysis often results in identifying recurring patterns found in the data.
- **Ethnography** is focused on society and culture and the aim of such a study is to interpret the collected data from a sociocultural perspective.
- **Phenomenology** where the focus is on an experience or a structure and the purpose of the study is to depict the basic structure or core of this particular experience or structure.
- **Grounded theory.** This means that the researcher gathers data and from this data discover and form a theory. The theory is then grounded in data, hence the name.
- **Case study.** The case study is recognized by its focus on describing and/or analyzing a particular event, community, intervention group or an individual. The purpose is to gain understanding and meaning of those involved.

From this brief description the case study can be singled out as the most suitable for our study. The aim is to describe and analyze a particular event in a defined environment. Ghauri and Grønhaug (2005) also states that a case study is very well suited for research when the researcher has little control over the events and when the focus is on a phenomenon in a real life context. These matters also fit very well in the aim and purpose of this thesis. Merriam (1998) claims that her definition of what constitutes a case study
has shifted a little over the years and that the most significant matter is that the object of
research is clearly delimited. In our case these delimiters can be defined as a particular
organization of approximately 85 employees in total and we are only concerned in matters
regarding the implementation of the ERP and the organizational change carried out in
conjunction to this.

2.2 Collection of data

According to Merriam (1998) qualitative data is characterized by consisting of words and
there are three main ways of collecting this data.

- Interviews which consist of direct quotations from people about their opinions,
  feelings and knowledge of the phenomenon. This is the most common way to
  collect data and is sometimes the only way.
- Observations which gives descriptions of the people and their activities in their
  natural environment and within the field of research.
- Documents, which provide us with data from different printed or otherwise
  published material or other artefacts which are relevant to the study.

When it comes to interviews, Ghauri and Grønhaug (2005) firstly categorize them in how
they are conducted - by mail, telephone or in person. In our research all interviews have
been conducted in person with both of us present. This has then been complemented with
shorter interviews over the telephone at a later stage when we have felt the need for
additional information or if something was a little bit unclear.

Denscombe (2000) describes three main types of interviews with a somewhat blurred and
shifting distinction between them, especially the latter two. The first type is what is called
the structured interview which means that the researcher has a list of subjects to be
ventilated and have also limited the possible answers. Every respondent are given the exact
same questions and in the same order. This type of interview is often associated with
surveys and quantitative data. The second type of interview is the semi structured which
means that the researcher have a list of subjects to be discussed but the order in which they
are asked can differ between the respondents and they are allowed to elaborate their ideas
and thoughts more freely. The researcher also has the possibility to give follow up
questions in order to gain deeper knowledge of the issue. The line between the semi
structured interview and the last one, the unstructured interview, is very unclear and could
rather be considered as a gliding scale according to Denscombe (2000) and is backed up by
Ghauri and Grønhaug (2005) and Merriam (1998). The main difference according to Denscombe (2000) is in the way the researcher takes part in the interview. He means that in the unstructured interview, the researcher introduces a theme or a subject and then the respondent is expected to elaborate his or her ideas and thoughts as much as possible.

The purpose of this study is to understand the implications of the organizational change and the implementation of the ERP from the point of view of the different members of the organization and thus try to find out why all parts of the ERP system is not working fully as expected. We will especially focus on the differences from different theories which often have a focus on large organizations and our case which is a small company. In order to do this we have used semi structured interviews and should we place them on the above mentioned scale, they must be considered to shifting a little toward the unstructured. The reason for this is that we have spoken to people with very different functions in the organization which means that most questions have to be fitted especially for each person. The intention has also been to gather as much information as possible about their impression of the changes.

At the time of our interviews we have also had the opportunity to walk around the premises and observe operations as they carry on. We have also been given access to documents regarding the company and the services they can provide as well as protocols from various meeting during the process.

Apart from the original interviews in person, we have also done additional interviews via the telephone for ensuring the correctness of information given or just to get some additional information in case something has been unclear in any way.

The respondents of this study have been selected together with the CEO of the company in which we have conducted our research. This have not in any way restricted who we are allowed to speak to but has instead ensured the cooperation of everyone. The people we have talked to are the CEO, CFO and the three business unit managers. We have also talked to other people in the administration as well as in the warehouse. In all, we have interviewed nine persons.
2.3 Analyzing the data

Our empirical research can be summarized as almost nine hours of recorded material and 17 pages of typed notes from the interviews and observations that had to be analyzed. According to Merriam (1998) it is important in qualitative research to analyze the findings continuously. We have done this by discussing very thoroughly after each set of interviews the outcome of the interviews and what has been said. In doing this we have also started our analysis as well as finding clues about subjects to bring forth in upcoming interviews. Directly after each set of interview we have written out the notes and also discussed them briefly to ensure that we have a common picture of the events. Within a week of each interview we have transcribed it in order to be able to analyze and interpret it. In order to do this we have gone through every interview and classified the data in different categories that we feel are significant to the case.

2.4 Reflections

The subject for this thesis is to look at the managerial and organizational aspects of a SME implementing an ERP. This means that this is a social study and in doing such, according to Alvesson and Deetz (2000), it is important for the researchers to reflect on their social reality in relation to the subject of study. The main reason for this, they claim, is that research in this field is always subject to the researcher’s subjective interpretations of what to research. Therefore the researcher does not only interpret the data collected, he also decides which data to collect and interpret. This is done by choosing what questions are asked, how the interviewee is allowed to elaborate their answers, what the researcher decides to include and what to observe and take notes of. Alvesson and Deetz (2000) mean that theory should be seen as a way of interpreting the researchers’ thoughts about the world instead of seeing it as a mirror, reflecting the true world. Alvesson and Sköldberg (2000) relate to this as reflective research and that all references to empirical data are the result of interpretation and reflections of the researchers. This turns the attention to the researchers and the social environment in which they operate as being of central importance for the evaluation of the conducted empirical research.

Both authors of this thesis has prior to this finished our master studies in Information Systems Science and could therefore be said to have some knowledge of the technical and structural aspects of an information system, such as an ERP. During our empirical work of the master thesis we conducted many interviews together and have therefore also gained
some experience in this matter. In order to gain additional knowledge in the interesting field of combining the two interesting fields of Business Administration and Information Systems Science, we are interested in examining the effects of implementing such a system from a social science perspective. Neither of us can be said to have any greater experience of the transport industry and one of has been working for a summer in a warehouse. Both of us have worked in administrative roles prior to university studies and both have some experience of working in managerial roles, one a little more than the other. One of us has been working with IT for a couple of years and the other in the catering trade.

As mentioned before this research is to a great extent based on the interpretation of the researchers and the primary source consists to a large extent of interviews with a focus on respective interviewee’s interpretation of the events. Alvesson and Sköldberg (2000) bring out an interesting aspect concerning this and that is what to do when there are contradictory statements regarding an event. It is then important to apply source criticism which they claim is a hermeneutic method, especially popular among historians, for evaluating and interpreting the data. This is done by using a set of criteria’s such as:

- **Remnants** which is objects that cannot have been subject to subjective interpretations and distortions such as artefacts indicating that something has happened and thus confirming a statement for example.

- **Authenticity** which means to assure that the source actually is a source and not for example fabricated with the purpose of misleading for some reason or not.

- **Bias** which refers to the conscious or unconscious interest the interviewee has in the matter discussed. It is important to consider who is speaking and in what purpose. This matter can be dealt with by asking several people on different levels of the organization of their opinion in a certain matter.

- **Distance and dependence** where distance refers to the matter of the distance between the informant and the event and dependence to how many steps the information has travelled between the event and the informant.

- **Empathy** which emphasizes the researchers role as being able to understand the informants role and point of view from within and try to re-enact the intentions of the informant.

In our research we have taken great considerations to these matters and interviewed several people on all levels of the organization which has something to do with the ERP. Our questions have been semi-structured and as mentioned before perhaps being more towards
the open side of the scale. The reason for this has been to try to make the respondents as
comfortable as possible with us being there and asking some questions that can perhaps be
considered as somewhat offensive if we did not have the trust of the respondents. We have
asked them all similar questions but have used somewhat different approaches sometimes,
just in order to gain this trust. All questions have also not been applicable to all
respondents and for these two reasons the interviews have ranged from about 45 to 110
minutes. We have also had the possibility to walk around on the premises to look at the
operations and by doing this, been able to examine what is mentioned above as remnants.
We have also concluded that everything that we have seen and heard is true in the meaning
of respective respondent’s point of view and no remnants or artefacts have been fabricated
in any way in order to mislead us. The reason for this is that they have an ongoing
operation and simply have no time or reason to make something up just for our research.
Should any such actions have occurred, it is our firm belief that it has not been in the
intention of misleading us but someone else. This is however not anything that we have
had any reason to believe either or seen any indications thereof. We have taken some extra
consideration to the matter of bias and coordinated this with empathy in order to try and
understand the reasons for some statements given. This has been done by one person being
in charge of leading the every interview and the other person taking notes, especially with
a focus on matters that cannot be recorded. We have then discussed these notes thoroughly
to ensure a common point of view regarding what have been said and interpretations of the
gestures and signals given from the respondents.
3 Theory

This chapter will focus on different theories regarding matters that are of relevance for this study.

