The Four Faces of Deploying Global Common Systems: Understanding Global and Local Objectives

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Executive Summary

As business becomes more global, many multinational firms are turning to common systems—systems with core software modules designed around common global requirements but that can be augmented with local modules to support regional differences in language, laws, regulations, and work rules. This article describes the implementation of one such system, known as MaxFli, at British American Tobacco (BAT).

Based on our examination of MaxFli, we found that global and local leaders have different objectives for embracing common systems. Furthermore, some objectives are explicitly stated in strategic plans and business cases, while others remain tacit and are rarely discussed openly. The global/local and explicit/tacit dimensions give rise to four distinct sets of objectives, which we call “faces,” for common systems projects. These four faces are distinguished by differences in their strategic role, operational benefits, and political motivations.

BAT’s experience shows that a common system can create substantial savings, improve global infrastructure, and diffuse best practices throughout the enterprise. But to achieve these results, local and global leaders need to understand both the explicit and tacit objectives of all stakeholders.

MULTINATIONAL FIRMS ARE INCREASINGLY ADOPTING COMMON SYSTEMS

Effectively managing information and technology resources across multinational firms is complex. Such firms must reduce costs and create economies of scale via systems and processes while not glossing over important local business differences. This challenge is especially difficult for multinational firms with a federal IS governance structure. In firms with this type of governance structure, global and local executives share decision rights for IS choices. A consequence is that the development efforts of strategic business units often yield distinct, yet overlapping, solutions to common business problems. IS projects designed and developed locally often reflect local business processes well but may not be suitable for multinational adoption. As a result, many multinational firms have turned to shared services and centralized development efforts to seek synergy among business units.

A frequent strategy for such firms is to adopt common systems. Common systems comprise core software modules designed around common global requirements that

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can be augmented with local modules to support regional differences in language, laws, regulations, and work rules. The objective is to reduce overall IS costs and improve performance across multiple business units.

**BENEFITS AND DISADVANTAGES OF COMMON SYSTEMS**

Common systems offer advantages from both global and local perspectives (see Figure 1). Globally, benefits of common systems include a more consistent set of standards and best practices across the enterprise. They also reduce total costs compared to independent systems for common business processes. Locally, common systems allow smaller markets and less-developed regions of the world to share a more robust IS infrastructure than their local economy and skill base would allow.

Additionally, common systems are often subsidized by strategic global initiatives, thus lowering the total cost of development for a local operating unit. Ideally, common systems provide a local strategic business unit with a robust solution that is flexible enough to support local process variations.

But common systems also have disadvantages (also shown in Figure 1). Global leaders may find that the failure of common systems to match local processes leads to increased resistance and, ultimately, non-use. Or, due to the complexities of multiple operating requirements, common systems may experience scope creep that dramatically increases costs. Likewise, common systems projects can suffer from a lack of ownership and buy-in at the local level. A “not-invented-here” attitude can increase resistance to adopting common systems. Local IS personnel often argue that such centrally designed systems adopt a “least-common denominator” design approach that attempts to satisfy too many general requirements and fails to offer sufficient flexibility for important local processes. Finally, local leaders may find it challenging to recruit local IS talent capable of supporting the common system.

Given the relative advantages and disadvantages of common systems, we questioned why firms chose common systems rather than less complex development strategies. Our objective for this study was to understand the factors that drive the adoption of common systems from both local and global perspectives.

**Figure 1: Benefits and Disadvantages of Common Systems from Local and Global Perspectives**

- **Benefits**
  - More stable, robust systems
  - Shared infrastructure creates future opportunities
  - Local process variations
  - Reduced need for local IT expertise

- **Disadvantages**
  - Limited flexibility for local processes
  - Reduced influence over IT infrastructure choices
  - Required system knowledge may be difficult to attain
  - “Not invented here” attitude leads to resistance

- **Benefits**
  - Global standards
  - Shared best practices
  - Shared development lowers cost per user

- **Disadvantages**
  - Overlook local insights
  - Greater resistance encountered at implementation
  - Multiple operating requirements lead to scope creep
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We examined a common systems project, known as MaxFli, at British American Tobacco (BAT), a Fortune 500 firm that manufactures and markets tobacco products around the world.\(^5\) MaxFli, which had recently been completed at the time of our research, automated and streamlined the firm’s trade marketing and distribution (TM&D) functions within direct-distribution markets.\(^6\)

We found that global and local leaders had differing objectives for pursuing common systems. While some of these objectives were explicitly stated in strategic plans and business cases, others remained tacit and were rarely discussed between units. The global/local and explicit/tacit dimensions of common systems create four distinct sets of objectives, which we call “faces,” for common systems projects (see Figure 2). We use the term “faces” because it conveys that business and IT leaders have a public and a hidden face when dealing with common systems projects. Understanding these four faces provides important insights into why firms choose to develop and implement common systems.

