Introduction

What is an Enterprise?

- An enterprise is a group of people with a common goal, which has certain resources (people, money, energy, materials, space, time) at its disposal to achieve this goal.

- Examples: IBM, Ford, Tata Motors, Accenture, Microsoft, Indian Railways, Ramu's Teashop, etc.

- The enterprise acts as a single entity.

- The resources are considered the inputs, and the attainment of the goals the output of the process.

- The degree of success of the enterprise is often measured by the ratio between the outputs and inputs. This ratio is called productivity.
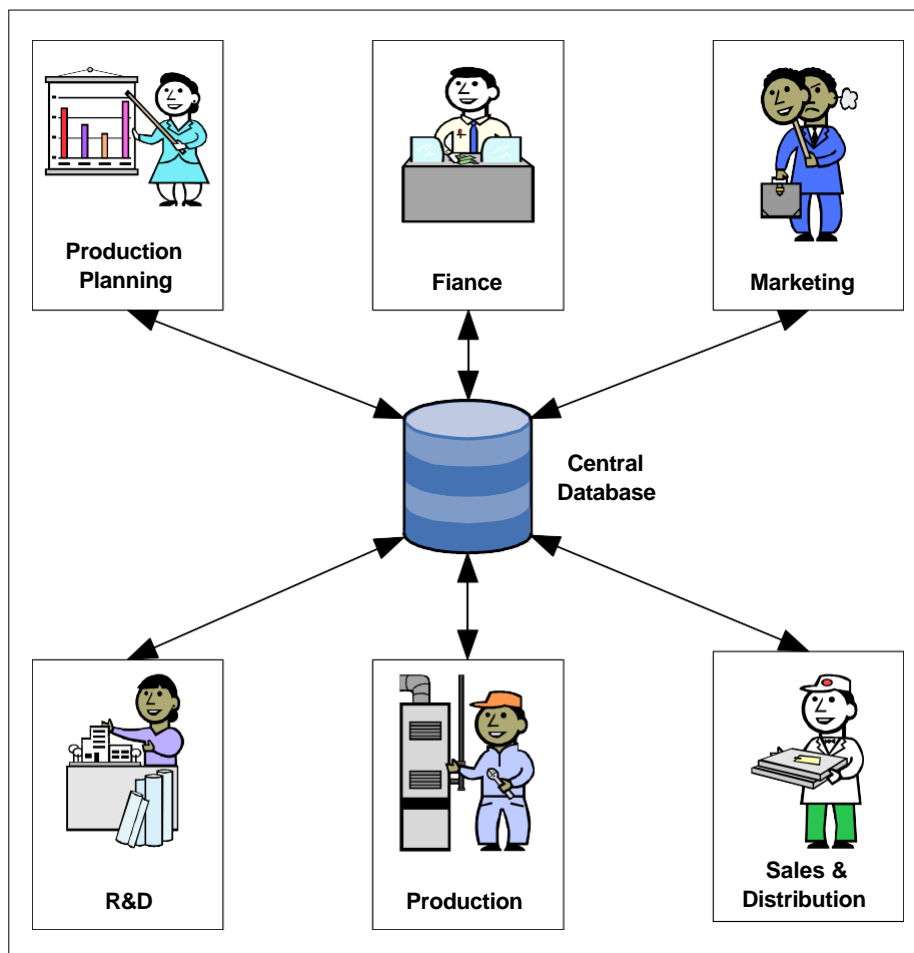
Enterprise

Enterprise Way…

- In the enterprise way, the entire organization is considered as a single system.

- Information about all the aspects of the organization is stored centrally and is available to all departments, thus avoiding conflicts.

- ERP systems help to make this task easier by integrating the information systems, enabling smooth and seamless flow of information across departmental barriers, and automating business process and functions.

- ERP systems help the organization to work and move forward as a single entity.

Enterprise Way…

An Enterprise where all Departments know what others are doing

Business Function…

- Organizations that make products to sell have the following functional areas of operation—purchasing, production and materials management, marketing and sales, accounting and finance, human resources, etc.

