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The Australasian Produce Cooperative: a Global Information Systems Project

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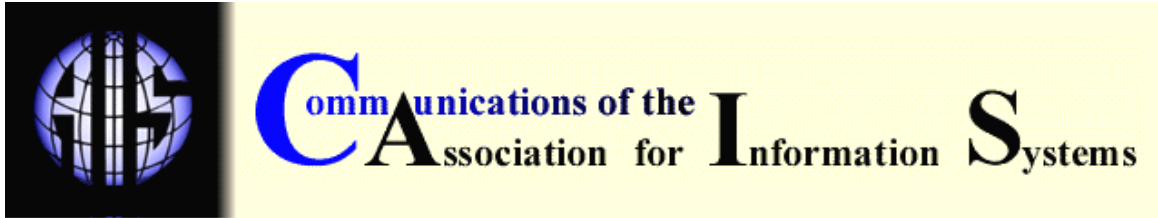
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THE AUSTRALASIAN PRODUCE COOPERATIVE:
A GLOBAL INFORMATION SYSTEMS PROJECT

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ABSTRACT

This case describes how the Australasian Produce Co-Operative[1] (APCO), a marketing co-operative in a land-based industry in 'Australasia' attempted to create a global information system. APCO is among the 20 largest food enterprises in the world. Information systems took on increasing importance as the enterprise refined its global operations in the last decade. In the six years between 1996 and 2002, this case demonstrates the many pitfalls in the process of evolving an international information system as it follows APCO's global system development. It shows the difficulties surrounding the definition of requirements in a large multinational firm and how such a definition is intertwined with the pre-existing politically charged environment that characterizes the global firm. Further, the case demonstrates how the failure of the information technology department to interpret correctly the organization's strategy changes resulted in antagonistic forces in which business resistance finally defeated all attempts to install a standard global information system.

Keywords: international information systems implementation, multinational companies, politics in multinational companies, international project management, business strategy for multinational companies, information systems strategy for multinational companies

Editor's Note: Faculty members who are listed in the IS Faculty Directory, located on the Web at http://www.isfacdir.org/default.htm can send an e-mail to the author (Hans.Lehmann@vuw.ac.nz) requesting the teaching note that accompanies this case.

PREFACE

Chris MacElroy smiled wearily at the stewardess as she cleared away the remnants of dinner and started to unpack the project documentation his PA had dropped into his battered briefcase before he left for Europe again – the third time in the last six weeks. The meeting he was going to chair in London would be critical. It would determine the future (or not…) of their global

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[1] Name and location are disguised

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information technology project, which, over five years, roundly failed to produce any systems that were considered useful for their business.

He was thoroughly sick of traveling: only a week ago the executive team finished a global round of presentations to show-case the first annual report of the newly re-structured enterprise, which was successful way beyond expectations: Revenue showed double-digit growth to more than $7bn[2] – which now puts the Australasian Produce Co-Operative (APCO) firmly among the top ten global firms in their specific branch of agribusiness.

Everything was going exceedingly well – but for the "Food Information Systems & Technology" (FIST) project. He looked at the project timeline which was the first item in his project file.[3] Started with great fireworks in 1997, FIST was supposed to deliver state-of-the-art international systems by 2000. Alas, by that time one pilot system project had already been abandoned as unworkable; another was bogged down in bitter controversy; and software and hardware, selected in 1998 on the basis of a 'benchmark' study, were proving to be inadequate. By 2001 all the major regional subsidiaries refused FIST as dysfunctional. Now, in 2003, it was only a tiny office in Central Asia where any progress at all was made – at a cost of $25m so far. Moreover, not only did FIST fail to find common systems requirements, but the resulting controversies caused bruising political infighting to the point where essential business co-operation was endangered. Following a damning consultants' review of the project in late 2002, the CEO pulled the plug on FIST altogether – although, for reasons of shareholder politics, this action was announced as a 'refocusing review of the project scope '.

How could they be so successful in their business and so hapless when it comes to information technology? Chris closed the fat file and leaned back to reflect.

