

# Use of E-Learning in effective ERP Implementation

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## Abstract

Enterprise Resource Planning, popularly known as ERP, has grown leaps & bounds in the last few decades. It has become an integral part of many large organizations, whose success, in terms of increase in productivity, efficiency and ease of functioning, can be attributed to an effective ERP implementation. Yet there are speculations regarding the success rate of ERP Implementations. According to PMI (Project Management Institute) nearly 70% of the ERP Deployment projects fails, are late (schedule slippage), or go over-budget. Sometimes even a successful ERP implementation, could largely be wasted and the benefits be nullified, because an organization fails to provide adequate training. By training we refer to end-user training, user training, technical know-how, product training and trouble shooting as well. The Objective of this paper will be to explore the Critical Success Factors for an effective Enterprise Resource Planning and the reasons, which contribute to the failure of ERP. Most of the times the reason for failure is the CSF's or the success factors not being taken into consideration. Several studies and research in this regard suggest that the importance of integrating a successful training and education programme cannot be under-mined. The absence of a dedicated training programme has proved to be one of the major reasons behind the failure of ERP implementation in many organizations, where millions were spent for deployment of such a system. In particular we will explore the arena of e-learning, the importance of e-learning for a successful ERP implementation, drawbacks & improvisation strategies for e-learning in the context of Enterprise Resource Planning. The reason for considering e-learning as an effective training tool in the context of Enterprise Resource Planning is mani-fold. Some of them being-cost effectiveness, 24\*7 availability, easy access, technical bent and most importantly some of the measurable benefits it brings to increase the productivity of the ERP efforts.

**Key Words:** Critical Success Factors, e-learning, user training.

## **1.Introduction**

The quest to excel and be the leader in a particular segment or domain compels organizations to try and implement competitive technology in order to standardize business processes, increase productivity, and optimize the use of time and resources. One such technological marvel is the ERP- Enterprise Resource Planning. If an ERP is properly executed and implemented in an organization, it is bound to reap loads of benefits which can be measured in terms of overall organizational success, but poor planning and implementation could lead to all the efforts being nullified, abandoning implementation projects mid-way or even there are horror instances of the organization being bankrupt. So in order to successfully implement an ERP initiative and subsequently reap the benefits out of it, we need to critically examine the factors, which contribute to the success of such an initiative.

Most of the times the critical success factors if not executed or followed properly, might turn out to be reasons for failure. In the second International Conference on Innovation in Information Technology (IIT' 05) research papers based on empirical study suggested several critical success factors (CSF's) for a successful ERP implementation [1]. The CSF's are as follows: Project Management, Process redesign, *User training*, Technological infrastructure, Change management, Risk Management, Top management support, Communication, Teamwork, User involvement, Use of consultant, Clear goals and objectives. User Training does not just entail educating users about the features of the product but also includes completely integrating different categories of stakeholders into the new environment, re-orienting the stakeholders into their new job responsibilities and many other things. So all the good efforts and hard work in terms of time, money and resources could largely be wasted without an effective training programme in place. So an effective training programme should find place in the project-planning phase, for ensuring successful implementation.

## **2.Importance of a Successful Training Programme.**

Contrary to the common belief that ERP projects failures are technical, 50% of the failures are attributed to people related issues, such as resistance to change, lack of appropriate training, awareness, and / or understanding the, organization culture [2]. The stakeholders of an organization sometimes get a culture shock when dealing with the new environment. So perhaps it's the most difficult hurdle to handle. But an efficiently designed training module tailor made considering the attributes of the organization, could handle most of the culture

related issues. Instructor led class room training is a thing of the past. We should look out for newer and more efficient training and learning techniques.

### **3. Case studies – Failure of ERP due to lack of proper training.**

#### **Hershey Food Corporation – (1999)**

Hershey Foods Corporation planned to reap the benefits of SAP before Halloween in 1999, but the same became the major reason for business disruption at the worst time from a revenue and operations standpoint. Studies have suggested the following as the major reasons for failure.

