



Team 11 ERP



TARGET



Nestle USA ERP Implementation

- First implementation of an ERP system within Nestle occurred with Nestle USA in 1997.
 - Opted with SAP partner Manguistics over Ad-Vanced Planner and Optimizer (APO).
- BET
 - Business excellence through system technology
 - \$200 million
 - Scheduled to run 6 years
 - 2003 (end)
- Goal
 - Form unification and centralization through implementation of modules
 - Purchasing
 - Financials
 - Sales and distribution
 - Accounts payable
 - Accounts receivable



Nestlé®

Nestle 29 Brands of Vanilla



- The problem with Nestle USA's current system was obvious and it was illustrated with one problem
 - 29 brands of vanilla
 - 29 different prices to the same vendor
- Could not check the differences prior because each plant had their own vanilla specification
 - Ex - 4555, 1234, 7888



Nestle Cont'd

- Joe Weller, CEO of Nestle USA
 - “One Nestle”
 - Had to change current practices
 - During proposal of One Nestle they had 9 different general ledgers and 28 points of customer entry.
- Weller gave Dunn responsibility of organizing key stakeholders
 - SAP implementation was cornerstone
 - Could not be done without Nestle USA changing the way they do business.





Nestle Challenges

- Challenges with Nestle implementing ERP found by Jeri Dunn (VP of Nestle USA)
 - Implementation is not all about the software, it is about change management.
 - Middle-of-the-road approach
 - Best system for business and employees
 - Departments were not integrated
 - When you change to SAP you are changing the way people work.
 - Dunn's key stakeholders consisted of executives

Nestle Now

- Dunn made last minute decisions to fix these issues and replacing parts in Manguistics
 - 5% of \$200 million budget
 - \$10,000,000
 - Got rid of end date - focus on each process
- The implementation has had a return on investment (ROI) of roughly \$325 million.
- Faced challenges but learned valuable lessons and positive return on investment.





Target Canada ERP Implementation

- 2011, Target Canada set out to open 124 new stores and 3 new distribution centers throughout Canada.
- Decision on not to use old ERP and find new ERP system.
- Problems with implementation mainly with data.



Target's Problem with ERP

- ERP filled with bad data.
 - Errors inputting data
 - Incomplete data for different products
 - System didn't have all the need features
- Inadequate training
 - New hires weren't trained properly
 - Besides data migration training employees cost the most for the company
- Inventory Management
 - Inventory got stock piled at distribution centers
 - Stores were not getting the inventory that they needed
 - Shelves weere left empty.



Target's Failure

- Target Canada lost \$941 million US after they released their annual report in February 2014
- In January, 2015 Target filed for bankruptcy and by April, 2015 closed all 133 stores
- About 17,000 lost their jobs with this