I. BACKGROUND

The marketing authorities for land-based industries (such as fruit growers, meat producers, dairy farmers, and forestry) started at the beginning of the last century as local co-operative producer associations. Over the decades they merged until, by the 1960's, they were national bodies who now increasingly managed all exports of their members. APCO[4], moreover, was protected by legislation which prohibited any other organization in their industry from trading in international markets. This legislation was seen as essential for maintaining a 'critical mass' in international markets, where APCO competes with giants such as Nestlé, which is nearly five times its size.

Australasia's 25,000 primary producers were organized into 38 co-operative 'Production Companies' (ProdCos), in which they held shares in proportion to their production. APCO segmented their food products business into three main markets: branded fast-moving-consumer-goods (FMCG), ingredients for industrial food manufacturers, and semi-manufactured food products sold to restaurant companies such as McDonalds and Burger King.

With about a quarter of its raw materials sourced from outside Australasia, and 35 manufacturing plants in other countries in addition to the 25 inside Australasia, APCO soon began to regard itself as a mature global operator. Structured into nine regional holding companies with 185 offices, in 2003 it operated in some 140 countries, obtaining more than half of its revenue from developing countries. Marketing, sales, and logistics, APCO's traditional strength, were now often complemented by the manufacturing of branded goods at the local level. The sophistication

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[2] All money references are in USD

[3] The project timeline is included with this case as Appendix I.

[4] APCO included both Australia and New Zealand, the two countries that, together with Papua New Guinea, Tasmania and a host of small islands make up the Australasian region.

of their operations increasingly covered a wide spectrum from small, primitive, and manual to large, high-tech, and fully computerized.

A BRIEF HISTORY

Prior to the mid 1970s APCO exported the vast majority of its produce to the United Kingdom, who, under Commonwealth rules, used to accept it all. Once the UK joined the European Union, however, they were required to cut APCO's quota severely. This change brought the primary producers to the brink of ruin. In emergency mode, APCO rapidly set up offices around the globe with a simple mandate: "Do whatever you like, but sell!"

This policy of far-reaching local autonomy was successful. Within a decade the Co-op built a presence in more than thirty countries. Moreover, they also managed, throughout, to secure a satisfactory return for all their primary producers.

By the mid-90s, however, the emergence of global brands (such as Coca Cola and McDonalds) forced APCO to develop global brands themselves. For that, it needed to have sufficient command and control to mount synchronized international marketing and logistics operations. In early 1996 a new Chief Executive Officer began a vigorous campaign to shift the necessary authority back to head-office, but with a clear vision of balancing central control with local flexibility.

Information systems were seen as an essential element of the new strategic vision. During the 1970s and early '80s, APCO built up a sizeable IS department with a mainframe operation at the head office, linking up with all the main subsidiary offices and ProdCos throughout Australasia. The forced expansion drive in the 1980s, however, led to an increased need by the local operations overseas to be supported with information systems. By the mid 1990s most regional offices owned computers, networks, and application software to suit their own, individual requirements. Compatibility with head-office and with one another was often a problem. In 1996 this proliferation of loosely, if at all, co-ordinated local information systems stood in some contrast to the declared will from APCO's head office to impose more central control over the enterprise as a whole. As a response, the IS Department at APCO's head office established a "*Standard for Information Systems*"[5], declaring the intent to impose common global standards governing the application and deployment of information technology throughout APCO's operating companies worldwide.

II. THE GLOBAL INFORMATION SYSTEMS PROJECT

In December 1996, encouraged by the new CEO's interest, this standards framework was extended to become the *"Charter"* for the "*Food Information Systems and Technology (FIST)"* project, charged with the specific objective to develop and implement common information standards, technology platforms, and global information systems for all APCO operations. APCO's Board formally ratified the FIST project in January 1997.   The IS department consequently assembled a team, initially 11 people, all with long and good service records. The team stayed relatively intact and at this size throughout the project. As a matter of policy, outside contractors were hired when specific skills were required.

FIRST STEPS

As a pre-cursor to the full project a *"Business Process Benchmarking Project"* was carried out at the Australasian head office during the first half of 1997.   The FIST team used Entity-Relationship-Diagramming and Data-Flow-Diagrams to analyze APCO's business operations.

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[5] The names and sentences in quotes and italics are direct citations from APCO's internal documents and from interviews

The outcome of these deliberations was an *"Enquiry To Cash (ETC)"* business model, destined to serve as the single, globally standardized process of supply and demand management across all APCO subsidiaries. The report also stated that APCO was spending approximately $ 80 million on information systems per annum and predicted that this budget would need to increase if systems were not common.