3.1 Business and organizational strategy

The first of these chapters concerns how an organization can be organized and how to develop with regards to its strategy.

3.1.1 Business Development and strategic planning

According to Nyström et al (2006) all organizations need to evolve at some point of its duration of existence. They also state that change takes time and the timeframe for developing new business models and businesses differs greatly in comparison with a marketing launch, technological innovation or a change in the community. A marketing introduction takes roughly one to two years to complete and a new business from scratch takes about five to ten years to establish, a larger innovation in technology or the community takes even longer. (Nyström et al, 2006)

![Figure 1. Timeframes for development. Based on Nyström et al (2006:37)](image-url)
The purpose of strategic planning is to clarify which direction the organization is striving to grow or evolve towards and setting up what is wanted to be achieved and what to do to enable it. The most central of strategic planning is the planning itself but there are other plans that have a large impact on the work, for example information and communications plans and different kinds of directives.

![Diagram of strategic planning process](image)

Figure 2. Strategic planning. Based on Nyström et al (2006:46)

This planning process is illustrated with the model above and it includes six steps: process map, strategic plan, information and communication plan, directives and task receiver, strategic evaluation and change management. Before the real strategic planning should start, it is recommended to do a diagnosis in order to obtain strategic choices and suggestions of crucial areas to invest in. This would then guide the actual strategic planning and those involved of the diagnosis process is often a small and limited amount of people where the board of the organization usually attend. (Nyström et al, 2006)

As a step in the creation of the vision, a process map can be created this would give the board, clients and personnel a god understanding for how the organization could to be working and what the core activities would consist of. The strategic planning includes activities to shape the aim on a long term basis and an action plan to achieve the goals that are set up. The action plan consists of planned activities of what actually should be done, who is responsible for them, how the areas of responsibility should be divided and how to be evaluated after completion. These activities is aimed to be what the business should continue doing and what activities that are removed and which ones that would be added. When the plan is constructed it should be communicated in the organization and this is
where the need of an information- and communication plan will be useful, it should express how communication and dialog should be used within the organization. (Nyström et al, 2006)

3.1.2 Organization, goal and measurement.

There are several ways to view organizations from according to Nyström et al (2006) since organizations are constructed when people realize that their own interests’ best can be fulfilled with a cooperative effort. Within these organizations a stability and regularity can be found that is unusual compared to the diversity and uniqueness among individuals. Stability is an effect of those involved in an organization working towards common goals and measurements. (Nyström et al, 2006)

Goals and measurement is about how to set up different goals for the organizations efficiency and productivity and also to establish systems to measure it. It is basically done by deciding what kind of things that is relevant to measure and what goals to focus on. Each of these goals would be a defined governance parameter within the frame for the vision for an organization. (Nyström et al, 2006)

A simple explanation of structures is to put them in a context that is based on the organizations vision and idea of business and define these in a number of stages that lead to the vision. These stages will need activities to be executed and those should be assigned to responsible persons who will need authority to ensure completion of the activities. This will require coordination and will be done by the formal structure in the organization. There will also be an informal structure which is important not to forget and be aware of. (Nyström et al, 2006)

3.1.3 Organization culture and change

Chaffey and wood (2005) state that the organizational culture should be considered when reviewing how change is handled within an organization. Type of culture is dependant of the values, beliefs and attitudes of the members within an organization and how the organization looks upon itself in its relationship with customers, competitors and other external influencers. Internally the culture is influenced by relations between different areas of the organization and the kind of control structure used. As the organization grows it will still reflect the roots from the founders but managers will seek to manipulate the culture so it would fit their own ideals and strategy. The responsiveness of an organization
is largely dependent on the culture within it and how well the organization handle change is thereby something that varies. (Chaffey and Wood, 2005)

The thoughts presented by Schein (1992) about how to define a culture with the three bases in assumptions, values and artefacts is a useful tool to understand the culture of an organization to aid in the understanding of what is needed to be done. The first factor that is presented, assumptions, a shared vision within the organization and one of the crucial things of change management is to challenge this, especially when they are an obstacle to the change. The second factor, values, is the internal guide for behaviour that will be the codes and ethics of the organization. These are hard to change especially when they are firmly held by the members of the organization. The third and last factor is the artefacts, these are tangible materials and identifiable with the language used in policies, procedures within the organization and can be written or created or rewritten but the previous two factor will determine how the members of the organization will perceive them. (Chaffey and Wood, 2005)

3.1.4 The IT-strategy and governance

An organization’s IT strategy is the pattern of how an organization uses IT to reach the defined business goals and must thereby be aligned with the organizations general business strategy to make that happen. The practice of the IT strategy is to apply it in all parts of the organization in a way so that it affects the daily operations. The strategy should be giving a direction or aim for the governance of the IT vision and to aid in decisions about what should be implemented or removed. The IT strategy should be based on the business strategy and this should also constitute restrictions for how it can evolve. Nyström et al (2006) illustrate this with the model below.

![Figure 3. The IT-strategy. Based on Nyström et al (2006:119)](image-url)
This requires all IT investments to be vindicated against a desirable direction of the organization. At the same time a formulated IT-strategy should also be of guidance to the responsible managers for decisions about investments and the execution of them so that the long term business goals is reachable. (Nyström et al 2006)

The aim of this is to ensure return on investment for IT-investments and productive users. Nyström et al (2006) present a model that for this that consist of five different levels:

- IT strategy that is aligned with the business strategy,
- IT guidelines for the entire IT organisation to be governed by,
- Development that integrates business development with IT development,
- Service management that delivers an integrated it-production including support and
- Productive users.

The models different levels are linked through a connected pattern of technology, humans, organization and processes. These parts are integrated in the model and represents different aspects:

- **Humans** includes resources and competencies with functioning relations and common cultures within business and IT
- **Organization** represents different areas of responsibility, roles and forms for cooperation in both vertical and horizontal direction between IT and business
- **Processes** consists of established and standardized processes and general flows on a individual level
- **Technology** refers to the technical choices and goals of the IT-strategy that are aimed to guide development options and established technical and applications standards

![Model for IT-governance](image)

**Figure 4. Model for IT-governance. Based on Nyström et al (2006:134)**
3.1.5 ERP in a SME

Deep et al (2007) claims that ERPs is getting more common in the SME sector and are viewed as a way to reengineer processes and gain advantages towards their competitors in the trade. Before the ERPs where more or less restricted to larger enterprises due to the economic and technological differences. The situation is changing since the SMEs are more and more appealed by the benefits that can be achieved from ERP systems although an ERP can be devastating for SMEs due to unclear objectives and a confused understanding of what and how an ERP can help gain performance improvements or competitive advantages. (Deep et al, 2007)

The likelihood of a SME to implement some kind of ERP is increasing according to Nach & Lejeune (2008) although the ERP-projects are especially challenging to carry out in SMEs. The problem with implementing ERPs in SMEs is that they have inadequate human and financial resources compared to the larger companies and the chance of surviving or getting back on track if the implementation fails is far lesser than in the large companies. Another aspect that influences the projects is that during the ERP projects the SME’s managers only carry out their role to the extent that they have skill and knowledge about compared to larger enterprises where they have a different level of resources. (Nach & Lejeune &., 2008)

To be successful in selecting an ERP in a SME, Deep et al (2007) has concluded some basic thoughts to be aware of while doing the selection. The first thing is to be aware of that the selection of an ERP system begins and ends with a realistic estimation of what the value adding processes should be. Here it helps to structuring the processes and brings out specific areas of standardization and it would be useful to have the key indicators and variables that would be the outputs from the ERP for decision making and analysis. The actual selection should be a team decision and it imperative to include as many end-users as possible, either directly or indirectly in understanding needs and expectations. Each department is specialized and unique in what they do and therefore it is crucial to involve them all since the ERP will affect the entire organization. Another thing that is important is the uniqueness of the change management scenarios within the SME since there is usually less experience of complex systems and education will thus be necessary and essential.
3.2 Change strategy

The complexity of doing a change in an organization is a difficult task according to O’Shea et al (2007). They emphasize the need for a large system change strategy which is a plan to define the processes that focus on what interventions to make where, by whom and at what time. The purpose of this is to create a state of the system where needs can be transformed to results in a social environment that increases peoples worth and dignity. O’Shea et al (2007) mention a number of steps that the management in their study felt was essential to successfully implement a major system change:

1. Developing a plan
2. Providing a vision for the future
3. Leadership to articulate the vision and deliver on the implementation of the plan
4. Communication of the vision and details of the plan to all stakeholders
5. Gain support for the plan
6. Put the appropriate arrangements in place to facilitate implementation
7. Implement the changes while at the same time continuing to provide a service
8. Embed the change in the organization

(O’Shea et al. 2007:108)

It is important not to take organizational communication processes for granted, thus urging the need to setup a plan for communication of the change process and monitor it. Another thing they highlight is the crucial factors of consolidation and sustaining the changes, which will need follow-up meetings, and continuous monitoring and review so the staffs feels support to cope with the changes in workload and resource allocation. This would enhance a system view to enable an adaption of the systems future needs and prevent a negative impact of progression for future change initiatives within the organization. (O’Shea et al, 2007)

3.2.1 Types of change

According to Chaffey and Wood (2005) there are mainly two basic types of change on an industrial level:

- Incremental change that comes out of the organizations scanning of its business environment which leads to minor small adjustments in introducing new services or products or improving their processes in order to keep competitive on the market.
• Discontinuous change which is caused by a significant change in the business area that changes the base for competition on a fundamental level.