In the following sections, we briefly explore the common systems implementation at BAT and then describe the strategic, operational, and political perspectives of each of the four faces. Finally, we conclude with lessons learned for common systems projects.

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\(^5\) For more information about the research methodology, see the Appendix.

\(^6\) Trade marketing is aimed at increasing demand from wholesalers, retailers, and other resellers rather than consumer demand.

THE MAXFLI COMMON SYSTEM AT BAT

BAT is more than 100 years old and has consistently been in the Fortune Global 500. Its profit centers are 120 “end markets,” each typically a country, though some smaller countries are grouped together into a “cluster” market. Global headquarters (the “Center”) is in London and operates a global strategy to leverage economies of scale where possible, while offering maximum autonomy to end markets. End market general managers have broad authority for local strategy to meet annual profit targets.

In 1997, BAT began considering a software development effort to automate and streamline its TM&D functions. Over the next few years, the MaxFli common system was rolled out in several end markets. The first three were in Chile (where BAT operates as Chiletabacos), Colombia (BAT Colombia), and Central America, a cluster market under the umbrella of BAT Central America (BATCA). Figure 3 summarizes the global and local roles, outcomes, and objectives of the Center and each of these end markets.

Global and Chilean Objectives for MaxFli

The origins of MaxFli lay in the ramp up for Y2K, when multiple end markets in Latin America proposed budgets for TM&D systems to address Y2K concerns and improve existing system functionality. BAT’s Global VP of TM&D recognized an opportunity to streamline global processes and enforce disciplined best practices into a historically fragmented organization. Additionally, a new global CIO
emphasized integration and centralization around a global infrastructure and common systems.

Chiletabacos’ general manager was chosen as the global project leader and given authority to initiate the design and development of a global TM&D system, which was named MaxFli. He was chosen both because of his widely respected leadership skills and because Chiletabacos was one of the strongest markets in the region, with a near monopoly over the local trade. In March 1998, business and IS leaders from 22 countries met in Santiago, Chile, to begin the requirements determination phase and identify best practices for TM&D.

Center leaders were ready to standardize systems and processes around a common infrastructure, but there were several concerns from the end markets. The global CIO remembered, “Initially, it is fair to say, the local companies were resistant. They were reluctant...
because of the ‘not-invented-here’ syndrome.” Local leaders viewed previous centralized development efforts as being too focused on global requirements with little recognition of local differences.

In response to these concerns, the Center agreed to use a different approach with MaxFli. A Senior VP of Sales and Marketing at the Center recalled:

“We knew the baggage we had [from previous centrally developed systems] within BAT. Local general managers were not going to get into a similar situation. The only difference I think, and this is where they got hooked, was how many times we said, ‘We are not going to do that again. We’re not going to develop it centrally and then throw it out to the end markets. What we are going to do is develop it in Chile. We are going to develop it locally with a global view.’ That’s when they said, ‘OK.’”

The biggest concern from local managers was that the new system would not reflect their unique business processes. There was extensive posturing and negotiations over who would ultimately have control over the system requirements. Global leaders came to believe that control—not cost—was the most important driver of conflict in developing MaxFli. For example, a Senior VP at the Center argued:

“During the early stages of the process, the real pain came around. And it wasn’t money at all; it was around control—management control. At that point, I was serving on the systems side. I said, ‘We are going to do it in your market, but if we are going to do it for the globe, you have to accept that you can’t have the final say.’ That was the sticking point. Well, they said, ‘If we aren’t calling the shots, you guys go to hell.’”

This conflict came to a head in the summer of 1998 when the global project leader froze the project, and all MaxFli project staff returned to their respective units.