The first project strategy and plan for FIST foresaw the following main stages:

1. Development of a prototype system in co-operation with a site that was reasonably representative for most of the Group's offices and operations;
2. Implementation of the prototype in a small number of pilot sites; further adaptation of the prototype to make it functional as a global system;
3. Gradual 'roll-out' of the 'global system' into selected regions.

Estimated completion milestone dates were early 1998, late 1998 and late 1999 respectively.

By the middle of 1996, the North American Region (NAR) started to embark on a review of its information systems. Their old IBM system was becoming obsolete and the software was in need of a functional upgrade. The South East Asia region was by then also embarking on a project to upgrade their fragmented PC-based installations with a more coherent information systems architecture to cope with the rapid growth the region was experiencing. Both sites thus became natural candidates for the development of the prototype and also as pilot sites for further implementation:

- North America, with its large ingredients market, would become the prototype for APCO offices serving this business sector;
- APCO's South East Asia region (SEAR), which services a large consumer market, would be a good prototype for all consumer and/or mixed business offices within APCO, especially in the lesser developed economies.

FIST began in earnest with the dispatch of a team to North America in September of 1997.

THE FIRST PILOT SITES: NEW YORK AND KUALA LUMPUR

The North America Region saw the head office team as a welcome support for their upgrade and replacement project and they were now keen to go ahead with it as fast as possible. The FIST team agreed to February 1998 (some six months hence) as the date for going live with the new North American system, as well as with the first global FIST pilot, which would be developed in parallel, *"capitalizing on the significant synergies in a common ETC model"*.

At the same time Kuala Lumpur started the process of looking at their requirements. They expected that the FIST team would undertake this task. They were quite concerned when the FIST team restricted itself to comparing the ETC model they adapted for North America with SEAR and found *"a 90 - 95% match"*. This action lead to heated discussions concerning the feasibility of one common business process model for the two regions, given that their markets, products, and business operations were entirely different. Serious reservations were expressed about the generality and high-level nature of the model (*"That fits everybody from the corner shop to Disney"* was one SEAR manager's exasperated comment). After representations by Kuala Lumpur to APCO's executive board it was agreed that SEAR would go ahead and, "*for the time being*", carry out an "*update of their existing application systems"*. The SEAR general manager later quietly extended the terms of reference to allow, "*for the time being*", an upgrade of equipment "*to optimize the running of the updated software*". He was also critical of what he called the "*top-down-approach*" taken by FIST. In return, FIST accused SEAR of bulldozing their proposal for an independent information systems effort through the executive board, *"jeopardizing the global systems standard"*.

By the end of 1997, North America was thus the only pilot site. Time pressure was beginning to take its toll on the management style in the project: FIST management was now actively discouraging user participation so that it could deliver a system by the February 1998 deadline.

Excluding any further NAR input, they started to drive the requirements specification predominantly from head office, using the ETC model as the basis for *"engineering the new NAR and global business processes".* In reaction, at a Finance conference in January 1998, North America and the other regional managers issued a strongly worded memo demanding broadly based involvement, to avoid wasting effort on a system which, they felt, would ultimately not support their business.

FIST management complained to the CEO:

> *"The finance conference has attempted to change the rules with regard to FIST. Prior to this, we were responsible* [for developing the pilot] *and we would keep the other regions informed. Now it was suddenly 'agreed' that every man and his dog would be involved. The FIST timetable cannot absorb this extra involvement without bursting."*

This internal memo predicted that FIST would take twice as long and cost three times as much if any more participation was allowed. The CEO sided with the FIST team and issued a strongly worded executive circular demanding that the FIST project be "*fully supported"* by everyone.

As the North America pilot project was still aiming for the February 1998 deadline, two parallel activity streams were developing:

- The CEO called for a detailed cost benefit analysis. The FIST team put together a justification report showing annual savings of $18m (by eliminating 200 jobs and reducing upgrade costs) against $33m as the total cost of global systems implementation. Including one-time savings of $6m, the report predicted a net-present-value of $20m over the next five years, with a payback of less than two years.

