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A practical model on controlling the ERP implementation risks

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ABSTRACT

Although ERP systems were already introduced many years back and were implemented in different organizations, there are still companies who hesitate to decide about establishing ERP systems in their structure. This hesitation will itself result in the projects to go in vain. On the other hand, taking into account the Iranian organizations, the unfamiliarity with these systems is obviously comprehended, something that stems from the lack of information in decision-makers and managers concerning the above-mentioned issue, together with the feeling of fear and inconvenience with this novel technology.

Taking into account the lack of successful prior experience of ERP implementation in Iranian automotive industry, these failures have acted as obstacles for the decision-makers to move towards establishment of the system.

Bearing in mind all the above, this article, through reviewing the intra- and extra-organizational limitations, has tried to provide a suitable and practical model for decision-makers to take precise steps in implementing ERP systems in Iran. This model has been operationally tested and simulated in Bahman motor company. The overall schema of the model and also the evaluation results in the aforementioned company have been incorporated in the results of this essay with the intention to decrease the decision-making risks and, therefore, success of these types of projects. This would per se lead to further related investigations, and managers and decision-makers in companies can take advantage of the results.

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1. Introduction

Taking a closer look at the inception process of many companies in Europe and the United States, it becomes apparent that setting up a seamless IT infrastructure has always taken precedence before any other manufacturing or operational activities such as deployment of machineries, production line, and or any other related industrial or service activities. This strategy will allow the companies to define their internal and external operational processes based on a solid foundation, resulting in optimal efficiency and effectiveness in line with their strategic policies [1].

IT as a new industry in Iran has not found its rightful place within the organizations, as mangers are still adamant and adhere to the traditional management systems, and show resistance to the required organizational and infrastructural changes. Cultural and human resource complexities within an organization are the two main factors impacting the development of IT systems, which need to be addressed with a new perspective [2]. Cultural changes are not apart from the people who have created, so the starting point for the changes must come from within the management system, the people who are involved in defining and implementing corporate policies, whose behavior and decisions have direct impact on the

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