In a context with an implementation of an information system any of these approaches can be a part of the implementation but may require some modifications to fit. The amount of affected areas is related to what kind of change that is being experienced. With an incremental approach skill, personnel and system will be impacted while a change that is discontinuous would also affect strategy, structure and shared values.

Another way to classify changes is to consider whether they are reactive or anticipatory. A reactive change is a direct response to a change in the organizations environment from competitors or other external influencers and the anticipatory change means proactive changes in order to improve efficiency or create an advantage to competitors. (Chaffey and Wood, 2005)

By combining these types of changes, Nadler et al (1995) made a model, brought forward by Chaffey and Wood (2005) that gives us a tool to classify different types of organizational change.

<table>
<thead>
<tr>
<th>Incremental</th>
<th>Discontinuous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipatory</td>
<td>Tuning</td>
</tr>
<tr>
<td></td>
<td>Re-orientation</td>
</tr>
<tr>
<td>Reactive</td>
<td>Adaption</td>
</tr>
<tr>
<td></td>
<td>Re-creation</td>
</tr>
</tbody>
</table>

Figure 5. Classification of organizational change from Chaffey and Wood (2007:386)

The model consists of four types of change. The first one named tuning is an incremental form of change where a desire for doing things better is the cause and there is no urgent need for immediate change. The second one named adaption is also a sort of incremental form of change but a response to external threats or opportunities. The third type named re-orientation means that a significant change or transformation to the organisation is started due to a discontinuous change, there is not an immediate need of change but the change is anticipated. The forth type, named re-creation, involves the senior management team of an organization to decide that a fundamental change of how things are done are needed to be altered to compete effectively. These both two last types of change can be seen as doing things differently and the level of challenge will be greatest within the discontinuous forms of change which can be seen in the model. (Chaffey and wood, 2005)
3.2.2 Managing change

According to Chaffey and Wood (2005), every implementation of a new business information system will have an effect on both individuals and the dynamics within the organization. If this impact on the humans within an organization are not recognized and managed, a resistance to change will most likely appear and the change may fail or not fulfil the desired results. They also present two general areas of change where change management consists of an approach working with the processes, structural, technical, staff and personnel changes within the organization. The other approach they present is business transformation which is an approach that involves fundamental changes to the organizational processes to improve the organizational performance. (Chaffey and Wood, 2005)

3.2.3 Commitment to organizational change

Parish et al (2007) emphasizes that organizations are consistently changing and that is important to provide insights that can improve the potential success of these changes. They also present a statement that the degree of loyalty towards the organization will affect the productivity and that perception of individual learning, improved performance and implementation success influences the employee view of the change initiative. Their view of the change is crucial since they will be wanted to present a positive picture of the change to customers and other external connections. That is one of the larger aspects that require the leaders to strive for presenting the change implementation as something that fits with the business long term strategic goals due to that employees that understand the situation will be more likely to be committed to the change and indirectly influence others view of the change. Openness and timely communication of the reasons of change is recommended to be a part of the implementation plan to ease these frictions. Parish et al (2007) also present a connection between support of organizational change and quality relationships with managers for the employees. They therefore recommend that managers aim to create and stimulate relationship commitment, trust and satisfaction among their staff and by doing this have the chance of influencing the predispositions of change. Organizations should try to assess both the informal and formal employees’ feelings about relationships and learn how to stimulate them and managers act on what they learn from it. When employees are anticipating an organizational change it would be useful to include the motivating of employees in the implementation plan for the actual change since the
outcomes of individual learning, implementation success and effects of performance are enhanced by motivated employees. (Parish et al, 2007)

3.2.4 Perception of change

Chaffey and Wood (2005) points out that it is understandable that people would resist change with technology within an organization. They summaries it in a few pointers: limited perspectives and lack of understanding, threats to power and influence of managers, perception that costs of the new system outweigh the benefits, fear of failure. Dependant of personal preferences, the resistance takes different forms and to a new system this will be from the main areas of:

- **Aggression** – pure physical sabotage of the system or deliberate erroneous data entries
- **Projection** – personnel will blame the system for difficulties that appear while using it even though it is not related
- **Avoidance** – avoiding interacting with the system, ignoring data or reports or using manual substitutes for the actual system
- **Criticism** – actively raising voice about concerns around the system

(Chaffey and Wood, 2005)

Dibella (2007) state that an organizational change can be viewed and perceived in different ways, it is strongly dependent on how it is experienced and what it will mean to those that are affected by it. When participating in change their view is filtered by previous experience and references which will determine if the change will get appreciated and accepted or resisted. As the change goes on the change will unfold by how the participants communicate and converse about the experienced transition. This will be dependant of how they view the change based on their values or self-interest and also the likelihood of the change actually taking place. If it benefit them in some way the change is more likely to be view as a welcomed change than in other cases according to Dibella (2007). Deep et al (2007) agrees with this and also claims that people working an SME’s are more often open to changes since these more often are subject to sub optimization.

Dibella (2007) suggest that the ways change will be perceived shape four distinct conditions or scenarios that gives the areas for understanding. The areas are considered from the participants or stakeholders point of view.
### Likelihood

<table>
<thead>
<tr>
<th>Appeal</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inevitable</td>
<td>Impossible</td>
</tr>
<tr>
<td>High Desirable</td>
<td>1. Expedite</td>
<td>2. Encourage and Empower</td>
</tr>
<tr>
<td>Low Undesirable</td>
<td>3. Reframe</td>
<td>4. Revitalize or Retrench</td>
</tr>
</tbody>
</table>

Figure 6. Scenarios in how change is perceived. Based on Dibella (2007:234)

From this matrix can be deduced suggestions for different ways for change managers to expedite implications. These are presented in the figure as:

- **Expedited** – the change manager have a relatively clear task and the participants view it as desirable and consider it inevitable, resistance will be minimal
- **Encourage and empower** – participants are willing but sceptical to the change and lead focus should be placed on encouraging and motivate them
- **Reframe** – resistance is expected and the participants see the change as undesirable. Work should be focused on making the change more appealable and be addressing the emotional state of the participants
- **Revitalize or retrench** – participants consider this as unlikely and undesirable. Focus should in this be on increasing the appeal or likelihood, try to remove the recipients from the change process or to try to bring in some positive advocates about the change

### 3.2.5 Effective change strategies

Hayes (2007) presents us with two basic strategies of change, economic and organizational development, that have been well tested and used over time. The economic strategies have a focus on establishing economic value by a result driven “top-down” action approach within the organization. This would include actions such as implementing technological solutions on problems with efficiency but there are also a wider amount of things that it can include such as restructuring, reengineering and working with efficiency and layoffs. The other type, organizational development, has a somewhat different focus and the aim of
the strategy is to create the required capabilities to sustain the competitive advantage and high performance within the organization. (Hayes, 2007)

Both these strategies of change have different up and down sides and could be used as a combined strategy to create a third approach of change. A change strategy that will be capable of delivering sustainable high performance needs the following:

- Development of a business and organizational development direction that is compelling
- Handle the key stakeholders in order to gain time to develop the organizational capacity
- Use of a socio-technical approach to involve the down-the-line managers

To be able to fulfil this, the CEO need to be driving the change at the top and create an effective team that communicates the need and reason for the change in the same way. It would help gaining the trust of the key stakeholders to why the change is needed if there is an inspiring vision of the aim that is desirable. The vision should include a direction of business that delivers the wanted results and a picture of how the organization capabilities can achieve and keep it. It is also important not to let the short-term result based view of the change take the upper hand to gain the economic cost cutting instead of creating capabilities to earn revenue in a long perspective. When the change is actually rolled out it is important not to have a too tight programme since there can ascend problems if the strategy of change fail. (Hayes, 2007)

### 3.2.6 Strategy for ERP

Nyström et al (2006) recommend that an organization early chooses one primary supplier and together with the supplier the organization initiates a joint effort in the change process with clear and divided responsibilities for both the result and all activities and processes that is included.

An actual visit to a reference organization where the system is being used is more important than the demonstration itself since the ERPs claim a large amount of flexibility which can only be illustrated by good reference visits according to Deep et al (2007). It is important then to focus on a nearby location as similar as possible to the SME which sets the pressure on the vendor not just to include the best reference in order to impress. (Deep et al, 2007)
3.3 Implementing change

This chapter is about the process of implementing the planned changes.

3.3.1 Models of change

Chaffey and Wood (2005) talks about the three well known stages of change that Lewin presented in 1951 that consist of unfreeze, move and refreeze. This refers to setting the stage from a fixed position into a state where moving from the state of normalcy to the new can be done and then stabilizing the situation to a new form of normalcy.