- With an eye on the February 1998 deadline, the highest priority for FIST management was to issue a Request for Proposal (RFP) for software and hardware, to be used internationally as the base for the global system.

THE GLOBAL REQUEST FOR PROPOSAL (RFP)
A mixed team from NAR and FIST was assembled during October 1997 at APCO's head office to produce a binding RFP for global software, hardware, communications and support, based on the 'ETC model' as the global operations standard. In early November, the RFP was sent to all the regions to comment. The regions' comments together with the reaction by the FIST team are shown in Table 1.

Table 1. Regional Comments and FIST Reaction

Concerns and Comments	FIST Reaction/Action
The requirements for the Consumer and Food Service (together approx. 60% of APCO's business) are not covered; examples of incongruences were given;	*"The comments and examples of the Europe and South East Asia regions were summarized and inserted into the RFP as an addendum"*;
The February 1998 deadline is unrealistic and un-maintainable;	"*February 1998 remains unchanged*";
Since the systems and technology chosen will become a global standard, the regions insisted strongly that their participation in the evaluation and selection process following the RFP is essential;	"*Discussion will continue to ensure that we achieve a reasonable balance of regional involvement without impacting the timetable*";
The concept of common systems for [the Group's] "core information systems" is strongly questioned (because of wide differences in the business) and was explicitly rejected by key regional management.	A list of "*core information systems*" will be prepared for Executive agreement and *"everything non-core will be left for the regions".*

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Faced with this level of resistance, the FIST team once more complained to the CEO. He sided with them again, driving the message home even more forcefully: The head of the European Region, whose memo to the CEO was particularly critical had it returned with a handwritten remark *"Next time you send me something like this don't forget to attach your resignation to it".*

Thus FIST went ahead strongly. The RFP was finally issued in late December 1997. Replies were solicited for the last week in January 1998, so that the selection could be concluded and so that the FIST team could put together a capital expenditure proposal in early February 1998. However, after every invited vendor raised strong concerns over this tight schedule for a very substantial RFP, the deadline was set for March 1998.

The evaluation of the RFPs by the FIST team with some North America input was a difficult one, involving many calls for more information from vendors. Eventually, in July 1998 ORACLE was chosen as the main provider for data base middleware and ORACLE FINANCIALS and INVERCROX[6] (Manufacturing and Logistics) as the global applications software. No decision was made on the hardware, the technical support proposals, or the communications technology.

Back in North America, the emphasis now switched from requirements analysis to the design of the new system.

THE COMMON APPLICATION SYSTEMS ISSUE

Following on from FIST's reply to their concerns over the global standard (Table 1), the regions in April 1998 asked for a clarification of what precisely the FIST team meant by 'common information systems'. FIST avoided a response initially, but eventually initiated a separate exercise in late 1998 and carried it out at APCO's head office in Australasia. As a result, a list of the core applications was assembled in February 1999. In it, the core and non-core applications were determined according to the following definition:

- Core applications are *"those which organizations participating in FIST must implement in order to*
     (a) *manage their business to meet required goals and objectives; and*
     (b) *fully support the Five FIST Principles of business function placement; and*
     (c) *meet the information needs of other units of the APCO group of companies."*
- Non-core applications are "*The internal workings of processes by which some organizational outcomes are achieved are of no interest outside that organization. When an organization chooses to use an automated application to meet such needs, that application is considered to be non-core, no matter how essential it may be to the delivery of the outcome*".

These definitions caused major discussions and brought on renewed, and ever more vociferous, objections from the regions, who maintained that the definition of core applications was too wide. The FIST Team, however, persisted with the definitions and confirmed the intended split between the proposed "*Core*", i.e. the global standard applications, compulsory for every regional and local office, and the "*Non-Core*", i.e. local, application systems. The Core and Non-Core applications, together with an indication whether they were part of the standard FIST application packages are listed in Table 2.

DEVELOPING THE NORTH AMERICA PROTOTYPE AND PILOT

Having taken until July (and not until February 1998, as originally planned) to reach the decision to use the ORACLE/INVERCROX software as the Group's standard application systems, in late August 1998 the FIST team could now begin with the implementation of the software in the North America region, and immediately encountered serious problems.

