

PGDM IB 2015-17
ERP for Managers
IB- 108

Trimester – I, End-Term Examination: September 2015

Time allowed: 2 hrs 30 min

Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet.

Section A

3*5= 15 Marks

1. Explain four common ERP implementation strategies. Explain pros and cons of each.
2. Explain critical activities of realisation stage of an ERP project? What are the main milestones of this phase?
3. Explain what is meant by process scope and application scope.
4. What is BPR? What are the pros and cons of BPR?
5. How do ERPs help in purchase order and goods receipt process?

Section B

2*10= 20 Marks

1. Explain a typical order management cycle. How does ERP software support such a cycle?
2. What is a contract? Explain quantity contract, value contract central contract and plant specific contract with the help of an example.
3. Explain the nine levers of ERP project scope

Section C
Case study

15 Marks

ERP Systems at Bharat Consumer Goods Limited

Bharat Consumer Goods Limited (BCGL) is one of India's largest FMCG company. The company has employee strength of over 12,000. The company is one of the largest exporters of India. BCGL is market leader in consumer products with presence in over 25 consumer categories such as soaps, tea, detergents and shampoo among others. The company owns 30 major Indian brands.

The FMCG segment dominates the business of BCGL with more than 90% of net revenue. Its soaps and detergents business was its largest contributor to revenues with 45% of total revenue. The products are produced in 40 different factories across

India, majority of them owned by BCGL. The Company's distribution covers over one million retail outlets across India directly and its products are available in over 6 million outlets in the country, nearly 80% of all retail outlets in India. The supply chain operations involve coordination with nearly 2000 suppliers and nearly 4000 redistribution stockists.

Goals of the company

The major goals of the company are as follows:

- BCGL's top management brass has recently revealed the audacious goal of company to double its revenue within the next four years to Rs. 50,000 crores. The present revenue of the company are at approximately 17,500 crores making it a daunting task to reach the set goal
- Significant increase the market share of its products in near future

Analysis of current information system

BCGL's SAP journey started in 2004, when it decided to streamline its operations in order to address the emerging market challenge. Market fundamentals require BCGL to ensure availability of its products so that it can respond quickly to customers. In 2003, BCGL discovered the limitations of its incumbent ERP system. The old system couldn't scale up to meet future transaction and process capability requirements of the modern trade. At the same time, BCGL knew business optimization and supply chain efficiency cannot be achieved without tight communication links with its external business partners. SP Netweaver Process Integration enables process-centric collaboration not just internally, but across BCGL's extended value chain. It facilitates communication and an exchange of information between multiple applications.

Phase 1 of BCGL's SAP implementation went live in September 2007. The solutions deployed include SAP ERP Central Component, SAP Netweaver PI, SAP Netweaver Business Intelligence, SAP Netweaver Composition Environment, SAP Netweaver Portal, SAP Solution Manager and SAP Supply Chain Management. As part of the backbone IT capability for sales and customer development, BCGL successfully established a common transaction system that is used by all Redistribution Stockists and that is fully integrated with company's systems. This was possible as BCGL operated through exclusive redistribution stockists by leveraging the scale of operations. Distributor salesmen use a Hand Held Terminals as an aid for taking retail orders. In 2009, BCGL enhanced this capability for analytics and intelligent sales calls. BCGL has also established an IT enabled consumer interaction centre for addressing complaints and suggestions.

As enterprise wide SAP platform was significant capability created over last few years. This formed the foundation for all business processes in the company and for collaboration with its suppliers and customers. It provided a comprehensive data warehouse with analytics capability that helps in better and speedier decisions. Supply chain optimization, enabled by IT capability, is a source of significant value. BCGL has leveraged the expanded telecom footprint in the country to provide high bandwidth terrestrial links to all operating units. Video conferencing is extensively used to collaborate across locations which reduces travel cost. Implementation of SAP system in manufacturing plant was significant in reducing the inventory levels in

the plant and improving the operations of the plant. Implementation of the SAP system in fact reduced the inventory levels to about 50% of inventory levels prior implementation of SAP. This problem of having excessively high inventory due to the safety stock considered by the plant personnel to avoid any manual errors in calculation of stock was eliminated automatically when they moved from the traditional ERP system to the SAP system, which better integrated the activities of raw material purchase department, production manager and the commercial unit.

Questions

1. Comment on phase 1 of SAP implementation at Bharat Consumer Goods Limited. DO you think the company has taken right decision in implementing such a sophisticated ERP system? Justify your answer. **6 Marks**
2. Identify the implications of ERP and e-commerce applications at BCGL. **5 Marks**
3. What role can ERP play in achieving company goals **4 Marks**

Programme: PGDM (Ins. Business Mgmt.)

Batch: 2015-17

Trimester: 1st