Keeping business as usual during periods of change acts as a paradox since the organization is required to introduce the new and remove the old while keeping the business running effectively to satisfy the customers, even if the changes made are fundamental or very large for the organization. During the actual implementation it is crucial for the managers to enable time and place for evaluation of the progression. These should focus on the activities on a long term basis and not into a state of focusing on daily work. The daily work has a tendency to be more activity oriented and focus on reducing costs and more operative deviations. (Nyström et al, 2006)

3.3.2 Phases in a change model

According to Chaffey and Wood (2005), all change projects consists of four phases, these are: initial orientation, preparation, change implementation and a supportive phase. The initial orientation phase consists of stating a clear understanding of why the change will be done. It would include a cost analysis and the specific terms of references for the project itself. The second phase, preparation, will involve an environmental analysis which will form the boundaries in which change should take place. This includes an identification of where crucial success areas are placed and a threat analysis. This is also the time when a work plan is developed and communicated to the organization. The last step in this phase is to set the direction and communication of the set goals and how to achieve them. The third phase which is the change implementation phase involves introducing the new procedures, training and rolling out the change in the organization. When an information system is being implemented in the entire organization a pilot department or site might be hard to choose. None the less the appropriated training and scheduled activities must take place and the implementation should be done with the aid of a roll out plan. In the last phase, the supporting phase, the need of stabilization is important which means that the managers
must be committed to the change and fine tunes of the procedures and do adjustments where it is necessary to achieve a finalized change. It is important to measure the acceptance and new behaviour and evaluate the actual change. There should also be actions to prevent a relapse back to the old system or behaviour in the post implementation stages. (Chaffey and Wood, 2005)

3.3.3 Individual responses to change

Deep et al (2007) claims that there are often more sub-optimized procedures within a SME and changes are often more welcome than in the larger organizations. Chaffey and Wood (2005) states that when people is subject to change, personal or work related, they go through a series of emotions and it is useful for both the change managers and those that are subject for the change to understand the transitions that take place during a change process. These stages of emotional steps are shown in the model below.

![Transition curve indicating reaction over time. Based on Chaffey and Wood (2005:392)](image)

The core elements in the model are: awareness/shock, denial, depression, letting go, testing, consolidation and acceptance. The first step shock or awareness is often the varied with the degree of change that are presented and since often there is a small amount of time between the implementation of change and announcement the reactions will also be dependant of the personal fitness for the change. The second state is denial and involves a period of denying and raising negative aspects of the change. Resistance is high during this time. The third stage depression is entered when the person realize that the change will
come and is not undoable. It is a sort of passive state where the person may experience feelings as anger and argue against the need of change. The fourth phase letting go means that an individual starts to part from the previous state and gain a feeling of the need to move on. The stage after that is called testing and the individual is starting to tryout the new situation and acceptance may increase even though anger can be raised due to experienced problems. The sixth stage is consolidation where a person starts to build on the positive aspects of change and minimize the negative aspects. The last and seventh step in the model is acceptance and this occurs when the new situation is looked upon as normal. (Chaffey and Wood, 2005)

The change managers must face the problem of transition between the different stages of feelings of those involved in the change process. Chaffey and Wood (2005) present the general implications that a change manager would encounter as the following:

- The shape of the transition curve will take different forms, since the length and degree of mood can vary greatly for each individual.
- The common event of a time lag between the announcement of a change and the reaction to it. There is a possibility of mistaking the initial shock and denial with acceptance for the change.
- The issue of different parts of the organization and individuals within the organization will pass through the cycle at different paces and in different ways.
- The change managers will be out of sync with the staff since they are more deeply involved in the change and in an earlier state.
- And that the cycle cannot be avoided but there are many things a change manager can do to facilitate people through it.

3.4 Post implementation

This chapter is about bringing home the investment

According to Nyström et al (2006), eight out of ten installations of business systems do not follow the timeframe and budget and in the worst case they collapse due to the organization not realizing how large the internal commitment has to be during the entire implementation. The different issues usually reveal themselves as a cold shower during the implementation and can be in different shapes. For example, a realization that the system does not fit with the processes of the organization and that a large amount or personnel or
resources must be made free to enable the implementation. One of the common faults that are made is that clients let a supplier for the solution plan and decide on method for the project. The individuals inside the organization do not realize that they have to be committed and they almost always lack experience from running programs or projects. This can cause the change to increase the expenses to a much higher level than intended and also delays of the effect or none at all. In the worst case, the organization will simply have to abort the project. (Nyström et al, 2006)

After an investment is made, regardless of type, the board want to see some results, also called return on investment. This can occur in several ways such as by indirectly lowering cost preventing losses but also from sales synergies as increased market shares or increased sales. One of the crucial parts of enabling a return on investment is to achieve a productive use of the system. A good project leader can at the end of the project deliver a implementation that fulfil the requirements of the specification in regards of time, cost and quality. He or she can be responsible for the projects execution but not for the return on investment effects since it require efforts outside the project itself. Every project has a limited lifetime with a defined start and stop point and the return on investments can usually be found in the line organization. (Nyström et al, 2006)

The importance of focusing on the return of the investment is larger than the price for the actual cost of the project. This puts a demand on the supplier not just to deliver a solution as a business system but also to provide additional components and the possibility to develop the current functionality further. Those aspects are to ensure a continued development in phase with the organizations increased demands or needs and to continue to have an effective support to the organization. The real effect of an investment is can usually be seen long after the actual project is completed. This effect can be delayed as far as to two to four years but positive effects can be noticed already within 12 months from completion. (Nyström et al 2006)
4 Empirical findings

We will here present the findings that our empirical work has provided. In order to make it as readable as possible we are following the same structure as we had in presenting the theory. All interviews have been conducted in Swedish and all quotation comes from our own translation of the transcripts of the interviews.

4.1 Business and organizational strategy

Over the years the organization has changed several times by the purchase of different competitors as they have become available. In these overtakes they have also acquired the right to operate a specific line for one of the largest logistics company, Bilspedition, now called Schenker. In these agreements were conditions about percentage to the logistics company of all transports conducted, even if they did not originate from Schenker nor had anything to do with them. This was the case with for example the special transports and therefore they kept the structure of many different subsidiaries.

At most the company had 140 employees in four subsidiaries when they decided to sell out the Schenker regular line traffic part from the business. The company now consisted of three active subsidiaries and the present CEO described this situation as:

“We had 100 employees working in three subsidiaries, it felt ridiculous”

During 2006 these different business areas were therefore merged into one company. Before this merge, each one of the three different subsidiaries where focusing on their own company and there where a strong territory-mindedness within them.

“Previously we had a number of petty kings constructing their own kingdoms”

All the subsidiaries and the parent company had their own board meetings but after the merger, there is only one and this consists of representatives of the owners and one external chair man. The newly appointed CEO for the company was a CEO for one of the subsidiaries before the merge. The business area managers are not members of the board and have formed a directorate.

The start-up of the latest business areas came about when one of the customers asked for the possibility to store some of their products for a while since their production is situated rather far from any major roads. Because of this they decided to build a warehouse together
with the municipality who owns the building while they own the land and rent the building from the municipality.

The warehouse business area has a big warehouse of 15 000 square meters, then there are external additional warehouses of additional 16,500 square meter. Many customers are seasonal, during the seasons they build up a big stock then it is shipped continuously to their customers. In constructing this business area they managed to recruit a person with great experience in the field of warehouse and several persons we meet mentioned that they were lucky to have the only guy within the town with warehouse experience to start up the new business area:

"We were really lucky to have him. He is very organized so it was properly organized and done directly from the start."

All the business area managers have total responsibility for the result in the business area. The most important for the warehouse business area according to the business area manager is to gain more customers. They should not be too big ones, since if they cancel the contract it might have a large impact on the organization which makes the company more vulnerable. It is therefore important to maintain a good contact with the current customers as well as finding new ones. The location by the E4 works as a great display window for those that pass by and only yesterday the business area manager made an offer to a customer that had seen the telephone number by driving past.

Prior to the merge the CFO had to maintain the books for all the subsidiaries and parent company. He also had a lot of work to do with the internal charges and transferring money between the companies. The previous system used for bookkeeping was SPCS Administration 2000; - "it was their most advanced product but no way near our needs, since it can only handle bookkeeping and invoices".

The company has an external chairman of the board that have experience from the industry and is used to different kinds of detailed reports. Previously they thought that they made some good reports by using Excel and cutting and pasting information from one document to another but they also knew that it took a long time to do it because of all the manual calculations. The main reason for wanting a new ERP was to be able to follow up better and faster as well as to secure that they set the correct prices. Prior to the ERP, the deals could only be summarized after each month when the books were closed. Another main reason was to rationalize and eliminate manual and double handling of information within
administration. Previously they were handling all the waybills and invoices manually, sorted by customer and stored in files. Much work was done twice and paper was coming in all the time, all handled manually. The bookings for transports usually came by fax or phone and had to be typed manually into the system and then when the work was done, the invoice had to be typed manually. —“Most of the people that worked here before any changes, realized that the work processes was outdated and that something had to be done”. The aim was to rationalize one and a half position within administration.

The management also knew that if a venture into warehousing was to be undertaken they had to do it more effective and rational than the competitors. The CEO sees it as: —“As a small operator it is important not to be left behind and try to find easy and smart solutions to problems”. They knew that they had to be able to deliver faster and better information to the customers: —“Some of the larger customers indicated that competitors where giving good reports and working on EDI implementations and other electronic exchange systems”.