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[6] Name altered

Table 2. Core and Non-Core Applications within the FIST Architecture

Core Applications	Standard?	Non-Core Applications	Standard?
Inventory	INVERCROX	Manufacturing	INVERCROX
Purchasing	INVERCROX	Marketing	
Sales	INVERCROX	Local Statutory Acct's	
General Ledger	ORACLE/FIN	Fixed Assets	
Accounts Receivable	ORACLE/FIN	Treasury	
Accounts Payable	ORACLE/FIN	Payroll	
Import/Export		Project Management	

The INVERCROX manufacturing and distribution modules would not conform with the business processes they were selected to support. The FIST team responded with setting out a policy that

> "*where a choice existed between the change to business practice or a change to the software system, the business practice will be changed by default*".

The North America regional manager, however, refused to change business practices which "*had been developed in response to market and operational requirements*". Furthermore, it turned out that the software changes could only be carried out by INVERCROX and were estimated to cost in the region of $2.5m.

Work on the ORACLE FINANCIAL software, too, did not progress as fast as was expected. Internal politics within ORACLE International dictated that implementation support for NAR had to come from ORACLE Australasia as the contract signatory – not from ORACLE'S worldwide centre of excellence for financial software just across the East River from NAR's main offices.

Further significant systems problems also arose. The new order processing systems, as a pivotal element of the common ETC process, required globally standardized product and inventory codes. A special sub-project was therefore set up in December 1998 to develop an integrated, international product code schema. This effort, alas, turned out to be too complex for a "*solution within the scope of the FIST project at this time*". After six months, the sub-project was shelved in mid 1999 and the issue was left unresolved.

Similar problems plagued the general accounting software suite, where another exercise was started in early 1999 at APCO headquarters to create a common system of account codes, suitable for all international subsidiaries. This six month effort resulted in a 55-digit account number, with in-built logic to reflect the global chart-of-accounts. The solution was widely opposed (and privately often ridiculed) by the regions. The scheme was abandoned altogether after the European Region pointed out to the CEO that in most of continental Europe the chart of accounts is prescribed by fiscal legislation and using 'alternative' accounts is a felony in France and Germany.

In late 1999, therefore, the FIST project was nearly two years late and some $6.5m over budget. To bring the project back on track, the FIST team suggested carrying out a *"business-process-reengineering (BPR)"* project in North America in order to change NAR's existing business processes to conform with the ETC model. Once such a *"vanilla ETC"* was implemented in one major region, it would subsequently become the norm for all the Group's offices and would "*once and for all resolve continuous, disruptive and costly conflict over process details*".

The BPR project, however, began to go wrong at its very inception. The FIST team insisted that the object of the exercise was to change North America's business processes so that they would fit the ETC model. NAR, however, was expecting a collaborative project to improve the North American operation. This conflict could not be resolved and caused continuing acrimonious arguments between the FIST team and NAR management. No material progress was ever made on the BPR project. In mid-2000 it was abandoned altogether.

The reason for the problems was that by mid-2000, NAR urgently needed to replace its now obsolete information systems and technology – four years into trying to get it upgraded. This work took first priority and led to a suspension of the FIST project in North America. The head of the NAR managed to reach an agreement with the CEO that the "*replacement software could in the interim be installed so as to reflect the North America region's requirements in the first instances*".

By early 2001, North America established a stable computer system, using ORACLE FINANCIAL software to North American specifications. After three more months of intensive lobbying, the NAR management finally wrested agreement from the CEO that they were *"no longer considered the pilot project for FIST*". The FIST manager summed up the situation in a presentation to APCO's executive board:

> "*..the North America pilot...made it obvious that a global business cannot be streamlined from a subsidiary perspective. It needed corporate focus, hence the switch back to HQ. The time in North America was an extremely useful exercise to proof the software and highlight areas that needed special attention.*"

THE FIST PILOT IN TAJIKISTAN

In mid 2001, APCO decided to open a new office in Dushanbe, the capital of Tajikistan (once a Soviet Republic) to capitalize on their burgeoning trade with the former USSR and to establish credentials in an influential sector of the Muslim market. With NAR a pilot site no more, the FIST team decided to select Dushanbe as the new pilot site to test out the common global system for APCO, even though the Tajikistan office "*was only to have about a dozen people and probably does not really need to computerize any of its local operations*", as stated by the office manager.