To resolve the impasse and ensure “sanity for the globe” over parochial concerns, a MaxFli Steering Committee was established. The committee comprised leading figures from TM&D and IS from both the Center and end markets, and was given final decision rights for the project.

This steering committee was responsible for reviewing the TM&D processes in each of the separate end markets and identifying best practices. According to the Global Director of Marketing IS, a typical response from end markets was:

“OK, we’ll buy into that set of practices. But we want to make some changes.’ Meanwhile, I’m sitting here holding my BAT global process hat saying, ‘No, no, no, you are not going to make any changes. That is the process you are going to adhere to!’”

In its final form, MaxFli Version 1.0 closely reflected the business processes of Chiletabacos. The software included a robust competitor activity analysis function because of Chiletabacos’ concern for building barriers to entry for other global competitors. The system was completed and implemented successfully in Chile in the fourth quarter of 1999.

Implementing MaxFli in Colombia

A second end market, Colombia, successfully implemented MaxFli 1.0 in May 2000. BAT Colombia was founded in 1994 when several Chiletabacos executives transferred to Bogotá to launch a greenfield operation. Consequently, BAT Colombia was a very “Chilean business,” despite being a much smaller operation in a more hostile competitive landscape with both regional and global competitors vying for market share.

Unlike Chiletabacos, which wanted to erect entry barriers for potential competitors, BAT Colombia chose to adopt MaxFli to create the basic infrastructure needed to grow its business. According to its CIO:

“We have been investing a large part of our budget into IS to build the infrastructure necessary to become an efficient company. I believe we will become one of the most efficient companies in Colombia.”

BAT Colombia saw MaxFli as an opportunity to demonstrate its emerging status as a regional leader in cutting-edge projects and to provide it with global visibility. According to its CIO, BAT Colombia was “working on adopting a more global perspective. The reason we have SAP and MaxFli is due to the global strategies for integrating IS services.”
Implementing MaxFli in Central America

The third market to adopt MaxFli did so for yet a different set of reasons—and weathered a much greater challenge. BAT Central America (BATCA) was formed as a “cluster market” in 1995 when Costa Rica, Honduras, Nicaragua, Guatemala, El Salvador, and Panama merged their independent operations to form a single end market with centralized production and operational economies of scale. This cluster market was a much more complex operating environment than those in Chiletabacos or BAT Columbia.

BATCA top management was eager to implement MaxFli to replace multiple legacy systems with a shared IS infrastructure across the six previously independent markets. However, there were several concerns about MaxFli’s capabilities. MaxFli Version 1.0 would not support the multiple currency and taxation requirements of a cluster market. Also, some of BATCA’s local business processes had been overlooked by the original MaxFli design team. Most important was the sale of non-tobacco products (e.g., matches). These products were an important source of revenue for BATCA but were regarded as peripheral by the Chilean-focused design team because of the tax complexities of bundling tobacco and non-tobacco products into one system.

A unique benefit of MaxFli at BATCA was that it provided political cover for enforcing standardized processes across the historically independent operations. A BATCA MaxFli project manager in San Jose recalled:

“There is a trade-off [between] the overall good of the implementation for the cluster and drawbacks for individual countries. The more competitive markets were eager and saw the potential for better information gathering. They valued this very much. However, other markets were mostly interested in developing efficient processes and making sure the key performance indicators and expected efficiencies were well managed.”

BATCA project leaders were also motivated to participate in a shared-risk development effort to create a more robust IS infrastructure than the legacy systems in place in each individual country. Finally, being an early adopter of a global initiative like MaxFli offered political cachet to BATCA leaders and helped to establish BATCA as an up-and-coming player in the Latin America region.

Due to the complexities of a cluster market, as well as the need for a few additional functional requirements, a major revision of MaxFli was required for BATCA. MaxFli 1.1 went live in Central America in November 2000.

UNDERSTANDING THE FOUR FACES

The evidence from our research indicates that managers and executives from global and local units approached the projects with multiple objectives. We have categorized the objectives of stakeholders as local or global, and explicit or tacit.

