

PGDM (RM), 2014-16
ERP FOR MANAGERS
RM-501

Trimester – V, End-Term Examination: December 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.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

SECTION-A

Answer any 3 out of 5 (Short Questions) – 5 Marks each

QUESTION-A1 – Discuss various steps involved in ERP implementation process. Do you think these steps are sequential in nature? Elaborate

QUESTION-A2 – What are people related challenges in ERP Project?

QUESTION-A3 – What are various goals of Just-in-time purchasing? Explain advantages of each.

QUESTION-A4 – Explain different types of relationships in supply chains.

QUESTION-A5 – Describe in brief, the application of SDLC approach to the development of ERP system in an organization?

SECTION-B

Answer any 2 out of 3 (Long Questions) – 10 Marks each

QUESTION-B1 – Do you think Business Process Reengineering is a pre-requisite for the implementation of ERP system? Why?

QUESTION-B2 – What are four common ERP implementation strategies? Explain Pros and Cons of each.

QUESTION-B3 – Explain different Procurement methods for ordering material. Discuss some of the new developments in this area.

Turn Over...

SECTION-C
Case study – 15 Marks

CASE STUDY

ERP Failure at Hershey

Hershey is a leading manufacturer of chocolates, confectionaries and beverages in the United States of America. They offer lots of delicious and lip-smacking chocolates in various assortments. The company also makes sugar-free chocolates and products suiting the nutritional constraints of the customers. What started as a small entity by Milton. S. Hershey in Pennsylvania has now become a very big company commanding a stake in the U.S. food market. They are also an important player in the international scenario.

The technical team at Hershey had been working hard to implement ERP solutions for more than three years. They had chosen to implement SAP ERP a favourite choice of corporate bodies ever since SAP ventured on to the service in the year 1992. This process went on during the peak periods when business was expected to do its best. The company had chosen to implement ERP by using a popular method whereby the whole process was brought into action at a stretch. The implementation and the business process which followed it proved to be a major setback for the company. There was a heavy loss in profits and sales.

A consultant was appointed to analyse the reasons for ERP failure at Hershey. The consultant submitted his report, which is as follows:

Hershey was prompt in doing things expected by an ERP vendor. They did not resort to any move capable of disturbing the plans of the vendor. They had extended full cooperation to the vendor in all aspect. There was really nothing to complain from the vendor's point of view or from the technical point of view. However, the following issues led to their downfall in an unexpected manner.

Choosing the wrong time for implementation

This is cited to be the first and foremost reason for the debacle. The business prospects are slated to be promising in this period. The companies cannot be expected to change their way of business or restructure at this point of time. It is the period wherein competitors will vie in with each other to become the market leader and as well as defeat their rivals. In other words, the company must concentrate on its core activities which will directly or indirectly reflect on the income generated.

This is not to mean that the development activities and others that are not connected with profit making should be ignored. They should also be given due importance. They should take place simultaneously and of course receive the proper attention. The company will be more focused on trade activities while the amount of energy spent on the others will be considerably low.

When this is the case Hershey made a blunder of not only restructuring the business process and changing it but he went to the extent of spending the whole time and efforts on implementing **enterprise resource planning**. This disrupted the normal functioning of the business and as well as created lots of confusions in the company. Since their attention was wholly diverted to ERP it was not possible to rectify the uncertainties that emerged in the business as a result of ERP.

When they tried to do that the attention paid to ERP was low. As a result the business faced a tragedy. Firstly, they could not make good the ~~other~~ damages caused. On the process of doing the same they were not able to concentrate on ERP which was nearing completion. When the subsequent process were carried the

Company again had a rude shock because the ERP systems were not working in full capacity as there were some final touches which were not done.

The company would have very well avoided this trouble if only they thought of going ahead with ERP during those occasions when the business process in the whole market experiences a slow movement. Any business will have such periods in all the years. Since, Hershey took the right decision in the wrong time things were totally against their favour. If something had gone wrong in the dull period they would have very well concentrated on that and made ERP a hit. Since, the companies can very well work on that process and pay full attention because of the slow/no business activities any potential trouble could have been easily averted and an ERP failure story would not have taken place.

Too much of workload

ERP is a complex process which calls for lots of maneuvering and processing in the company. The company needs to put many efforts in order to ensure the success of this process. As seen in the earlier paragraph the company should go ahead with the process only after assuring that it has the necessary time and can put the necessary efforts to ensure the success of the enterprise operation.

However, the company made another mistake in addition to implementing it at the wrong time. They had also implemented many more enterprise applications like CRM and others. The company was at the receiving end by this time. They had already messed up by choosing the wrong time and spoiled the business prospects. They only found that things were getting worse and not better with the simultaneous implementation of the enterprise applications.

When they were about to rectify the business process ERP and other applications were not implemented fully. Hence, when they came back after making major changes in the business process to suit the enterprise applications modality of operations the applications were not functioning with full vigour not only because of the incomplete works but also due to the break in continuity.

Conclusion

The company could have avoided this menace if only they remained focused. They would have set an example for success instead of an ERP failure story. Companies have failed to learn from the ERP failure story in 1998. They had performed explicable in all areas whereby companies usually make mistakes like not cooperating with the vendor or not changing the business process. It is therefore evident that ERP implementation is a long drawn process which needs to be implemented meticulously as even the minute mistake will spoil the hopes and purpose of the project.

QUESTIONS (3 x 5=15 MARKS)

1. Do you agree with the point of view of the consultant? If yes, Justify your answer.
2. What are the impacts of ERP Failure on Hershey's business?
3. What are the leanings from this case?