# **EXAM SCRIPT COVER PAGE**

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**J.E. CAIRNES SCHOOL OF BUSINESS & ECONOMICS**

**SEMESTER 2 - End of Module Assignment**

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| **Module Name and Code** | **Enterprise Systems – MS809** |
| **Student ID** | **21235044** |

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**Declaration for this Exam Submission*:***

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**QUESTION 2:**

Supply chain management (SCM) refers to the management of the flow of goods or services and is inclusive of all procedures that involve the conversion of raw materials to final product.[1] It actively streamlines the business side of supply chain in order to increase customer value and obtain a competitive edge in the market place. By optimising supply chain, companies can reduce costs wherever possible and deliver faster. SCM can be identified by 5 major components [2]:

1. **Planning** - The planning process is crucial for supply chains to run as efficiently as possible. Inventory and operational resource levelling are both possible when proper planning is done.

Controlling supply via source planning and controlling demand through demand planning helps the company to better manage cash flow and satisfy consumer demands. Data generated during the planning phase may also be used perform predictive analytics for more accurate estimates.

1. **Sourcing** - Working with vendors that are not just capable but also adaptable to the customer's requirements are excellent in any organizational setup. Vendors must also be able to satisfy customer demand on a regular basis, especially during peak seasons, and not rely on customers to place orders during non-peak periods. Before the product is delivered out to the client, the vendor must comply to the customer's requirements and be able to determine non-conformance to the standard at their end. When negotiating with suppliers, it's vital to agree on delivery and order lead times, as well as clear performance objectives.
2. **Making -** The manufacturing process involves the process of packaging, re-kitting, bundling, assembling, dressing, or staging, as well as real raw material to final goods production. This process must be adjusted to provide the least amount of variation in the final product, and to eliminate non-conformance to client requirements. Even with the most advanced automated production lines, there is almost always room for improvement in the manufacturing process.
3. **Delivering** - The distribution channel must be reliable and consistent. It must be able to handle abrupt surges in demand and have business continuity plans in place for frequent logistics issues like port congestion or bad weather. The supply chain function is sometimes given less emphasis than the sales function in many firms, yet it must be given financing to develop in order to meet business demands.
4. **Returning** – In some cases, customers will want to return their purchased products. Damage, non-conformance to quality, faulty items, products approaching or exceeding their expiration dates, or incorrect products being delivered are all possible causes. The return procedure is an important part of the customer experience, and is closely linked to the refund process. It is important for companies to maintain a standard product while delivering.

Many organizations today are implementing technology into their supply chain management systems in order to be competitive worldwide and stay ahead of a complicated business environment.[3] Consumers have been more demanding in recent years, and demand for high standards for quality and service. Supply chain executives have realized that cutting-edge technology may help them improve accountability and visibility, allowing them to retain control and remain ahead of the competition.

Computerized shipping, tracking, and electronic invoicing, have become core components of the modern-day supply chain management system.[4] With features such as long-lasting batteries, keyboard capabilities, barcode scanning, high-quality digital cameras and speech recognition, tablet computers and smart phones prove to be functionality for warehouse operations. wireless devices provide mobility, flexibility and convenience ensuring efficiency in the supply chain process. For instance, truck drivers can use devices with GPS to report any technical difficulties to the monitoring team during the transportation process. Other well-known examples of successful implementation of technology in SCM includes, Nike’s radio-based product monitoring system to for monitoring products in warehouse in real-time. To forecast demand, manage inventory levels, and arrange efficient shipping routes, Walmart uses cutting-edge technology and network infrastructure.

An ideal example of a successful implementation of SCM is ‘Starbucks’ [5]. Even in the face of tremendous complexity and unprecedented expansion, the Starbucks’s SCM transformation is still highly acknowledged. Starbucks was already a racehorse in the 2000s with an increase in their revenue from $4.1 billion to $10.4 billion in a span of 5 years. Starbucks' supply lines were struggling to keep up with the company's fast growth, and operating costs were going out of control. The economic crises that came thereafter only made it worse. Peter D. Gibbons, the supply chain officer, realised that less than half the orders were arriving on time and that Starbucks relied heavily on outsourcing which in turn cost the company financially. Important measures were taken to solve the issue in hand:

* **Reorganising** – The company restructured its team such that every role fell into 4 basic categories i.e., Planning, Sourcing, Making and Delivering.
* **Minimising Costs and improving Services** – Post reorganising, each category was tasked with finding improvements. Better research helped the team understand the costing required for their products and this in turn could benefit contract negotiations. A key factor to their success was the introduction of Scorecards that contained Service, cost and productivity metrics. This helped achieve the goals on time and in line with the business requirements.
* **Future Capabilities** – In order to make sure operations were executed smoothly, the company took the utmost precautions in hiring the right talented workforce. They also took measures to train their existing staffs with respect to their required standards. In addition to this, Starbucks made efforts to adopt the latest technologies such as online ordering systems to optimise their distribution. Another example of their use of technology is their adoption of a Centralized logistical planning network in line with an automated information system [6]. This allows real-time demand monitoring down to the store level, as well as current inventory tracking, storage capabilities, and trucking schedules.