Global and local objectives represent the distinct interests of end markets and the Center. Explicit objectives are those that are clearly stated in written documentation and openly discussed at project meetings. These objectives can be found in business cases and often include cutting costs and improving business processes. Tacit objectives may be as important as explicit objectives yet are not openly discussed or reported in project documentation. They are usually revealed through informal conversations or demonstrated through observed behaviors. For example, tacit objectives include perception management strategies. The data from our research does not indicate, nor do we intend to argue, that tacit objectives are somehow under-handed or divergent from organizational goals. On the contrary, they play a vital role in sustaining commitment to common systems efforts.

To better understand the four faces of common systems projects, we identified key differences between them in strategic role, operational benefits, and political motivations for the BAT system we studied (see Figure 4).

Global-Explicit Face

Explicit objectives are the most commonly articulated objectives for developing common systems. These

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8 By strategic role, we refer to the strategic objectives and drivers for developing and implementing common systems (e.g., “To gain market share through increased sales efficiency”). Strategic role addresses why firms pursue common systems. Operational benefits describe the expected contribution of the IT system for addressing ongoing business challenges (e.g., “To upgrade local IT infrastructure and increase reliability of handheld systems”). Operational benefits are the means through which strategic objectives are accomplished. Political motivations involve issues of authority, power, control, and perception management (e.g., “To demonstrate compliance with emerging corporate initiatives”).
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objectives are often stated in business cases, project meetings, annual reports, and implementation reviews.

Global project leaders are explicitly concerned with managing the interaction of executives and IS managers from multiple operating units to create a comprehensive and functional system that works well for everyone, although it may not be ideal for anyone.

The Global-Explicit strategic role is to reduce global development costs and coordinate best practices around the world. Coordinating global efforts to reduce costs and eliminate redundant efforts were key goals for the MaxFli project. The Global Head of Marketing IS recalled the continuous effort to stop all other competing development efforts:

“MaxFli was going global. So all of our communications were consistent: ‘Chile is developing the global system for Sales & Marketing. Everybody else, stop whatever you are doing.’ That is, don’t think about doing something new with sales force automation, because Chile is developing for the globe.”

The Global-Explicit operational objective is to produce a reliable, world-class architecture for global operations at a significantly reduced price, using economies of scale. For example, in BAT’s 1997-1998 budget cycle, 30 end markets budgeted for sales force automation systems. If these systems had been developed independently, the cumulative cost would have exceeded £150 million ($225 million). A common system, however, could be developed for all 30 markets for less than one-half of that cost. Despite these global savings, some end market leaders argued that a satisfactory local system could cost less. A Global Senior Sales and Marketing VP argued that these leaders were:

“...not comparing apples with apples. That’s the fundamental issue. This sort of functionality in MaxFli is difficult to write in the first place and takes a very long time to debug and test. Local markets could not easily replicate what we have created.”

Politically, the Global-Explicit objective is to centralize best practices and assert the influence of global functional leadership across the organization. A key challenge with common systems is to identify a set of best practices on which local operating units can agree. Local market idiosyncrasies are often less evident to global leaders and are easily dismissed as irrelevant. For example, a Senior VP for Sales at the Center commented:

“After an initial feasibility phase for the MaxFli project, the most surprising thing to me was, that at the end of the two and a half days, everybody agreed that the selling process was exactly the same in all of their markets. So that’s when we knew we had something we could do.”

Local leaders who attended the same meeting had a different interpretation of process similarities across the operating units. For instance, BATCA’s emphasis on non-tobacco products was never reflected by the system.

**Local-Explicit Face**

Local leaders are confronted with the dual responsibilities of guarding the interests of their local operating unit, while working towards global objectives. This is a delicate balance—and one that few executives are comfortable with.

There are multiple strategic issues for strategic business units considering common systems. Our research indicates that the strategic role of MaxFli varied with market conditions in the target market. Chiletabacos, for example, had a near monopoly of the tobacco market in Chile. To Chiletabacos, MaxFli was an important barrier that prevented other global competitors from entering the market. BAT Colombia, on the other hand, was involved in a very competitive market battle with local and global competitors, and saw MaxFli as a way to cut costs through more efficient operations. BATCA was primarily motivated by the strategic value of using software to implement shared practices throughout its previously fragmented organization. Each of these strategic objectives was explicitly recorded in MaxFli documentation.