The 'global standard' (i.e. unmodified) ORACLE FINANCIAL and INVERCROX suite would be installed first and business procedures would be defined around the systems. The first target date for completion was January 2002.

However, for want of adequate local software and hardware support, the systems could not be developed on site. It was therefore decided to develop the first prototype at the head office in Australasia. This decision necessitated a complicated chain of communication and logistics, as the local telecommunications were too unreliable for remote development operations. The implementation was delayed in unpredictable ways and, by January 2002, the prototype was only 30% finished. Continual difficulties with implementing a computer system in an unsupported environment and for unskilled users (who did not really want one) delayed the implementation of the pilot system further, as did uncommon requirements such as the effects of Islamic banking procedures on accounting processes. A much reduced 'pilot', the General Accounts suite, was eventually handed over as a working system in September 2002.

FIST publicized this 'achievement' as a great success and announced that they intended to use it as a model for FIST implementation in other small offices:

> "*In 2003…Hong Kong, South Africa, the Philippines and mainland China will be next on the list*".

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DEVELOPMENTS CONCERNING FIST AT HEAD OFFICE AND AT OTHER REGIONS

The major difficulties with the FIST project eventually began to attract the attention of the CEO, who began to change his attitude towards it. He was especially alarmed about the significant costs. By the end of 2001, FIST cost about $25m, had missed every deadline and had not delivered any noticeable benefits.

Previously, the FIST team always managed to convince the CEO that the main obstructions to FIST were essentially a "*political*" response to his strategic moves towards re-establishing central control over the regions, requiring nothing more than *"a show of strength and a determination right from the top* [not to tolerate] *any more games*". Although the CEO repeatedly pointed out to the FIST team that his strategy was not a return to central control, he let himself be persuaded to become FIST's "*major sponsor"* and to issue draconian edicts to the regions to support FIST. The NAR manager never knew how close he came to being sacked or demoted because of his refusal to adopt the ETC version of the FIST-Prototype. Even executives at head office began to regard any criticism of FIST as "*a possible career-limiting move".*

In spite of this atmosphere, the regions were distancing themselves even further from the project. The manager in charge of the Europe Region, an old school friend of the NAR manager and therefore best informed about the problems with FIST, began covertly to canvass support for a decisive move at the next regional executive meeting, which the CEO always chaired. Europe region had the most advanced information systems, set-up to support their sophisticated manufacturing and marketing operations in the UK and on the continent, as well as the steepest technology differentials across the region. In Egypt, for example, carbon-paper in mechanical typewriters was still at the heart of their business processes. Europe shared this broad spectrum of process sophistication with Latin America, whose virtually paperless head office in Miami presided over local offices in anything from huts in the pampas (albeit with satellite telephones) to sprawling low-tech manufacturing facilities in Mexico City. Between them, Europe and NAR started to build political support for a motion at the meeting that would force a corporate re-think about FIST.

The motion was presented to the meeting in July 2002 and accepted on the spot. The concerted and continuing rejection of FIST by his most able and trusted lieutenants eventually began to seed strong doubts in the CEO. The move by the regions pointed to a way out of the situation without loss of face for him. In August 2002 Deloitte Consulting were commissioned to evaluate FIST, the ETC, and all the other related projects.

The Deloitte report, issued in November 2002 was fairly noncommittal, even mildly complimentary and set out very positive recommendations, in the version for public consumption. The *"Executive Working Paper"*, confidential to the CEO and a select group of regional executives, however, was scathingly critical of all the FIST projects as being overly ambitious, technically doubtful, and unjustifiable from a business perspective. Deloitte deemed FIST as simply not achievable, neither within the stipulated time frame nor with the resources at hand, or through the existing centralized project structure.

The Deloitte report proved to be a turning point. In APCO's executive Board meeting of December 20, 2002 the CEO re-assigned the whole IT portfolio - and with it the FIST project - to Chris McElroy. As the CFO, Chris was one of the few outspoken and open critics of the project. Advocating that business reasons, not global technology standards should convince APCO into spending $25m, he called for a critical review of FIST as early as March 2002.

In rapid succession the FIST project manager and deputy manager resigned.

