CHAPTER 6

Enterprise Information Systems and Stakeholders' Value

6.1 Chapter Introduction

Who are the stakeholders of enterprise information system in an organization? The real stakeholders of enterprise information system are those individuals, group of individuals, or an organization that have direct or indirect stake in the objectives of the enterprise information system implementation. The real stakeholders stand to gain or lose from the success or failure of that enterprise information system implementation either because they can affect or be affected by the organization's actions, objectives, and policies resulting from the enterprise information system implementation (Guah, 2011; Levine & Toffel, 2010). Key amongst these stakeholders include creditors, customers, managers, employees, government (and its agencies), owners (shareholders), suppliers, unions and the community from which the organization draws its resources. Although nearly every stake-holding is quite often self-legitimizing (those who judge themselves to be stakeholders are stakeholder), not all enterprise information system stakeholders are equal therefore different stakeholders are entitled to different considerations (Negi & Bansal, 2013). Let's consider the case of a hospital patient. While the patient would be affected by the installation of a new enterprise information system the shareholder of an insurance company would have another level of interest and access to the enterprise information system.

Others have defined stakeholders simply as "individuals or organizations who stand to gain or lose from the success or failure of a system" (Nuseibeh & Easterbrook, 2000). This justifies a need to manage enterprise information system stakeholders through a process of forming, monitoring and maintaining constructive relationships with various parts of on organization having vested interests in the enterprise information system project. One way to achieve this is by influencing stakeholders' expectations of appropriate gain resulting from their vested interests. Good stakeholder management helps the enterprise information system implementation team to move toward stated goals by keeping existing users satisfied, and recruiting new users of the systems as necessary, through a responsible and ethical manner (Lash, 2002; Levine & Toffel, 2010).

The rest of this chapter details the need to provide value for various stakeholders during enterprise information system implementation.

6.2 Enterprise Information System and Shareholder Value

Established management strategy literature provide evidence that every organization must maximize the interests of all its stakeholders—mainly customers, employees, shareholders, and the surrounding community—as a top strategic objective (Currie, 2004; Freeman, 1984; School, 2001). Achieving this objective requires that organizations maximize enterprise information system value by following enterprise information system policies that demonstrate:

- Enterprise information system minimizes cost and waste in the organization while improving the quality of products and services;
- Enterprise information system enhances the skills and satisfaction of all employees, and

- Enterprise information system contributes to the advancement of the community at large from which organization draws its resources and sustenance.

Enterprise information system implementation team needs to consider very early in the planning stage that stakeholder value is one critical success factor that cannot be negotiated (Manketelow, 2003). This must be a measurable decisive factor to keep the thinking grounded about stakeholder value. This would align enterprise information system implementation with the fundamental processes of management where organizations must excel that benefit important stakeholders, like customer and shareholders, who sustain business (Svejvig, 2013). As an example, UPS requires an enterprise information system that demonstrates speedy and very accurate package delivery to the customer's location. British Airways requires enterprise information system that demonstrates its jet engines are 99.9% reliable. Thus, achieving stakeholder value must be build into enterprise information system implementation policy as a critical success factor that enhances the organization's core competencies, distinctive core competency and strategic focus.

As the enterprise information system introduces strategic change into business processes, strategic focus will have to be adapted to the organization's core competencies (Sarker, Sahaym & Bjørn-Andersen, 2012). As a result every enterprise information system implementation team must be able to answer the following questions: What are key processes in the value chain that all the top competitors in this industry must excel at to be successful?

The implementation team must understand industry space, market, and then assess specific core processes: management infrastructure, finance, HR, innovation, technology, procurement, manufacturing quality, service delivery, distribution, marketing, sales, service, etc—where the organization must focus (Levine & Toffel, 2010). These are key critical success factors to be assessed as a new enterprise information system impacts the formulation for new policies and strategies (Levine & Toffel, 2010; Mohammed & Guah, 2010).

The core competencies are the process or proprietary knowledge you use to convince all stakeholders to buy into the new business processes supported by the enterprise information system. The organization's distinctive core competency is that skill or process that sustains its business, which is unique to the organization and difficult for others to copy.

6.3 Shareholders Communications

During one of my systems implementation consultancy in Europe few years ago, it was decided that we get all the stakeholders expectation for a new system. Considering it was impossible to speak with all three thousand users at more than 30 offices, we decided to conduct a small survey, using broad, open-ended questions as a good way of starting a conversation about the stakeholder value. Our questions were limited to 4 but broad enough to ascertain ways that the new system might go right, or ways that it might go wrong. Not only did that semi-structured interview prove to be an excellent way to understand many of the stakeholders, but also informed us about what sources of data were available. This was a very good way of directing the conversation towards collaborative problem solving (DeBono, 1985; Negi & Bansal, 2013). A number of stakeholders, with very strong opinions about the systems, also proved to be a useful guide for the implementation team focus on design alternatives leading to solutions to the problems raised by these stakeholders (McMullin, 2003).

The survey also resulted into a list of stakeholders' categories and the important issues end users were anticipating to be resolved by the new system. Such a mini-research can provide a rich data set that is amenable to statistical analysis, and can also serve as the input to card-sorting exercises with users (Boutelle et al., 2004; Sinha, 2003).

Boutelle (2004) suggests that stakeholder interviews be conducted until the team starts to experience diminishing returns and warned against conducting all the stakeholder interviews at once. It might be good to have a full representation of the organization early in the implementation process but there can be other benefits of having more meetings as the project matures and your thinking about the problem evolving. Many users would actually prefer the implementation

team providing detailed information about design solutions that are being considered on a one-to-one basis, rather than present the solution to a group of people at once (Lash, 2002).