Operationally, the end markets were explicitly concerned with upgrading their IS infrastructures and improving functional performance, and MaxFli often enabled these objectives to be realized. Common systems frequently offer superior functionality compared to what could be developed locally but at a steep price for smaller strategic business units. The Global Head of Sales and Marketing discussed this reality:

“A locally developed system can be much cheaper. But let’s say the market increasingly recognizes the value of integrated systems. And only a system that has an integrated solution including the ERP systems will have a future. [Local leaders] recognize that. They complain about the price, but they realize the value.”

The operational benefits of common systems are compelling to local leaders. Each of the end markets in our study was explicitly motivated by the opportunity to dramatically improve their functional performance with world-class systems that may have been beyond their ability to create locally.

A primary political consideration for local unit adoption of common systems was compliance. The general manager of BAT Colombia offered his opinion that developing a local solution was an inferior strategy that he hoped to avoid: “We wanted MaxFli to be a global solution, but it depended on what happened in Chile. If Chile could succeed, then others would follow.” The politics of compliance are perhaps best illustrated by the actions of Chiletabacos’ general manager, when he halted the project until issues of authority and compliance were resolved. According to a Senior VP of Sales and Marketing at the Center:

“He actually [said], ‘At the end of the day, I’m a local company but part of a global organization. And this is just how it’s going to have to happen if we are all going to make progress.’ So that was a big call. Any less a general manager (and we have many around the world) would not have made that call. So [the project] lived—or died—by his call. Frankly, he was the only one who had vision that this was going to benefit the global company.”

**Global-Tacit Face**

We now turn our attention to the tacit objectives for implementing common systems. Though seldom discussed, these objectives are equally powerful in motivating common systems development and adoption.

For global leaders, the primary Global-Tacit strategic objective of common systems is to enforce best practices across the enterprise. This was illustrated by BAT’s Global Head of Marketing IS when he stated that MaxFli was much more than an improved IS infrastructure. He argued:

“The real issue here is ... there is a lot of best practice embedded in MaxFli. It’s a way of putting that best practice in a technology box, then sending it to another market, and of course, they have to do a lot of adjustment to be able to make a go of it. So we are interested in the whole thing, not just the geeky IS part of it.”

Global leaders also tacitly value increased visibility into local operations. By implementing common systems in local units, BAT’s Center was able to have more timely and reliable information about current sales trends, marketing effectiveness, and competitor activity. This objective was well summarized by the Global Head of Marketing IS:
“Clearly, MaxFli provides visibility about what’s going on in the sales force. We now have visibility of what’s going on. This provides strong market intelligence for going into greenfield markets.”

A key tacit political concern of global leaders is to restrain “rogue” business units. By embedding desired practices into the software and rolling it out to end markets, BAT’s Center was able to enforce desired behaviors on those who preferred alternative strategies. While the Center did not force any market to adopt MaxFli, it hoped to make the system attractive enough to persuade end markets to adopt it.

**Local-Tacit Face**

A common tacit strategic objective for local leaders is to maintain control of system requirements. The Senior VP of Sales and Marketing at the Center described how many end markets initially resisted the MaxFli project. The attitude of local managers changed, however, once it became clear that the system requirements would be established in local markets rather than by the Center.

> “Once they understood it would be developed locally with a global view, they said, ‘OK—as long as we get what we want and our requirements form the base. Everyone else can agree to our requirements.’ Then they were ready to participate.”

A frequent tacit operational motivation for common systems is the opportunity to collaborate with others to tap into resources unavailable for smaller markets. This objective was well-expressed by BATCA’s CIO:

> “We are a small market with few resources. So I can’t do all of these projects alone. I need to work with [the Center] or other local markets to partner and share costs. It’s easy for me to work on these global projects. But it’s harder for a large, successful market.”

Politically, many local leaders, especially in smaller and younger end markets, saw the MaxFli initiative as an opportunity to put themselves “on the map” within the global organization. Being an early adopter of a strategic global initiative gave the impression of visionary leadership and recognizable support for global values. This kind of leadership and commitment to shared values may lead to greater career opportunities in the future.

**LESSONS LEARNED**

Developing and implementing a common system requires multiple stakeholders to engage in a complex process across national borders, languages, and cultures to produce a system that maximizes global efficiencies while mapping closely to local business processes. By many measures, BAT’s MaxFli project was a successful implementation of a common system. We summarize the lessons that can be drawn from BAT’s success in Figure 5 and describe them in more detail below.