With such SCM implementations, Starbucks was not only able to overcome their organisational crises but also optimise their Business.

**QUESTION 3:**

CRM, or customer relationship management is a business strategy designed to minimise the overall cost and to maximise profits by achieving Customer Satisfaction, Customer Loyalty and Public support [7]. CRM helps provide a better understanding of what the customer requires and this in-turn helps employees in customer facing roles to make informed decisions. 3 key elements that contribute to a successful CRM are People, Process and Technology and if any one of these are not sound, the complete CRM structure is bound to fail. CRM is the heart of the business success that helps gain valuable insights into the behaviour and value of customers through which companies can make better decisions with regard to customer satisfaction.

There are 4 key components to a Customer Relationship Management namely, Customer Satisfaction, Customer Loyalty, Profitability and Customer Retention. [8]

1. **Customer Satisfaction** – It is a factor measuring the customer’s perception of how good the product or service the company provides. CRM assists businesses provide a better customer experience through gaining insights on customer details such as gender, age, location, etc and design cost effective marketing strategies that focus on a particular customer base. Targeted ads could be made to promote their product and in turn reach out to the right audience. It is important to make sure a customer is well satisfied if otherwise they are likely to do business with another company.
2. **Customer Loyalty** – Customer loyalty measures the likeliness of a customer to do business with a particular company or brand on a regular basis. It is highly dependent on customer satisfaction, customer experience and the overall quality of the product. When a customer is loyal, they are highly likely to pay more for the product as long the quality is maintained. It is essential for companies to strive to retain loyal customers since they contribute to the major portion of the revenue than a first-time customer. Many ways to boost customer loyalty could be through introducing loyalty programs, assisting customers by providing customer care support, providing VIP ties to the most loyal customers.
3. **Profitability** – It is measured as the difference in the generated revenue and the total costs incurred to a company. Profits are the bloodline of any business since it allows to keep the company to run its operations and expand its customer base. Without profits the company would have to file for bankruptcy due to lack of funds.
4. **Customer Retention** – This is a factor measuring the number of customers who remain loyal to a company. Retained customers are to contribute more profits to a company than new customers as they likely to make constant purchases and since the companies do not need additional expenditures in retaining them.

Customer relationship management is essential to a business because it gives them a comprehensive idea of their customer base and helps them figure out how to improve customer loyalty, profitability, and satisfaction. Purchases, referrals, interests, demographics, and other factors may all be tracked with the help of CRM software which can then be used by companies to make better business decisions. It can also enhance the possibility that customers will continue to buy from the business and refer others at the same time. CRM may also improve day-to-day operational efficiency. Customer preferences, for example, can be provided to customer support professionals. As a result, it improves the overall efficiency of the support process. Customer loyalty is the primary purpose of CRM.

It also enables a corporation and its consumers to form a close bond. CRM gives businesses more control over the process and can boost sales and income from current clients.

With the above understanding it can be observed that CRM is more of how well the business is executed strategically and that the technological aspect is only secondary. On those lines, Amazon could be an ideal example to have implemented a successful CRM.[9]

Amazon is one of the biggest e-commerce companies in the world providing user-friendly and convenient services to its customer base and are proving to be highly influential in contributing to a good CRM system. Amazon has invested largely in building an in-house software tailored to their specific needs making it a system that is quick, profitable and efficient for both Amazon and their clients alike.

Factors contributing to the success of Amazon’s CRM implementation are:

1. **Well organised User Interface** – Amazon provides its users with a well-built user interface that is easy to understand and easy to use. They provide a system that is high in quality, neatly organised into categories and it comes with a well-designed, easy to use transaction system. Thus, retaining current customers and at the same time attracting new ones.
2. **Accessibility** – Amazon focuses on the overall customer experience by providing a wide range of services and not just limiting to shopping. They have products such as Amazon prime that has set a competition to the likes of Netflix and HBO. They also have Alexa that has come as a huge advancement in the field of AI technologies. In addition, they provide AWS services which is one of the largest cloud services. All this makes Amazon a one stop solution.
3. **Good customer interaction** – The personal account provided by Amazon ensures good amount of support that a user would rarely need to reach out to customer support. Amazon also provides a section, peer review with which allows other users to evaluate the product before making a purchase. With this type of support, it is stress free for both the customers and the employees. This in turn enhances customer loyalty towards the brand.

All in all, the above example shows how Amazon has effectively implemented CRM with enabling a strategic solution that is more user focussed. In this manner, they tend to retain their customers and at the same time maximise their profits.

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