- Insufficient training and user preparation
- Unrealistic implementation timeline
- Improper go-live schedule
- Additional large enterprise applications such as Siebel CRM and Manugistics went live at the same time.
- Has since worked through and resolved the implementation issues and SAP is running smoothly.

#### **Fox Meyer Drugs – (1995)**

Major reasons for failure

- Management failure
- An additional large enterprise warehouse management system was implemented during the SAP implementation.
- Insufficient training and user preparation
- The consulting company provided “trainees” to do the SAP implementation which turned out to be a disaster.
- Project scope and cost were mismanaged because the consulting company drove the entire project.
- Poor project planning and coordination.

The above-cited case studies became de-motivating instances for opting for an ERP implementation. There are several such instances where the failure of ERP was attributed to lack of proper education and training

#### **4. E-Learning as a training methodology in the ERP context**

E-learning, web-based learning, on-line training are somewhat synonymous in the context of training. E-learning as a training tool has changed the shape of many businesses. E-learning as a training tool offers several advantages like being timely & highly interactive out of which some are unique to the context of ERP. Some of them are:

- (1) Role specific training can be provided ensuring focus and precision of the requirements on a particular subject matter. Trainees can learn the features base on their individualized business functions.
- (2) Key- processes and functionalities could be understood in a simplified manner by consultants, executives and top managers enabling them map the existing processes into the newer ones.
- (3) Can provide clear understanding of the techniques used to implement the day-to-day operational processes like order-to-cash, procure-to-pay, plan-to-inventory, plant maintenance, and HR administration.
- (4) Interactive simulations and demonstrations can bring clarity in problem areas and complicated business functionalities.
- (5) Unlimited number of trainees can be accommodated irrespective of their geographical locations so that they learn the functionalities at the same time.

While considering e-learning as a training method proper planning in terms of infrastructural requirements, time-line, schedule, design of training modules keeping in mind different categories of target learners, focus on the level of precision required for different functions, mix of visual interactive simulation modules, assessment and evaluation tools based on models like Ice-berg Competency model, Kirk-Patrick model must be taken into consideration.

#### **5. Drawbacks of E-learning as learning tool.**

- (1) Lack of technical expertise may be deterring and demotivating factor and could lead to inhibitions on the part of trainees.
- (2) There could be reduced level of motivation and concentration
- (3) Additional investment in infrastructural requirements may have to be incurred.
- (4) Sometimes it becomes difficult to design e-learning modules for very specific functionalities.

- (5) Difficult to customize training based on individual expertise level on the same subject matter.

## **6. Measurable benefits of E-learning**

The business benefits that can be reaped out of e-learning are somewhat sustainable in nature making it a more lucrative option for the companies to opt for. Some of the benefits are as follows.

- (1) The cost of training represents a significant proportion of operational budgets (typically 3 to 4.5%). Here learning is cost-efficient because down-time for training is reduced, language barrier is overcome, and the cost of travel, boarding and all related costs are saved. The solutions are scalable any time
- (2) Learning is assured at a place of the trainees choice and convenience and the complicated areas can be taken for study repeatedly
- (3) Learning is accelerated and the retention level is increased because of enhanced visualization and simulation techniques.
- (4) Learning is measured and gap analysis can be performed because of the facility of continuous tracking , monitoring and assessment features

## **7. Conclusion**

Based on various empirical studies it has been proved that training is one of the critical success factors of ERP. And considering the dimension and volume in which today's businesses are operating e-learning has changed the face of training , reducing many obvious disadvantages of traditional ERP training techniques. As per the Training Magazine 2010 , Corporations have saved between 50-70% when replacing instructor-led training with electronic content delivery. E-Learning also helps to build sustainable training modules and slowly evokes user acceptance instead of triggering sudden resistance as happens in traditional training methods. Further studies could be made to establish the Return On Investments based on Industry type, that come because of adopting e-learning procedures

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