**Lesson 1: Successful Leadership Requires Strong Negotiation Skills**

One of the key challenges in common systems development and implementation is the conflict between global and local perspectives. The data from our study indicates that there is not one universally shared and equally compelling objective behind common systems projects. Rather, global and local leaders approach common systems for different reasons, and each plays a critical role in achieving successful outcomes.

Rather than trying to force a centrally developed common system on local companies, BAT pursued a strategy in which local companies maintained final control over the system requirement decisions. Yet, the Center did not allow early adopters, such as Chiletabacos, to focus exclusively on their local requirements. Rather, global and local leaders collaborated to create a system that met the needs of multiple stakeholders. The balance between local and global perspectives was not easy to attain, and at times, there was tremendous frustration and anxiety between competing visions of what MaxFli should become. Global leaders at the Center demonstrated a willingness to vest final authority for determining system requirements in the hands of Chiletabacos’ general manager, who, in turn, was willing to

leaders to engage in dynamic negotiations to identify best practices across the enterprise without creating a system too restrictive for broad implementation.

Our research indicates that project leaders with deep organizational and cross-functional experience are likely the best candidates for conducting the negotiations necessary for common systems projects. For example, the local project leaders in Chiletabacos and BAT Colombia were senior managers with experience in operations, finance, marketing, and IS. BATCA’s project leader was an up-and-coming leader who had risen through the TM&D function at BATCA. While other complexities at BATCA complicated the implementation, his lack of cross-
functional experience was a contributing factor to some of the challenges.

**Lesson 2: Imperfect Tools Are Never Magic Bullets**

Even the best systems have a limited ability to address deeply rooted organizational problems. Unfortunately, common systems may be perceived as a panacea by both local and global leaders anxious to address troubled business processes.

The MaxFli system experienced several challenges in this regard. Our interviews showed that each adopting end market looked to MaxFli to achieve different outcomes within its business. Chiletabacos viewed MaxFli as a strategic barrier-to-entry and thus had very little concern about the ultimate return on investment of the project. BAT Colombia, on the other hand, viewed MaxFli as a critical step in reducing operating costs and leveraging technology in a challenging competitive landscape. Finally, BATCA viewed MaxFli as a means to integrate fragmented business processes and leadership across six countries. For both BAT Colombia and BATCA, the return on investment and business process efficiencies of MaxFli were crucial selling points.

A single system will likely not be able to meet these diverse expectations equally well. For instance, the competitor activity information required by Chiletabacos to establish an effective barrier-to-entry made MaxFli over-complicated for tracking basic sales activities in smaller markets such as BATCA. The Director of Sales at BATCA highlighted the challenge this presented to his business:

“We are only a very small company, not like Chile. For us, this system is a problem. To have a very complicated system in a very simple company is not an easy task.”

It is important to be realistic about what a system can achieve. No information system is able to solve deeply rooted organizational or competitive problems on its own. At best, it can facilitate and structure organizational and strategic changes that can lead to desired outcomes. Business and IS leaders involved with common systems must be diligent to avoid the mythical “magic bullet theory” of IS-enabled transformation. According to this theory, an information system “magically” resolves deeply rooted organizational and strategic challenges without the painful—and necessary—changes that many users resist.

To help overcome the magic bullet trap, project managers need to choose appropriate language to describe the project and remind project members that the software is only a small component of the overall project objective. For example, Chiletabacos’ MaxFli project leader continually referred to MaxFli as a business change project, not an IT project. This reinforced the idea that the software could not magically achieve the necessary objectives. Additionally, he continually reminded the MaxFli team at Chiletabacos that, independently, the software could “at most, attain 20% of the change we need, and can sustain even less than that.” By consistently reinforcing the importance of business process change and the enabling role of the information system, a project leader is more likely to avoid the magic bullet myth and focus instead on the hard work of IS-enabled business process change.

**Lesson 3: Embrace the Whole Reality**

Both tacit and explicit objectives are essential to succeeding with common systems. While explicit objectives will continue to receive the most attention and serve as the foundation for business cases and justification strategies, tacit objectives play a critical role in motivating action toward accomplishing system goals.