The overall plan with the reorganization and implementation of a new ERP solution was to merge the company and use the ERP as a way to keep the pieces together.

They started working with the ERP at the turn of 2004.

4.2 Change strategy

The first change to be decided was the organizational change which was communicated a couple of months before taking place. Then they discussed the ERP and the processes became entangled with each other when the decision was made to go ahead with the ERP and it was realized that the licence fee for ERP would be connected to the number of subsidiaries using the system. It was then decided to make the merge earlier than originally planned and the process started.

“We began to compile a requirement list and a small company like this hardly know how to do this”.

The solution to this problem was to get some help from someone they could trust in this matter. The chairman had previously been the CEO of a large company in the region which had implemented an ERP some years ago. From this company they got some help from a person that had been involved in their process.
“He came here on the evenings after his ordinary work and we probably sat here for three or four months before we had a list of requirements that we could go to the vendors with”.

In the very beginning it was only the CEO, CFO and the external contact that was working with the requirement of the new ERP and during this process they had good control over traffic management and economy parts but no real experience from warehousing.

“When we decided what direction we wanted to go, we also included the managers of the business areas. We wanted to keep them out until we had probed the market a little”.

“The business area managers came into the process when we basically already had decided which system to use. The requirements process was almost finished when we sat down with them and asked if they had anything to add”.

The CEO, CFO and the managers of the two established business areas looked at three different systems. The business manager for the third and newest business area was also involved but in a somewhat lesser extent since his main focus was on constructing the warehouse and building up the business area. The only demands came from the two established business area managers who wanted a connection between booking, traffic control and the invoices in the economy system. Three vendors came and presented their products but they also wanted to see the systems operational and were given suggestions of sites to visit. One supplier wanted them to go to Germany and one suggested Switzerland. The third vendor had a system in Jönköping, approximately 100 km north, and this is also where they decided to go and look at a system. According to the CEO, this supplier who was also very committed, almost grovelling, but it turned out to be a good strategy for them. They managed to gain the confidence from the business area managers which are important to the CEO. Some of the consultants appeared to be focusing more on being flashy, a bit like in the 80s and that did not work for the business area managers or anyone else according to the CEO.

“This is an earthly company and an earthly company require earthly consultants”

It was difficult to compare them and also what is included and what would be extra when it comes to prices. The process of deciding included a huge number of meetings and altering of the requirement back and forth and took about a year until the final decision was made about what system would be bought. They were all rather unanimous in which system to purchase and it had a lot to do with the people presenting the system and how they described how it should be working.
The people working at this company are very varied in their IT-savviness. The younger people might be more interested but there are also older people that are quite interested in computer systems. One of the administrative staff felt that she was a part of the process early, but not a part of the decision, that came from the top.

The CEO and CFO discussed it and decided to minimize the risk of protests by not making everything happen at once but instead taking one business area at the time. They decided to start with the economic part of the system followed by the special transport business area, then the regular transport business area and then finally the warehouse. The business areas were given a date when everything around the new ERP should be up and running. The date was set very early in the summer when they have a heavy workload due to the customers pressure of having things in place before vacations starts.

4.3 Implementing change

After the reorganization, it was quite obvious what everyone should do since it was basically the same, there were no personnel changes due to the organizational change. The people that has left have done so because of age and not because any of the changes. There were some personal differences for some people which the CEO summarized as:

“When it comes to organizational change it is understandable that some people have to give up a nice title but it is important that all business areas feel equally important.”

In general though, the merge worked very smooth and to most people it was mostly something that was done on the papers, the personnel were still doing the same as before.

Once the decision had been made for which ERP system to use, the implementation project started. This meant that three consultant came, one for each part of the ERP system, one for economy, one for the transportation part and one for the warehouse part. The implementation of the economy part went real smooth so they was up and running fairly quick, it only took one or maybe two months to set up and transfer all needed information from the old system according to the CFO. When they then started to connect the other business areas, one of the business area managers wanted to keep their previously used booking system so they had to make a connection between that and the new system, that worked quite easily. The other business area specialized in special transport did not have a traffic management system so the supplier of the ERP built one for them from scratch.
These two business areas where finished with the adaption of the system before the summer started and everything worked rather smoothly.

The overall impression within the transport business areas and economics is that the consultants that where here where very good, they gave very clear indications of where we were in the process of implementation. -“They were good at talking our language and understood what we wanted“. Within transport area it was decided to have one of the younger employees working with the system who then had to teach all other as it went along. -“It is much easier for a guy in his twenties than it is for us that are much older” said one of the business areas managers. The consultants had prepared them that there were going to be a lot of discussions and problems and that they might have to count on almost a year for everything to work perfectly. They all knew this and helped each other as much as possible.

“Some of the people here are very good with computers especially the CFO and the younger guys”.

The person appointed to work with implementing the ERP in the transport business areas states that it takes time to implement an ERP and it was quite messy while it was being done. -“It was a lot of work, adding all the different articles and the sub articles and the timing of it was the worst possible”. During this period there were a lot of work to do and some key people who could have filled in took an early holiday. They were overwhelmed with work and a new guy was being introduced to traffic management at the same time. One of the guys did not feel very well for a couple of weeks during this period and even had gastritis for a short time, even though it all worked out in the end. The workload during the implementation caused the sales to drop and that resulted in some minor conflicts. According to the person who went on early holiday: -“To appoint one person to work with both the transportation related business areas was good”.

The staff involved in the implementation of the ERP at the main building state that they had great confidence in the woman implementing the economy part of the system. The support people at the supplier were not as good: -“They gave us long and complicated answers that did not always answer the question we asked”. After some complaints they were given access to a different number to call and they were quite pleased with this.

At the new business area of the warehouse things did not go as smoothly though.
The business area manager is highly skilled with great experience from warehousing but not very IT-savvy and did not communicate very well with the consultant. According to the business area manager, the warehouse was sent all the computers for the forklifts in a big box. Then someone came and showed how it all worked and then they left. The business area manager thinks the consultant was highly competent within his field of expertise but could not communicate with him; they did not speak the same language although both spoke Swedish. The consultant working with the warehouse did not communicate with the other two consultants involved in the other areas either, and was also at the same time starting up his own company. This resulted in a separate customer database instead of using the same as the other business areas, even though everything was placed on one server and within one system. The CEO was getting a little worried about this and states that:

“At one point in the processes we were very close to having the consultant to removed, he actually had to sell his company before it became more structured”.

The manager of the business area believes that:

“Things would have been different if the people that sold the system had known what we wanted, since our operations differences a lot from the business in Jönköping for which it was originally developed”.

The people who were working on the system for the warehouse business area were mostly sitting in Jönköping and only came when something was really bad.

All other business areas where up and running after the holidays but at the warehouse they were going back and forth. There were several meetings but no one could make it fit, the customers of the warehouse were not satisfied with their inventory lists since the information was wrong, the system were not fully adapted to the operations since it was somewhat different from the company that is was originally developed for. This was beginning to cost, the invoices for the consultants kept coming and the business area manager who was economical responsible started to complain about the cost, saying that he had not been a part of taking the decision. Something had to be done and as the CEO states:

“We had to put our foot down, and made a list of items that had to be corrected. We took this list of items and worked our way thru it step by step. We had to take them in order one
by one and keeping track of the work at all times. We worked in that way for about four months before we could start to see some results”.

The business area manager for the warehouse mentions that they assigned one guy at the warehouse to act as a contact between them and the supplier. There were a lot of irritation, the system was supposed to save time and make everything easier but instead it worked the other way around. - “You could see that everyone was stressed and it did not work well, they could be working for an hour to get the system running before the system would even start sometimes and the information could be inserted.” He mentions some of the employees felt that they were not IT- savvy enough.

Several people stated that all the people opposing the implementation could be found at the warehouse. According to one person we spoke to, there is a big difference between the people within the warehousing business area. It is a very clear and distinct line and it seems like roughly 40 per cent likes changes and wants to be involved and the other 60 per cent does not like changes at all.

In the transportation business areas one person was appointed to work with the implementation of the ERP very early. This was not made in the warehouse in the same way and one of the reasons for this was that the people employed in the warehouse were employed to work with handling the items in the warehouse, not with computers at the office. At some time during the summer one person was assigned though to be responsible for the system and handle the contact between the supplier and the company.

The people working with administration at the warehouse are the business area manager who has less than one year before retirement and two elderly ladies, neither of which are very interested in IT. This caused some problem with the consultants when the administrative personnel claimed that something did not work and the support people and the consultants claimed that the problem was caused of not using the software correctly.

During the change in the organization and ERP information was communicated thru meetings according to all that were involved in our study. Most people wanted the system but some were against it as well. - “We did however think it would be even worse”.
4.4 Post implementation

According to the CEO, the merger has gone very well and one big advantage is that all managers now have the same title and therefore are on the same level. This has made them work more closely together than before. Many of the biggest customers are buying service from two or three business areas at the same time; therefore it is important for them to be able to work together. It gives a much more professional appearance to get one invoice instead of three for the same period.

“Almost every day we are working on changing the culture of the company, every other week we have a meeting where we follow up on these matters”.

