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**ENTERPRISE RESOURCE PLANNING (ERP)**

# **Assignment Report**

## **Case Study**

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# ERP IMPLEMENTATION AT CADBURY SUCCESS STORY

- Introduction

Cadbury is a British multinational confectionery company . It is owned by Mondelez International. Cadbury was founded by John Cadbury in 1824 Birmingham , United Kindoms.

Wrigleys being the largest confectionery brand, Cadbury is the second largest confectionery brand in the world. Cadbury has an annual revenue of around \$50 billion and has its presence in more than 160 countries throughout the world.

Cadbury India is a fully owned subsidiary of Krafts food Inc. In India, Cadbury began its operations in 1948 by importing chocolates. After 60 years of existence, it today has five company owned manufacturing facilities Bengaluru, Induri (Pune), Thane (Mumbai), Malanpur(Gwalior) and Baddi (Himachal Pradesh). Their corporate office is in Mumbai, Maharashtra. Currently, Cadbury India operates in four categories - Chocolate Confectioneries, Milk Food Drinks, Candy and Gum category . In the chocolate confectionery category, Cadbury has remained the undisputed leader throughout the years. Some of the key brands in India are Cadbury Celebrations, Eclairs, Dairy Milk, Cadbury Silk, 5 Star, Perk, Oreo, Bournvita, Bournville ,etc.

Being such a huge company having offices and manufacturing units all across the globe, managing departments would be cumbersome and lead to a lot of inefficiencies. This called for an efficient ERP implementation to streamline processes and reduce redundancy and data duplication and increase overall productivity.

- ERP Implementation:

Need for ERP :

- The ERP implementation process in Cadbury India was started from scratch as Cadbury India was the first organisation to implement ERP in all of its processes over their global applications.
- Implementing ERP meant that they would end up standardising the processes in 16 different locations. So, they tried to learn from previous ERP implementations and inculcate the best methodologies and practises.
- Some of the major processes in the organisation were Human Resources, procurement, manufacturing, finance, etc .
- The initiative to implement ERP was undertaken to bring about a complete integration of the major processes in the business. These processes were otherwise working in a completely decoupled and decentralised manner.
- Cadbury's had 4 Branch operations and 13 manufacturing operations and each of these had their own systems running in isolation from the rest.
- Other than the Finance department which was common across these operations, nothing else was integrated.
- ERP acted as an integrating system and was a solution to integrate their decoupled system and operations.

## IMPLEMENTATION:

- Cadbury also wanted to integrate the IT sector within its ERP module with the intention of increasing productivity and efficiency and to help the management work better than before with the existing systems.
- Implementing ERP was done in collaboration with external vendors : -
  - Infrastructure management partnership was with IBM
  - ERP partnership with Siemens.
- First , the Finance module was implemented followed by supply chain and production.
- Cadbury used the Big-Bang approach for implementing ERP and this was done company wise. The ERP module was implemented all across the company within a span of 1 year.
- This led to a proper Management Information System. The entire system gets updated on entering data once. This consolidated data could be accessed from anywhere.
- Thus, transition from a manual entry based system to a completely consolidated, integrated and data driven system was achieved because of ERP.

## PHASES DURING IMPLEMENTATION :

The actual implementation of the ERP system was done based on the general methodology based approach followed by companies which had already implemented ERP.

Cadbury used the Big-Bang approach to implement their ERP system.

In Big-Bang methodology of ERP implementation, the installation of all ERP modules in the ERP software being developed happens throughout the entire organisation at once. Provided that the execution was thorough and upto the mark , Big-Bang approach of deploying ERP systems helps in reducing costs . Also, the time required for developing and deploying the system is considerably less as opposed to the time that a phased project would take.

The different phases in the ERP implementation were:

- Phase 1 - Project Preparation phase:
  - Install development system
  - Hire core project members
  - Prepare for blueprint phase
  - Requirements specification
  - Select partner/vendor
  - Budget approval
  - Project orientation
  - Detailed work plan
  - Prototyping
  
- Phase 2 :
  - Requirements analysis and Detailed Design:
  - Identify business implications
  - Risk Identification
  - Project opportunities
  - Global scope
  - Business improvement measures
  - Change management

- Phase 3 :
  - Exceptions agreement and configuration
  - Unit testing
  - Integration testing
  - Resolution of issues
  - Master data conversion
  - Global template configuration
  - Documentation
  - Training preparation
  
- Phase 4 :
  - Finalize training program
  - End-user training
  - Cutover plan
  - Cutover communication
  - Readiness assessment
  - Inform partners and stakeholders
  - Day in the life (DIL) tests
  
- Phase 5 :
  - Execute cutover plan
  - Monitor product, process and system usage
  - On-site support
  - Contingency plan in place if required

However, as Big-Bang implementation of ERP is quite rushed, there are certain drawbacks. Such implementations are more risky, crucial details could be easily overlooked and missed, incorporating changes in the system becomes difficult. This approach could be overly aggressive and lead to discontent and dissatisfaction within the organisation as well and could increase the risk of failure.

- BENEFITS OF ERP IMPLEMENTATION :

- Cadbury as a company was growing rapidly and the existing systems were too slow . This led to inefficiency down the chain.ERP implementation handled the issues well and and helped in the fast paced growth of the company. This led to an increase in the overall efficiency in the company.
- Cadbury had their operations in 16 locations and all of these were highly decoupled and decentralized. ERP helped in centralization of all these operations by implementing best practices. This led to an increase in the productivity of the company.
- Each department had a variety of operations which were operating in the form of functional silos . This led to dependencies down the line and unnecessary repetition in work and documentation. This redundancy was avoided by the implementation of ERP.
- ERP implementation brought about a new way of warehouse management system and brought in structure to branch offices and the depots.
- Implementing ERP gave a competitive edge to Cadbury and at the same time improved the overall growth of the company as well.
- There was also a robust feedback system that was incorporated which helped in addressing issues faster. This also helped in managing and monitoring change well .
- The entire implementation of ERP was cross-functional which largely contributed to its success.



- There was an increased transparency in the system and overall integration of the processes also increased
- There was also a stock accounting module that was incorporated in the ERP implementation which took care of the freshness of the product.
- As opposed to normal perception, implementing ERP did not reduce the number of jobs. Rather, the number of man-power employed increased considerably which was also a huge plus point of this implementation.

Thus, the ERP implementation by Cadbury led to positive results and also cost less. This high result and low cost implementation of ERP considerably improved the quality of processes and productivity of the company as a whole and was very successful.