During the MaxFli project at BAT, local and global leaders demonstrated a broad awareness of one another’s objectives, both tacit and explicit. For example, a Senior VP of Sales and Marketing at the Center highlighted the importance of the Local-Tacit objective of gaining global recognition as a result of participating in the MaxFli project. He argued that this tacit objective was influential in convincing other Latin American units to consider adopting the MaxFli platform despite its perceived high cost. Similarly, the CIOs from BAT Colombia and BATCA well understood that increasing the centralization of the TM&D function was a critical, though largely tacit, objective of the Center.

We identified several ways that local and global leaders can become aware of one another’s objectives. BAT established a MaxFli center of excellence in London that served as a clearinghouse for information about the hows and whys of MaxFli implementations. Additionally, BAT created and maintained a Lotus Notes database to foster collaboration and

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conversation between the Center and end markets at every stage in the MaxFli implementation process. These two strategies resulted in a shared space where global and local leaders were able to discover best practices of MaxFli project leadership and to develop a community of practice for sharing information.

Identifying and understanding the tacit objectives that influence the actions of leaders may provide insights that help align purposes across the globe. While the explicit objectives are more commonly discussed, tacit objectives should not be overlooked when trying to create buy-in and shared commitment to project success.

**Lesson 4: Use a Trifocal Lens to Assess Objectives**

Common system projects are motivated by a variety of factors and are most successful when incentives are aligned between global and local leaders. To create this alignment, firms must use a trifocal lens to assess the operational, strategic, and political objectives that motivate participation in common systems projects.

BAT used several strategies to cultivate a vision of these distinct objectives. In addition to the center of excellence and Lotus Notes database mentioned above, it implemented a “deep rhythm” of face-to-face meetings with global and local leaders involved in the MaxFli project. These meetings were held bi-monthly in Santiago and London, and included team and project leaders from the Center, Chiletabacos, BAT Colombia, and BATCA. The meetings were focused on concrete project deliverables, but they also provided opportunities for relationship building between local and functional leaders. The formal and informal activities of the meetings provided opportunities for project leaders to explore the strategic, operational, and political objectives for participating in the MaxFli project. ¹⁴

Assessing the diverse objectives of project participants can also provide an understanding of why some strategic business units choose not to participate in a common systems project. For example, in some BAT end markets, the operational capabilities of MaxFli were less robust than their current systems. For them, the operational setback outweighed the strategic and political benefit of being a team player on a global project. This was the case for two of the countries within the BATCA cluster. However, for the cluster as a whole, the system was advantageous because it met the company’s strategic and political objectives while improving the operational abilities of two-thirds of the legacy systems.

**Lesson 5: Manage Scope for Long-Term Success**

Common systems are complex and prone to scope creep. The requirements determination, development, and implementation phases of these projects require input and leadership from multiple stakeholders across the globe. Consequently, maintaining control over the project requires project leaders to exercise multiple strategies at different phases in the project lifecycle. ¹⁵ Given the dynamic nature of control in common systems deployment, scope creep can be dramatic. With each additional local implementation, new functionality may be requested to the point of diminishing returns.

The failure to adequately control the scope and feature set of MaxFli contributed to the challenges at BATCA. BAT’s Global CIO put it like this:

“*When you design by committee, you drive to a degree of functionality that is often greater than the lead unit’s design. When the second or third market comes in, it’s even greater than the original design. Therefore you have something that’s over-engineered versus the real business need.*”

BAT tried two distinct strategies to mitigate the challenge of scope creep across multiple implementations. To start with, project requirement decisions were vested fully in the hands of a single leader, Chiletabacos’ general manager. This strategy offered efficiency and ensured that local values were enshrined in the finished system. The latter was especially important given the early concerns of local leaders about previous systems developed at the Center. While this strategy prohibited the worst effects of scope creep, the parochial views of a single project leader eventually led to a stalemate between local and global leaders. A second, and more successful, strategy was to implement a project steering committee comprising business and IS leaders from multiple end markets and from the Center. This

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¹⁴ The design, development, and on-going support of the MaxFli project was coordinated by a global virtual team spread across five countries in two hemispheres. For a closer look at the impact of occasional face-to-face meetings in the performance of a global virtual team, see Maznevski, M. L., and Chudoba, K. M. “Bridging Space Over Time: Global virtual team dynamics and effectiveness,” *Organization Science* (11), 2000, pp. 473-492.

committee was responsible for managing scope creep while meeting the sometimes conflicting needs of local units.