One business area manager thinks that: -“It feels good to have everything within one organization since we can sell a total solution to our customers”. Each business area is however very independent so it is only when it comes to the larger deals that more than one business area is included. Those deals would include the CEO and all involved business area managers to close. The cooperation between warehouse and the transport business has improved and it is quite common for them to cooperate, it is more unusual for the special transport to cooperate with the warehouse due to the nature of the transported goods. Cooperation does not mean selling across business area borders though. If a customer talks about services from any of the other areas, they do not sell the service but would give out the contact information about who to contact.

Almost every one we have spoken to mentions that the organizational change has caused especially the two traffic directors to work closer together and cooperate more than before.

One of the business area manager state that one important thing is that the operations has not changed due to the ERP or the organizational change, they are still the same people doing the same things.

“The work is mainly about talking all day long. No computers has changed that and we do not sell transports with our ERP, we do that by nurturing our personal relations”.

Before implementing the ERP they setup some measurable goals such as lowering the numbers of credit invoices and higher efficiency. In the early stages of implementation they realized that these goals were irrelevant and they did not set any new ones. The CEO talks about: -“It has to be relevant for the customer in order to be worth measuring for us”.
Instead they are all talking about how much time they are saving. One of the business areas managers estimates that he personally saves almost two hours every day thanks to the new ERP which is more than he expected. He also means that the system allows them to work proactively instead of reactively resulting in better solutions for the customers.

Another business area manager talks about the difference in billing. -“Today the invoice is created as soon as they make a reservation for transportation for example and then is ready to be printed as soon as the transport has been executed”. Before, much work was done in inserting all the articles by hand on the invoices: -“Personally I think the main contribution has been that weekend work with invoices has ended and that means a lot to me”.

The CFOs workload has been much easier due to both the merger and the implementation of the ERP. The main reason for this he claims is that now there is only one book to keep instead of several.

“Previously one way to fix the result was to send invoices to the other companies within the organization, this never happens anymore”.

They have not made any real return on investment calculations on the ERP investment but they thought about how to save time here and there but never did a calculation on it. The overall impression is that although they have a lot to do the atmosphere has changed to the better and it feels not as stressed even though they have an increase in turnover and people are not stressed in the same way as before.

One really important advantage with this ERP according to the CEO is that -“today we can get sales and progress reports within minutes; this has made everyone very aware of their costs”. It has been very good to be able to follow the development on a weekly basis with correct numbers.

One interesting lesson learned, mentioned by both the CEO and CFO is that when trying to do something like this and do not have the knowledge yourself you should not be parsimonious when it comes to hire an external consultant to help you work with the requirements.

“We are quite used to buying products in the same price range but we have learned that there are a big difference between trucks and information systems. A truck is a truck and it
would still be the same truck even if you knock the price down, for example SEK 50 000”.

They were quite happy to be able to the same thing in this case with the ERP but did not realize that the reason for why it was so easy to achieve this was that for every SEK they managed to lower the base price, it came back as consultancy hours. The CEO thinks that an external consultant would have been aware of this and instead would focus on what is important, keeping the consulting hours to a minimum.

Dependant on whom we asked, the project so far has been 20-43% more expensive than planned and almost everything can be linked to the implementation at the warehouse.

As mentioned before the business area managers came in to the process after the decision of supplier mainly was done. For the warehouse business area manager the priority in the beginning was to gain more customers. At the same time he was busy with the construction and planning of the warehouse. The business manager for the warehouse felt that he never really got a question of participating in the process of selecting an ERP. He never asked to be a part of it either although he knew that there were discussions of a new system. He felt that there were other things to do that for the moment was more important. -“I had no involvement at all in the decision regarding the ERP that we selected for the organization”.

In retrospective some conclusions was made by the top management that this should be seen as a warning sign and that all business area managers should have been involved more, and earlier. The CEO was under the impression though that business area manager for the warehouse was more than happy not having to work with the requirements of the ERP as well.

When it comes to the current function of the ERP in the warehouse, the business area manager claims that there are still a lot of small items left on the list to do but now, they can say that it works as intended when all the customers finally have been inserted into the system. The business area manger did not want to do this earlier since he did not think the system was good and reliable enough, fully aware that as long as all information is not inserted they cannot gain any of the systems effects. He believes that the ERP would have worked better if a consultant had been working at the site for a couple of weeks, making sure that the needs from the business area were fulfilled. The business area manager for the
warehouse claims that he has no idea how much the ERP has cost since he has not been involved in the process.

"Implementing our new ERP was really hard but it works fine now".

Other respondents have a somewhat different view on how the system works at the warehouse and claims that the ERP is currently only used to the full extent for one customer in one area of the warehouse. In the rest of the warehouse there are no pallet locations marked on the floor of the warehouse, nor are these stored in the system. Whenever they are going to fetch something they have to look for it unless the person knows the location of the item by hand. The reason for this is that they fell that some of the customers keeps the products there for a shorter duration and that it then would not be profitable of creating the barcodes needed by the ERP. Many products do not come with a barcode and such would then have to be created for that product. No one has thought about create a routine for this work.

Instead of using the system as intended, information about inventory balance is usually stored in commentary fields for the shipment or product. When a change is made in the inventory due to shipping or receiving goods, this information is calculated on a calculator and inserted by hand. Because of this it is not possible to make a complete inventory list of all the items in the warehouse although one could be made for each customer. All this manual calculating makes the risk very high for mistakes or typos. According to one of the respondents, most of the employees in the warehouse appear quite happy to do all the work manually since they are used to it.

The CEO claims it was a “good” thing that all their problems was centred in the smallest business area since the other business areas could compensate for the losses for the time being.

**Observations**

Our own perceptions about the current state of the company is that it hosts two subcultures that are a little different and probably is a result of the geographical dividing of the three business areas, two of them in the same building to a large extent and the third in an own building in the other part of the town. This gives a little “here” and “there” feeling among the employee that separate the business areas and the amount of integration of being one organization. This feeling was enhanced when we had visited both of the locations, none of
the subcultures was negative or offensive towards the other but there seemed to be a different kind of mentality not only among the employees but also among the business area managers. This fact can be a result of a fundamental difference of business areas or branches but possibly also influenced by the business area managers personal preferences.

We also got the overall impression that in the warehouse business area the only use of bar codes was on the second largest customer and none of the smaller ones and the largest one had brought their own system there ergo the largest incentive to use the ERP to its full extent had vanished. The walk around within the warehouse itself enhanced the impression that there was a non efficient system there but also revealed an ineffective usage of space as well as lack of visible pallet markings except for the area where the second largest customer was located. Although we found the atmosphere and spirit among the employees seemed relaxed and harmonic.

In general have everyone we spoke to given a positive view on both the merger of the different subsidiaries into one company and on the implementation of the ERP.

According to the documents that we have seen regarding the initial meeting and some project meetings over time all business area managers were attending in the beginning and the rest of the meetings varied.
5 Analysis

In this chapter we will merge the theoretical framework with our empirical findings. By doing that we will single out what we feel is important in this case of two major changes taking place at the same time in the organization.

5.1 Business and organizational strategy

As Nyström et al (2006) states, all organizations have a need for change from time to time. This is also what the CEO as well as the chairman of our case company feels which is why they caved instigated two major changes in the organization in a short time. Both changes could have been made separately but in this case the organizational change was pushed forward because of the implementation of the ERP as stated by the CFO. Also notable is that according to the CEO, one of the minor reasons for implementing the ERP was to aid the merger of the organization, thus helping in bringing the employees closer together from the different business areas, especially the new one of warehousing. The two changes could therefore be said to be very closely interconnected to each other.

The warehouse is a completely new business area and as such, Nyström et al claims it should take five to ten years to establish. According to the people we have talked to in this matter, the warehouse seems already established. Nyström et al (2006) also talks about six different steps that are crucial in planning the change process. They talk about the process map, strategic plan, information and communication plan, directives and task receivers, strategic evolution and change management. These different steps are undertaken by the top management, including the board and as far as we can see some of these steps have been considered while others have occurred more on an ad hoc basis with the plans not formally documented. One reason for having these plans is to ensure that everyone involved should be aware of the intended direction of the company, thus being able to work in the intended direction. Especially important is it that the managers are aware of them so that they in turn can communicate necessary parts to their subordinates. This being a small company makes the communication lines shorter, thus diminishing the needs for formal documentation.

The reason for organizing a company in different formal structures is to aid the members of this structure to be able to work towards a common goal. Within the structure there are usually rules, routines and reward systems in order to encourage individuals to act as a
team towards a common goal. These goals are set by the top management but could sometimes be interpreted somewhat different between different managers depending on their own preferences as mentioned by Chaffey and Wood (2005). One aspect of this is the difference in cultural orientations we have noted between the business units and especially between the different physical locations. The CEO talks for example about trying to push the different business areas closer together and to cooperate more but most importantly, to see themselves as one company, thriving towards a common goal. The managers of the different business areas, who all had different titles prior to the merger, instead talks about cooperating with the other units but also emphasizing on minding their own business. The physical distance to the main office and the prior title of the person could have some additional influence on these statements. In regard to the cultural directions and avoiding diverging cultures, Chaffey and Wood (2005) talks about the importance of top management to communicate a shared vision of the future and how to get there.