III. THE CHALLENGES AHEAD

McElroy smiled thinly as he recalled the "sincere condolences" card he had received from the Europe regional manager upon the news that he *"inherited"* the IT portfolio. But, he thought, if

nothing else, this whole sorry episode should jolt the CEO and the head office executive into taking IT seriously. He always cringed when one or other of the directors declared – with inverted pride, it seemed - that "*these computers are a complete mystery to me*".

Getting them off their farm bikes and onto a computer was one thing he would put on his agenda first off, he mused. The other key priority would be to focus on healing the serious rifts that developed as a result of the vicious politics FIST engendered.

But what to do about FIST itself? All misgivings about the project aside, is there or is there not a real need for some more co-ordination, co-operation and synergy between all these diverse computer systems? And if there is – how would one do something about it?

McElroy now regretted that he didn't invite the head of the Deloitte review team (who impressed him as a seasoned professional with lots of common sense) to help him with the London meeting. He decided to get them involved, first thing, upon his return.

Author's Note: The case is based on the history of an international information systems project in a real enterprise. It was, however, simplified, altered, and adapted (by omission of detail) for use as an instructional case. For this reason the enterprise requested to remain anonymous. Names, places and temporal references were changed to disguise the enterprise. The author wishes to express his sincere thanks for the open, helpful, and extended co-operation he received from "APCO" management and staff around the globe.

Editor's Note: This case was received on August 10, 2003. It was with the author for 2 months for 2 revisions. It was published on March 21, 2004.

APPENDIX 1.TIMELINE OF THE FIST PROJECT

Time	*Project Activity*
Early 1996	The new CEO introduces the new *'transnational'* strategy of introducing more central control over synchronized international marketing and logistics operations.
Mid 1996	North America Region (NAR) reviews its aging IBM system. NAR is chosen as *'prototype'* site. South East Asia Region (SEAR) needs to upgrade their fragmented PC-based installation to cope with rapid regional growth.
December 1996 to January 1997	IS Department at APCO's head office establishes the common global *'Standard for Information Systems'* which becomes the *'Charter'* for FIST, the global project launched in January 1997. FIST Budget (for full global implementation) is set at a cost of $35 million, supported by projected benefits (predominantly clerical workforce savings) of $60 million
Early to Mid 1997	*'Business Process Benchmarking Project'* to develop the *Enquiry To Cash (ETC)* concept prototype for all global business operations is carried out by the FIST team at APCO's head office.
Mid 1997	Both NAR and SEAR are chosen as pilot sites for FIST. A project team starts work at the NAR head office. *'Going-live'* date for the NAR pilot system is set for February 1998.

Time	Project Activity
Late 1997	FIST decides that SEAR will use the NAR pilot. A *'Requirements Benchmark'* comparison project between NAR and SEAR finds a 90-95% match. SEAR points out it is in different markets with different products than NAR, refuses to accept the *'Benchmark'* results, and opts out of the pilot.
October & November 1997	A mixed team of NAR and FIST issues a global Request for Proposal (RFP) using the *ETC* model as the basis for *"engineering the new NAR and global business processes"* This proposal invokes strong criticism from regional management, which the CEO strongly discourages. He issues a strong edict to the regions to *"fully support the project"*
December 1997	RFP is issued virtually unchanged to selected vendors; a deadline for RFP replies is set for January 1998, so that the selection of global technology may still be completed by February 1998 (the original deadline for *'going-live'* with the NAR pilot). Most vendors object to the tight deadline
January 1998	At the APCO Group Finance conference all heads of the regions demand involvement in FIST, which is refuted by FIST management; CEO sides again with FIST and re-issues an even stronger edict to the regions to *"fully support the project[- or else]"*
March 1998	Three vendor proposals are received for evaluation by the FIST.
April 1998	Regions demand explanation of what the *"core information systems"* are that were mentioned in FIST's reply to the regions concerns in January 1998
July 1998	RFP's were evaluated and global standard technology is selected, based on applications software from ORACLE and INVERCROX. No hardware platform, support organisations, or communications vendors are selected;
Late 1998	INVERCROX functionality does not fit NAR business processes. FIST demands NAR change their business practices. NAR management refuses. ORACLE insists on supporting the NAR pilot from its Australasian office, not from its North America base in the same city as the NAR offices *"International Integrated Product Code"* project started to harmonise all the different (regional) product codes;
Early 1999	*"Common Chart of Accounts"* project launched to standardise the widely different accounting structures used by APCO's international subsidiaries
February 1999	FIST issues a definition of *"core"* and *"non-core"* information systems; regional management unite in their objections to the scope of *"core"* systems
Mid 1999	*"International Integrated Product Code"* project abandoned as being too complex for a "*solution within the scope of the FIST project at this time*"; *"Common Chart of Accounts"* project abandoned: in most of continental Europe the chart of accounts is prescribed by fiscal legislation and using 'alternative' accounts is a felony in France and Germany.