CONCLUSION

As the business world becomes more global, and global corporations push to centralize systems, common systems development will likely increase. While this approach has numerous advantages for local and global operations, it is more complex than independent systems. Developing an effective common system requires global coordination and effort from stakeholders who may have competing visions for the final system. However, as demonstrated by the MaxFli system at BAT, a common system can create substantial savings, improve global infrastructure, and diffuse best practices throughout the enterprise.

To achieve these results, local and global leaders need to understand both the explicit and tacit objectives of all stakeholders. A failure to heed the tacit objectives of business partners may limit a firm’s effectiveness at achieving the necessary compromises required for common systems success.

We have identified five general lessons from the successful implementation of the MaxFli common system:

1. **Successful leadership requires strong negotiation skills.** Project leaders with deep organizational and cross-functional experience will likely be the best candidates for conducting the complex negotiations necessary for common systems projects.

2. **Imperfect tools are never “magic bullets.”** Common systems may be perceived as a panacea by both local and global leaders anxious to address troubled business processes, but no system can solve deeply rooted organizational problems on its own.

3. **Embrace the whole reality,** taking account of both explicit and tacit objectives. While explicit objectives receive the most attention, tacit objectives play a critical role in motivating action toward accomplishing system goals.

4. **Use a trifocal lens** to assess the diverse objectives of project participants. Examining the strategic, operational, and political objectives of participants provides a deeper understanding of the diverse considerations that affect critical project decisions and success factors.

5. **Manage the scope.** Common systems projects involve numerous stakeholders with similar, yet distinct, project requirements. Vesting a project steering committee with the necessary authority to control global project scope can lead to long-term success.

APPENDIX: RESEARCH METHODOLOGY

This case study is based on 30 on-site interviews in London, Costa Rica, Colombia, and Chile, and two telephone interviews (one of which was a follow-up to a face-to-face interview) with informants in London and Lima (see below). Additional secondary data included system requirements documentation, business unit and corporate strategic plans, business unit and corporate IS strategic plans, detailed business cases for MaxFli adoption from each end market and the Center, organizational charts, budgets, presentations, annual stockholder reports, and post-implementation reviews.

Interviews were conducted by both authors in London and via telephone, and by the primary author in Santiago de Chile, Bogotá (Colombia), and San Jose (Costa Rica). The interviews followed a semi-structured interview guide with questions focused on the project’s history and background, individual and team roles and responsibilities, project outcomes, and perceptions of local and global differences and similarities toward the MaxFli system. In addition to interviews, extensive field notes captured insights and observations during the site visits. All interviews and field notes were recorded, transcribed, and analyzed using QSR nVivo software.

Analysis proceeded across multiple steps. First, the primary author read through the interviews and field notes several times to immerse himself in the data. He then wrote separate case studies for each end market and shared them with key informants for validation. An informant from Colombia asked for

a few minor changes to clarify final costs, outcomes, and responsibilities. These changes were made and subsequently approved by the informant. The key informants at BATCA and Chiletabacos reviewed the case write-up for accuracy and approved the reports.

Next, the primary author analyzed the transcripts, field notes and case studies highlighting comments relating to project outcomes and key lessons. Then, he read the transcripts again looking for evidence of strategic, operational, and political objectives. The next step

<table>
<thead>
<tr>
<th>Locations and Titles of Interviewees</th>
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<tbody>
<tr>
<td><strong>Location</strong></td>
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<tr>
<td><strong>Interviewees</strong></td>
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<td>Chiletabacos, Santiago de Chile</td>
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<td>Senior Vice President, Sales and Marketing</td>
</tr>
</tbody>
</table>

Involved creating tables and matrices to compare the objectives of local and global leaders. Finally, similar concepts were linked together into categories or “lessons” using axial coding.17

**ABOUT THE AUTHORS**

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17 Axial coding is a process of exploring relationships within qualitative data by relating categories and properties to each other via a combination of inductive and deductive reasoning. It is a well-established coding strategy in qualitative research first espoused by Strauss, A., and Corbin, J., op. cit., 1990.