When it comes to SME installing ERP there are some special matters to consider. Larger organizations have larger resources in terms of financial and human capital which influence the implementation, especially when something goes wrong. Nach and Lejune (2008) points out that a manager can only carry out their role as representative for the change process to the extent they have the skills for. Deep et al (2007) agrees and talks about the devastating effects of unclear objectives and understanding of how to use an ERP to gain improvements and gain efficiency. What can be learned from the empirical research is that the business area managers are all very skilled within their field of work but with different knowledge and understanding of the use of an ERP and what could be gained from it. Some of the business area managers have solved this by ensuring that someone else in the business area have the adequate skills for using and teaching the others while one business area manager have chosen not to act on this matter until pressured to do so from the CEO. This business area has also encountered some problems.

5.2 Change strategy

To pick an ERP that would benefit the organization in adding value and enhancing the processes for a SME should begin with a realistic estimation of what value adding processes is relevant according to Deep et al (2007). Within the company we studied, this discussion took place between the CEO, CFO and the external contact while setting up the requirement for the ERP that was going to be purchased. Deep et al (2007) recommend this decision to be a team decision including as many end users as possible to ensure that
the needs and expectations are well known. In the case we studied the selection was more or less already made before trying to get the main users and business area managers to participate with their view and thought of what should be included. That was according to our interviews something the CEO felt should have been made earlier and the CFO thought they would probably do it the same way again next time.

Deep et al (2007) also recommend a visit to a nearby location where the ERPs being subject for selection is running in a similar organization. The company we studied was given presentations from three different suppliers and was offered to visit three different sites, one in Germany, one in Switzerland and one in a nearby town. They visited the location in the nearby town which was also the system they later on decided for. The company they visited was similar as it was also a warehouse and of similar size as well. If the system works for them, it should indicate that it would be a good choice for them as well. It was clear that some adaptations had to be made but it should not be too complicated.

According to Nyström et al (2006) it is important with a clear leadership and an ability to create and maintain the social relations to the people involved in the process of changing the business model or developing the business. We share these thoughts and during the visits and interviews we feel that the CEO of this company is successful in that aspect.

O’Shea et al (2007) emphasizes the importance of creating a plan for a large change including a plan for communication and information in order to ensure that the employees feel support and motivation to handle the additional workload when coping with the change at the same time as running the everyday business. It is important not to take communication for granted. As far as we have been able to find, no plan was made in this case that includes communication to those involved. Much communication takes place around the coffee tables and this seem to have been enough for the business areas situated together at one location where employees have pushed through also under a high stress level. At the other location the situation seem different and the change has stopped and even reversed.

Both Deep et al (2007) and Nach and Lejeune (2008) mentions SME’s having less resources in both financial and economic matters. This has been reflected upon in this case by the CEO who rather soon realized that even though they are used to purchase items in this price range, this was something completely different and external help was needed.
When it comes to the type of change that is being made within the organization, it would be consistent with the discontinued type presented by Chaffey and Wood (2005). The reason for this is that it affects the personnel and the system is not being limited to one area. The changes that occur are effects of the CEO and managers being both reactive and proactive based on the signals sent out from the environments of their respective business and as a result of their desire for the company to enhance the competiveness.

As soon as a new business system is implemented it will affect the individuals and how well groups are working within the organization. Not being aware of this can alter the outcome of the change fundamentally according to Chaffey and Wood (2005). In our research we have found that everyone seemed to be aware of this and knew that the new ERP would bring a period of chaos and frustration among the employees.

An organization never enters a passive state, it is constantly changing and Parish et al (2007) claims that the loyalty toward an organization affects the involved individuals learning and performance based on their view of the actual implementation success. When it comes to level of loyalty we have got the impression that all are very loyal to the company but some of those that are a little more of age and therefore will not be around so many more years, sees the amount of effort needed to adapt to new technology to high and rather strive to be working within a more familiar and in their mind, a more comfortable environment.

To increase the level of commitment to the change, Parish et al (2007) suggests that the leaders presents the change as an positive event that will fit with the company’s long term goals and that an understanding for this is necessary among the employees. They also mention a connection between quality of the relationships between managers and employees as an influencing aspect for the employees view on change. In our research we have found that the relations between the CEO and the business area managers are good and we also got the impressions that this is the case among the others as well. The attitude towards the change was generally a consensus that it was needed and that everyone was aware of it, although the employees within the different business areas at least to some extent seems to be following the tone of the business area managers when it comes to commitment to the changes.

An organizational change can be perceived and viewed in different ways and when participating in a change the previous experiences and references will be a strong influence in deciding whether the change will be appreciated or resisted according to Dibella (2007).
Deep et al (2007) claims that SME’s are often more sub optimized and thus, the individuals are more prone to changes than in large organizations. In our case, all the involved persons were well aware that a change was needed if they were placed in the one of the previously existing business areas. It was only within the new business area that it appeared like the change was more treated as something that was possible to resist.

5.3 Implementing change

To enable a change strategy to be executed, the CEO need to be driving the change from the top and create an effective team that communicates the need and reason for the change in a united way to secure the trust of the stakeholders according to Hayes (2007). When the actual roll out of the change takes place, it is of the essence that there is some slack within the time frames since there might be some local problems in aligning the change. It is imperative to involve the local managers to take responsibility for the change and provide time to reflect and learn from the experience. In our case we got some mixed signals when it came to responsibility and roles for the implementations of changes. The organizational changes was directed and controlled by the CEO but the ERP implementation was according the CFO and CEO more the responsibility of the business area managers, at least to some extent. The business area managers handled it differently as individuals and we did not get any signals that they were provided with any special instructions or tools to work with.

Hayes (2007) claims that all changes will meet some level of resistance and that the effort managers have to put in to persuade people will vary with it. The extent to which a change manger has to rely on others will have a strong influence to what degree it will be a directive or collaborative approach and how much involvement will be needed in the actual change process. In our research we got the signals that everyone at the two business areas where the change went smooth was well aware of the need of a change and they seemed to be letting things go along as they happened. Albeit under some stress and frustration, they persisted since they were convinced it was for the greater good. The third business area did not have this experience and had a hard struggle when things did not work as expected and they did not feel they got the support needed.

Chaffey and wood (2005) talks about different phases as the individual responds to change and suggests acting for a swift transition between the different phases to enable the new ways of working to be active as soon as possible. Nyström et al (2006) state that during this change transition, the need of providing business as usual to customers is a paradox
since new things will be introduced at the same time as the old are being removed and keeping the customers satisfied during a fundamental or extensive change will be rough. Chaffey and Wood (2005) recommend that the actual change implementation should include education, introduction of new routines and rolling out the change within the organization. The last step should strive to make new routines and final adjustments so the change can be actualized and normalized. As a final part of the change process there should be a report created to evaluate the actual change and there should also be some actions to prevent falling back into the old system or behaviours before the implementation. In our study we have found that it seems like most people have passed all phases and are currently in one of the last three; testing, consolidation or acceptance. The exception to this is the people at the warehouse who were allowed to stop after half the process and was even given the opportunity to go back to the old state before the change, thus neglecting parts of the changes and in reality, almost placing this business area back on square one.

The transition for each individual will be different and will present the change manager with different issues at different times for each individual involved with in the process according to Chaffey and Wood (2005). An indication of this was that the CEO was trying to reach out to all the business managers to be involved in the final steps of the choice of ERP supplier but only the ones working with the transport related areas were involved and presented their own requirements during this last step before launch. The third one had his hands full of trying to establishing the new business area and gaining more customers as well as attending to the construction of the actual warehouse. During the implementation those business area managers that participated earlier in the process seemed to have a deeper involvement of the change and persisted thru the change, while the one that felt that he did not participate in the process and did not present any specific requirements did not. The reason for this, he claims is that he now in retrospective did not really thought that he was asked to participate, nor did he ask to be a part at the time. As the implementation was full of trouble later on the business area manager claimed that he did not took part in those decisions. He was not fond of the situation since it was costing money and the employees under him was a little frustrated as the ERP was not functioning as intended, nor did they all understand how to use it swiftly. This really gives a grand picture on how the transition for the different individuals can become completely different.
5.4 Post implementation

According to Nyström et al (2006) almost every implementation of a information system exceed the timeframe as well as the budget and in the worst cases even collapse as a result of the internal commitment not being large enough. Different kinds of issues usually reveal themselves during the actual implementation and will be unique in each context. They also claim that one of common mistakes is to let the supplier solely plan for method and implementation of the project. This is usually a result of the own organization lacking in experience from projects of this magnitude and do not realize that they need a high level of commitment. Absence of this causes the project to experience increase of costs and usually delays in the process as well. The recommendation by Nyström et al (2006) is to choose one supplier and to make it a joint venture to plan and implement the project within the company with a clear distinction of responsibilities for activities and results to enable a smooth implementation process. In the company we studied, both the budget and timeframe for the implementation was exceeded but according to both the CEO and the CFO, the two transports related business areas was done within the budget and the timeframes with a good result. The extra time and costs can be traced to the warehouse business area. The company we studied picked a single supplier but due to some circumstances outside of their influence, one of the consultants came from a different company. During the requirement process they had some external help but during the planning and implantation we got the impression that it was mostly run by the supplier with demands being communicated both in formal meetings and more ad hoc during the implementation as problems arose. There were not really any findings to indicate it was a true joint venture but according to the documents we have seen, there should not be any ambiguity about the responsibilities within the organization or between the consultants.