As stated above, stakeholders in any organization are individuals or organizations with a direct or indirect interest in a business, project or entity. These stakeholders exercise various levels of legal, economic, and political influence. They typically include the following: Employees, Investors, Government, Community, Consumers, Environment, Industry Associations and Extended Organizations. Other stakeholders include numerous business partners for the organization (i.e.: distributors, wholesalers, retailers, suppliers, banks, creditors, insurers) and other entities, such as labor unions and competitors (Svejvig, 2013).

Real visionary organizations identify external stakeholders that influence their business and communicate with them to promote 'win-win' relationships. Boutelle (2004) considers this corporate transparency and accountability to stakeholders thereby enabling that organization to operate more effectively as well as making better strategic and tactical decisions. Good organizations also use enterprise information system to communicate with a broad spectrum of its stakeholders (Levine & Toffel, 2010). Using enterprise information system the organization listens to the expectations and demands of various stakeholders—employees, shareholders, customers, communities, sales agents and even competitors—to create a solid partnership. All these stakeholders may vary in terms of individual interest in the enterprise information system or business process as well as specific power to influence business decisions.

Communicating with various stakeholders could lead to an increase in the enterprise information system implementation budget along with potential problems in conducting stakeholder analysis. There could be additional time required for the implementation team to complete the work. Also be aware of unintended repercussions resulting from stakeholder interviews (Thompson, 2007). Enterprise information system projects are the domains of particular members of the organization who may have limited purview. While these limits and boundaries can often be invisible to outsiders or newcomers, you have to understand exactly how to frame and portray the enterprise information system during stakeholder interviews as a precaution to alarming users (Lash, 2002).

After completing a stakeholder analysis the project can enjoy the satisfaction of knowing that most recommendations for redesigning the organization process would be more likely to gain acceptance by various stakeholders (McMullin, 2003; Thompson, 2007). When conducted early in the implementation process, and after getting some feedback on the recommendations, the stage is set for your recommendations to gain acceptance within the organization. It is also reassuring to know that the enterprise information system is likely to serve business goals (Sarker, Sahaym & Bjørn-Andersen, 2012). The benefit of spending time to understand stakeholder perspectives is that recommended solutions are more likely to be in tune with business requirements and goals of the entire organization. Stakeholder analysis also provides an opportunity for users to familiarize themselves with the implementation team's own goals and methods. By the end of the enterprise information system implementation period all users will understand its importance.

6.4 Stakeholder Relationship Management

An EIS outsourcing arrangement is a long term relationship for mutual benefit to all stakeholders in the project—the EIS customer and the EIS vendor (Sarker, Sahaym & Bjørn-Andersen, 2012). Do as much research as you can on the EIS vendor to ensure the business is ethical and credible. This will add to the profitability of the EIS customer's business and significantly reduce the cost of maintaining the EIS outsourcing relationship. To work out a good EIS outsourcing relationship, the EIS customer's must create a scope for the following:

- Constant monitoring
- Mutual understanding
- Transparency
- Scope for discussion
- Build flexibility to contracts
- Openness to intermediate scope and price review

6.4.1 In-house Management

A firm implementing an EIS project ultimately wants to succeed in the EIS outsourcing venture and that too with considerable profit margin. The firm would have to establish the best possible EIS outsourcing management strategy and before going ahead with the outsource arrangement. This means a number of decisions have to be made in preparation for the new partnership with an EIS service provider, including:

- Evaluation of the in-house capability for EIS
- Distribution of the workload between in-house and external processes
- Selection of a top manager to champion the project and manage a team to monitor the EIS outsourcing process
- Train relevant employees on how to manage and organize their business functions for the duration of the EIS outsourcing contract

Ensure the firm follows an organized business strategy to ensure the ongoing development of business through the following four stages of EIS outsourcing project:

- Building EIS Outsourcing Strategy
- Business Evaluation and Decision Making
- EIS Outsourcing Contract Development
- EIS Outsourcing Management

6.5 Chapter Summary

A major challenge for all managers today is to help develop a business which is simultaneously able to meet stakeholder expectations while building capabilities and competences. Enterprise information system meets this challenge by providing bases of internal efficiency, as well as meeting the needs of the most critical stakeholder (customers) better than competitors within a continuously changing environment. Enterprise information system provides organizations with a tool for meeting this demanding challenge which cannot be done by the intellectual understanding or the sheer energy of an isolated good manager.

The more relevant the enterprise information system is the more stakeholders it will impact. While certain stakeholders may be strong supporters of enterprise information system implementation, remember a significant number has the power to undermine the implementation. Stakeholder Management is the process by which key stakeholders are identified and win their support. Stakeholder Analysis is the first stage of this important part of enterprise information system project management, where one identifies and starts to understand the most important stakeholders. The final stage is obtaining a clear understanding, motivating various stakeholders, and deciding how the implementation team can win them around (Negi & Bansal, 2013).

The stakeholder analysis exercise is a very effective mechanism for bringing other perspectives into the enterprise information system implementation process. IS literature is flooded with papers of user experience field research resulting from flowering of methods and techniques for understanding users. This chapter has expanded on enterprise information system focus and perspectives of others (stakeholders) who are impacted by (or have an impact on) user experience at work. The author joins others who certainly believe stakeholder analysis is an effective way of making that happen (Boutelle, 2004; Scholl, 2001).

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