**Successful Enterprise System Implementation: Hershey's ERP Implementation**

1. **Company Overview**
   * **Company Name**: Hershey’s
   * **Industry**: Food & Confectionery
   * **Reason for Implementation**:
     + Hershey's sought to modernize its manufacturing and supply chain systems to streamline operations and enhance productivity.
     + They wanted better visibility and control over inventory and to enhance their decision-making processes.
     + Desire to align business processes with advanced IT systems and gain a competitive edge in global markets.
2. **Implementation Process**
   * Hershey's implemented an integrated Enterprise Resource Planning (ERP) system (SAP) to standardize and improve its operations across manufacturing, distribution, and financial systems.
   * The company adopted a phased approach, first integrating the supply chain, and later the finance and other business functions.
   * Training programs were rolled out to ensure employees understood the system.
   * Stakeholders at all levels were engaged, and a change management process was put in place to ease the transition.
   * Ongoing monitoring and iterative improvements were part of the implementation process.
3. **Key Success Factors**
   * Strong executive leadership and commitment to driving change.
   * Well-defined business objectives and alignment with the IT strategy.
   * Thorough user training and engagement.
   * Effective vendor collaboration with SAP and technical support from experts.
   * Proper testing of the system before full implementation, and gradual system rollout to mitigate risk.
4. **Outcomes & Impact**
   * Increased operational efficiency and lower inventory costs due to better demand planning.
   * Streamlined production and distribution processes, enabling faster time-to-market.
   * Real-time access to data and improved decision-making capabilities.
   * Significant cost savings and improved forecasting accuracy.
   * Overall, Hershey's achieved a positive ROI from the implementation, with more efficient business processes.

**Failed Enterprise System Implementation: Hershey’s 1999 ERP Disaster**

1. **Company Overview**
   * **Company Name**: Hershey’s
   * **Industry**: Food & Confectionery
   * **Reason for Implementation**:
     + Hershey’s was looking to replace its old legacy systems with an advanced ERP system to streamline operations.
     + The company sought improved business processes, better data access, and faster decision-making.
     + It aimed to better manage its supply chain and distribution to meet increased demand.
2. **Implementation Process & Challenges**
   * Hershey’s encountered major challenges in 1999 during their implementation of SAP’s ERP system.
   * The implementation was rushed, and the company attempted to roll out the new system in an accelerated timeline to meet business demands.
   * Technical issues arose with integration, especially with legacy systems and the new ERP platform.
   * User training was insufficient, leading to confusion among employees about the new processes and system interfaces.
   * Communication between project teams, technical experts, and stakeholders was fragmented, and many challenges were not anticipated.
3. **Key Failure Factors**
   * **Weak Planning and Strategy**: The project was rushed to meet a strict deadline, leading to poor planning and a lack of proper risk mitigation.
   * **Inadequate Training**: Employees were not properly trained on the new system, leading to user errors and confusion.
   * **Poor Integration**: The ERP system struggled to integrate with Hershey's existing supply chain and legacy systems.
   * **Lack of Change Management**: Hershey's failed to manage resistance to change and didn’t sufficiently engage employees in the process.
   * **Budget Overruns and Missed Deadlines**: The project went over budget and missed deadlines, leading to significant operational disruptions.
4. **Outcomes & Consequences**
   * Hershey’s experienced major operational disruptions due to poor inventory management and inadequate system integration.
   * The company faced delayed shipments and a significant loss of sales, estimated at over $100 million in lost revenue.
   * Employee frustration due to system errors led to decreased productivity.
   * Reputational damage and financial losses were substantial, and Hershey’s had to abandon certain aspects of the implementation and revert to manual processes.
   * The company later had to invest heavily in fixing the ERP system, which delayed the realization of benefits.

**Comparative Analysis**

| **Aspect** | **Successful Case (Post-Implementation)** | **Failed Case (1999)** |
| --- | --- | --- |
| **Executive Support** | Strong | Weak |
| **Planning & Strategy** | Well-planned, gradual approach | Rushed and poorly planned |
| **User Training & Engagement** | Comprehensive | Insufficient |
| **Change Management** | Effective | Ineffective |
| **System Integration** | Smooth | Problematic |
| **Budget & Timeline Management** | Controlled | Overrun, missed deadlines |
| **Business Alignment** | High | Misaligned |

**Key Takeaways & Lessons Learned**

1. **What the Successful Case Did Right**:
   * Hershey’s ensured strong leadership support for the project.
   * The company took a phased approach to implement the system, focusing on one aspect at a time.
   * They emphasized training and change management to prepare employees for the new system.
2. **What Went Wrong in the Failed Case**:
   * The rushed timeline led to poor planning and insufficient testing.
   * Integration issues and a lack of adequate training contributed to operational chaos.
   * The project lacked effective change management and stakeholder engagement.
3. **How Future Implementations Can Avoid Similar Failures**:
   * Adequate planning and risk assessment should be conducted before implementation.
   * Implementing ERP systems in phases and testing thoroughly before full-scale rollout can reduce risk.
   * Invest in comprehensive employee training and continuous communication to minimize resistance to change.

**Insights & Recommendations**

1. **Best Practices for Successful Enterprise System Implementation**:
   * Ensure clear business objectives and alignment with IT systems.
   * Gain executive buy-in and leadership support.
   * Plan the implementation thoroughly and take a phased approach.
   * Provide adequate user training and ongoing change management support.
2. **Strategies to Avoid Failure**:
   * Avoid rushing the decision-making and implementation process.
   * Engage stakeholders and address user concerns early in the process.
   * Ensure seamless integration with legacy systems to avoid disruptions.
   * Keep tight control on project timelines, budgets, and scope.