Critique:

The paper provisions Nestlé’s fidelity to vision, top management foresight and active participation in ERP implementation and how nestle scales its intangible resource capabilities in order to acquire position in market that can hardly be challenged for its credibility. It focuses on how nestle overcame its local barriers and implemented centralized project called ‘GLOBE’ (Global Business Excellence) in order to institutionalize its business process that comprises of Finance, supply chain, factories, HR & payroll and Sales & marketing. It is more focused on business perspective than technical implications of the implementation.

Nestle had culture of independent operations in native countries. As a result, nestle was paying 29 different prices for vanilla to different vendors, also they were referred with different names at different locations. Thus, analyzing manufacturing cost at different plants was difficult (derek, http://www.uwosh.edu/faculty\_staff/wresch/ERPNestle.htm). Hence, standardizing of operations was the best decision to stay globally competitive. Foresight of CEO Peter Brabeck was to harness resource capacity to function in homogenous way across all 70 countries. By 2000 ‘EBM’ decided to implement GLOBE i.e. SAP template that would cover functionalities of all touch points of Nestle with budget of almost $2 billion (mitra, 2014). This courageous move by Peter was well accompanied by top management support and required training for employees in order to make them acquainted with SAP systems. (Linying, 2009) [https://pdfs.semanticscholar.org/03dc/24017043b6539a8561556a3f590fad989972.pdf] well explains how participation of top management influences success of project implementation. Thus, training of 700 employees on single system and active top management participation paid for GLOBE’s success.

GLOBE leveraged size as strength and united people to work along common axis of business objectives which contributed towards its success. This revolutionary ERP system standardized many business proceedings across entire supply chain. But is also comes with its own flaws i.e. Since most countries processed order-definition polices that was ahead of ‘POD’ it resulted in loss of several days’ sales which needed immediate fix. Purchasing of goods prior to GLOBE in nestle was hindered by the way different businesses functioned. There was no synchronization between different divisions and whopping $35 billion were spent on raw material and indirect. GLOBE helped savings across purchasing units by ensuring purchase orders from pre-approved suppliers. GLOBE’s Material Handling (MH) unit was customized with SAP’s SDP program that demanded extra cost in order to carter more efficient MH that can maintain pallets in warehouse, send massages to truck when pallet was produced etc. This in turn made operations quite effective and synchronized. Advanced Planning & Optimization (APO) is at the center of the GLOBE that micro managed sales forecasting and how to fulfill those orders. Factories working capacity and unit cost could be tweaked by managers in order to look good. GLOBE automated this entire proceedings of what to make, how much to make, for what period etc. It all dealt with issues of back flushing and quality control. This resulted in delayering of management that earlier accounted for valuable time, wrong estimates (backflushing), tweaking factory results to look good etc.

Conclusion: The paper thus presents an optimistic view of how top management foresight and training of staff members contributed to successful implementation of one of the largest ERP system and have nestle leveraged its resource capability. Although GLOBE automated and standardized many business proceedings paper fails to mention distress it bought to individual factory operations and how it affected their evaluation metric and pain they had to go through in order to tone themselves to GLOBE’s frequency.