Time	*Project Activity*
Late 1999	FIST Project Costs exceed budget-to-date by $6.5 million. *"Business-Process-Reengineering (BPR)"* project launched as a formal process to change NAR's existing business processes to conform with the ETC model
Early 2000	NAR management oppose the BPR project; no progress is made on the FIST pilot system while the discussions go on between NAR, FIST, and the CEO
Mid 2000	NAR's old IBM system is now obsolete and cannot be supported beyond the end of 2000; NAR management reaches an agreement with the CEO that the "*replacement software could in the interim be installed so as to reflect the North America region's requirements in the first instances*"
Early 2001	NAR goes live on a new IBM platform, using ORACLE FINANCIALS to NAR specifications. CEO agrees that they are *"no longer considered the pilot project for FIST"*
Mid 2001	APCO open the Dushanbe (Tajikistan) office. FIST declare Dushanbe as the new FIST global pilot site. *'Global Standard'* (i.e. unmodified) ORACLE FINANCIAL and INVERCROX suites will be installed and business procedures will be defined around the software. Completion deadline is January 2002
January 2002	FIST Project costs stand at $25 million as at end 2001. Dushanbe *'Global Standard'* pilot (developed at APCO head office for want of adequate local software and hardware support) is now 30% complete. New completion deadline: June 2002
June to September 2002	After the June deadline is missed, requirements for the Dushanbe pilot system are reduced to a kernel of *"General Accounting"* software. The pilot system *'goes live'* in September 2002
July/August 2002	Europe and NAR regional management present a motion to the Regional Executive meeting that FIST be reviewed and suspended for the duration of the review; CEO accepts the motion and commissions Deloitte Consulting to review and evaluate FIST
November 2002	Deloitte Consulting report to CEO: *"FIST is overly ambitious, technically doubtful, unjustifiable from a business perspective, and unachievable within timeframe"*;
December 2002	CEO and APCO's executive board re-assign the FIST project to come under the CFO. Management of FIST resigns. Scope of FIST changed to the *"development of a global information systems strategic plan".;*

LIST OF ABBREVIATIONS

Abbreviation	Explanation
APCO	*Australasian Produce Co-Operative*
BPR	*"Business-Process-Reengineering"* project launched as a formal process to change NAR's existing business processes to conform with the ETC model
ETC	the '*Enquiry To Cash'* concept prototype for all global business operations
FIST	*'Food Information Systems and Technology'* project to create a global information system for APCO; the term is used interchangeably for the project as well as its management
FMCG	Fast-Moving-Consumer-Goods
NAR	APCO's *North America Region*
ProdCos	*'Production Companies'*; the 38 production co-operatives in which Australasia's 25,000 primary producers held shares in proportion to their production. The ProdCos, in turn, hold shares in *APCO*, in proportion to their production
SEAR	APCO's *South East Asia Region*

ABOUT THE AUTHOR

Hans Lehmann's experience with information technology spans over 30 years. After studying psychology in Vienna, Hans followed a career in data processing line management in Austria and South Africa. He then worked for twelve years with Deloitte, specializing in the development and implementation of international information systems for multinational companies in the financial and manufacturing sectors. He consulted in continental Europe, Africa, the United Kingdom, North America, and Australasia. In 1991 Hans changed careers and joined the University of Auckland, New Zealand, where he was granted a PhD. He focused his research on the strategic management of global information technology, especially in the context of the transformation to international electronic business. Hans is now an Associate Professor for Information Systems and Electronic Business at Victoria University of Wellington in New Zealand. He is a Fellow of the British Computer Society.