As stated by Nyström et al (2006), the whole point of making an investment in an ERP is to earn something on it. This effect of the investment can be delayed as far as two to four years although the positive aspect can often be seen within 12 months. During the interviews, we got several positive effects presented regarding the implementation of the new ERP and organizational change. The aspects included a better working atmosphere, more efficient handling of tasks, less stress, working more as one company and limiting sub optimization.

Another aspect is that any return on investment can only be achieved if the investment is used and Chaffey and Wood (2005) explicitly stress the importance to prevent a behavior
that allows for a relapse back to the previous state of conducting operations. In the case of
the warehouse this seems to be what has happened. At the moment the personnel only uses
the system as it was intended to one customer and in all the other cases most work is done
manually and edited in a commentary field. It appears that no one outside of the warehouse
is really made aware of this and the reports are claiming that there are not really any
problems. This might not necessary be incorrect but more a matter of perception. Chaffey
and Wood (2005) address this as avoidance which refers to people avoiding interaction
with the system and instead use manual substitutes. From the point of view of the people at
the warehouse they are using the system. The reason for why it is not considered as a
problem is that they use it in accordance to the old familiar routines. At the moment the
system is only used to the full extent to the second biggest customer and the biggest
customer will be integrated later on this year.
6 Conclusion

In order to simplify the reading of this section we here recapitulate our research question. It reads:

_How can a small organization act to ensure a smooth organizational transition in conjunction to the implementation of an enterprise resource planning system?_

This chapter intends to answer this question based on the previous chapters.

We feel that our research has given us a deep understanding for what happened in the organization in regard to the organizational change and the implementation of an ERP that partly went smooth and partly meet some frictions.

When introducing an ERP in a SME there are some special matters to take into consideration that we have found in this case.

In all organizational changes it is important to plan the change in regards to why the change should take place, how it should be done and who should do what. The responsibilities must be clear for everyone involved and the involvement will be greater if everyone knows what will happen and why. Of course the change managers which would be the different managers must emphasize on informing in a positive way and to keep the communication flow throughout the entire project. In the SME, the communication ways are usually shorter and much formal as well as informal communication takes place around the coffee tables. Because of this it is important to ensure that people in other locations are given the same information and not to take communication for granted as well as to be aware of the shape of different cultures that can develop.

The lack of internal experience and knowledge of setting up requirements and purchasing a large enterprise information system should not be ignored. If mistakes are done at an early stage it might be costly to fix later. It is important not to be too parsimonious when it comes to hire the competencies needed during the initial stages. The knowledge of the business is however internally distributed and therefore it is of essence that as many stakeholders as possible are involved in the initial processes. It is important that these stakeholders are convinced of the necessity of the change since it only takes a few of them in the right position to risk the desired outcome. If the consultants do not measure up or
communicate well enough between them, some pressure must be put on the vendor to ensure the process to continue. If necessary, they can, and should be replaced.

When it comes to changes, there is no difference between small or large organizations, they are inevitable. The solution is to expect the changes and aid the members of the organization to move between the different individual stages as smoothly as possible, thus regaining a new form of normalcy as soon as possible. This must be done at the same time as maintaining the everyday business which can cause some additional strain on the people. Some extra effort should be made to ensure the change is continuously moving in the intended direction and to prevent relapse in case of problems.

The reason to make a change or investment is to make some form of earning on it. In order to know whether these earnings have been achieved, some form of measurement should be used. These can be in the form of earnings, time savings, customer satisfaction or something else that is of importance to the organization. This should be followed up continuously as a means to follow the progress of the project and to spot problems so they can be addressed.

6.1 Further research

Do additional studies of SMEs undertaking reorganizations and implementation of ERP and follow the entire process from start to end to find common events and by that determine if our case is significant for SMEs.

As we have stated in the introduction, there is not very much research available in the field of SME’s implementing ERP’s and the special circumstances that surrounds these matters. Further research in this field could therefore be of interest.

Could also be interesting to researching what SMEs personnel composition is made up by in cases of success and in those that the change fails.

In this particular case it is of course interesting to see what will happen to solve the existing problems in the warehouse business area.
References


### Appendix – Questionnaire

Base of questions used during the interviews. All interviews were performed in Swedish, the translation is only for the purpose of this appendix.

<table>
<thead>
<tr>
<th>Question in Swedish</th>
<th>Translation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vad är din roll på företaget?</td>
<td>What is your role at the company?</td>
</tr>
<tr>
<td>Vad gjorde förändringen / implementeringen möjlig?</td>
<td>What made the change / implementation possible?</td>
</tr>
<tr>
<td>Varför valde man att genomföra implementeringen?</td>
<td>Why did you chose to go thru with the implementation?</td>
</tr>
<tr>
<td>Hur genomfördes beslutet för implementeringen?</td>
<td>How was the decision prior the implementation made?</td>
</tr>
<tr>
<td>Vilka positioner var involverade i beslutet? Varför dem?</td>
<td>What positions was involved in the decision? Why them?</td>
</tr>
<tr>
<td>Hur kommunicerades den kommande förändringen till organisationen?</td>
<td>In which way was the incoming change communicated to the organization?</td>
</tr>
<tr>
<td>Hur bemöttes den av organisationen?</td>
<td>How was the change accepted by the organization?</td>
</tr>
<tr>
<td>Hur arbetade man kring bemötelsen?</td>
<td>How was the work around the acceptance of the change conducted?</td>
</tr>
<tr>
<td>Gjordes några organisatoriska anpassningar till systemet eller anpassades systemet till organisationen?</td>
<td>Were there any organizational adaptions to the ERP or was the ERP adapted to the organization?</td>
</tr>
<tr>
<td>Hur såg organisationen ut före förändringen?</td>
<td>What did the organization look like before the change?</td>
</tr>
<tr>
<td>Hur ser organisationen ut efter förändringen? (after the change)</td>
<td>What does the organization look like today?</td>
</tr>
<tr>
<td>Hur genomfördes förändringen gentemot externa parter?</td>
<td>How was the change done towards external partners?</td>
</tr>
<tr>
<td>Vilka förväntade effekter önskade man uppnå?</td>
<td>What effects was desirable to achieve?</td>
</tr>
<tr>
<td>Vad ville man undvika?</td>
<td>What did you want to avoid?</td>
</tr>
<tr>
<td>Vad gjordes för att erhålla effekterna?</td>
<td>What was done to achive the desirable effects?</td>
</tr>
<tr>
<td>Vad gjordes för att undvika oönskade effekter?</td>
<td>What was done to avoid undesirable effects?</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Vilka förberedelser gjordes inom organisationen innan implementeringen?</td>
<td>What preparations was made within the organization before the implementation?</td>
</tr>
<tr>
<td>Hur upplevdes förändringen?</td>
<td>How was the change perceived?</td>
</tr>
<tr>
<td>Hur påverkades de olika delarna i organisationen?</td>
<td>How did the different parts of the organization get affected?</td>
</tr>
<tr>
<td>Vad var de kritiska momenten vid genomförandet?</td>
<td>What was crucial moments during the execution?</td>
</tr>
<tr>
<td>Skilde sig arbetet med implementeringen mellan olika delar av organisationen? Varför? Varför inte? Hur?</td>
<td>Where there any differences with the work around the implementation between the different parts of the organization? Why? Why not? In what way?</td>
</tr>
<tr>
<td>Bemöttes förändringen olika inom de olika delarna av organisationen?</td>
<td>Was the change accepted/received differently among the different parts of the organization?</td>
</tr>
<tr>
<td>Vad uppnådde man genom förändringen?</td>
<td>What was achieved thru the change?</td>
</tr>
<tr>
<td>Fick man oväntade effekter?</td>
<td>Where they any unexpected effects?</td>
</tr>
<tr>
<td>Hur väl nådde man de planerade effekterna?</td>
<td>To what degree was the planned effects fulfilled?</td>
</tr>
<tr>
<td>Hade externa parter något att göra med förändringen? (kunder etc) vad? Hur? Varför?</td>
<td>Did external partners have anything to do with the change? (customers etc) what? How? Why?</td>
</tr>
<tr>
<td>Hur skiljer sig den nuvarande organisationen mot den tänkte som skulle skapas genomförändringen?</td>
<td>In what way does the current organization differ from the one intended from the change?</td>
</tr>
<tr>
<td>Litar du på informationen i systemet?</td>
<td>Do you trust the information in the system?</td>
</tr>
<tr>
<td>Hur bedömer du dina IT kunskaper?</td>
<td>How do you estimate your IT-skills?</td>
</tr>
<tr>
<td>Vilket stöd fick ni under förändringen? Bra? Dåligt?</td>
<td>What support where you given during the change? Good? Bad?</td>
</tr>
<tr>
<td>Har du förtroende för ledningen?</td>
<td>Do you have confidence in the management?</td>
</tr>
</tbody>
</table>