- Each functional area comprises a variety of business functions and business activities within that functional area of operation.

- Earlier business systems functioned in isolation. What happens in one functional area was not communicated with other functions.

- The information system of one function had no impact other functional areas.

- This mode of functioning caused many problems including disruption of the functioning of the organization.

Function vs. Process

- Recently organizations have started focusing on business processes rather than business functions.

- A business process is a collection of activities that takes one or more kinds of input and creates an output that is of value to the customer.

- The difference between a BF and a BP is that a process cuts across more than one business function to get a task done.

- Organizations are now trying to view their business operations from the perspective of a satisfied customer.

- Sharing data effectively and efficiently between and within functional areas leads to more efficient business processes.

- Information systems can be designed so that accurate and timely data are shared between functional areas. These systems are called integrated information systems.

Function vs. Process (contd)

- For a company to provide customer satisfaction, it must make sure that its functional areas of operation are integrated—one department should know what the other departments are doing.

- For example the people in sales and marketing should know the up-to-date details of the latest products, their prices, their features and so on so that they can provide this information to the customers.

- Similarly, the people in the manufacturing plants should know which models are being ordered in large quantities so that they can buy the necessary materials and start manufacturing those items to deliver to the customers.

- This type of inter-departmental information sharing through the use of integrated information systems will help the organizations in achieving customer satisfaction while improving their productivity and efficiency.

Business Process…

- **Business Process** is a collection of interrelated tasks, which solve a particular issue.

- There are three types of business processes—Management, Operational, and Supporting

- Management processes govern the operation of a system. Typical management processes include "corporate governance" and "strategic management".

- Operational processes create the primary value stream and are part of the core business. Typical operational processes are purchasing, manufacturing, marketing, and sales.

- Supporting processes support the core processes. Examples include accounting, recruitment, IT-support.

Business Process… (contd)

- A business process can be decomposed into several sub-processes, which have their own attributes, but also contribute to achieving the goal of the super-process.

- The analysis of business processes typically includes the mapping of processes and sub-processes down to activity level.

- Activities are parts of the business process that do not include any decision making and thus are not worth decomposing such as "answer the phone", "prepare the invoice", "send the fax", etc.

Information Systems

- Information is refined data. An information system consists of three elements—people, procedures, and data.

- Information activities are find, create, receive, acquire, monitor, classify, safeguard, organize, use, publish, collaborate, disseminate, archive, dispose, transfer, etc.

- Management information system (MIS) produce information products that support many of the day-to-day decision making needs of the management.

- The problem with traditional MIS is that they operate at a departmental level and they give only information that has been pre-defined.

- Traditional information systems fail to capture the information needs of the entire organization as they concentrate on capturing department level information—isolated information gathering.

- No decision-maker can take good decisions with the isolated information that they can get from the information produced by individual departments.

Integrated Management Information

- The three fundamental characteristics of information are accuracy, relevancy, and timeliness.

- To survive, the organization must always be on its toes, gathering and analyzing the data—both internal and external. Any mechanism that will automate the information gathering and analysis process will enhance the chances of the organization to beat the competition.

- What is needed is a system that treats the organization as a single entity and caters to the information needs of the whole organization.

- If this is possible, and if the information that is generated is accurate, timely and relevant, then these systems will go a long way in helping the organization to realize its goals.

- Integrated management information provides the decision makers with accurate, relevant, timely, and up-to-the minute information so that they can make better and informed decisions much faster.

  Integrated management information will enable the organization to become more competitive, agile and respond quickly to the changes in the business environment, customer interests and trends.

Role of Enterprise in ERP Implementation

- ERP implementation project an enterprise in its own right.

  - ➢ Common goal: successful implementation of the project

  - ➢ Resources: ERP package, hardware, money, people, etc.

  - ➢ People: Employees, management, consultants, ERP vendors, etc.

- Organization's Responsibilities:

  - ➢ Own and sponsor the ERP implementation project (usually done by the CEO, CIO, COO, or someone senior)

  - ➢ Designate the right people to lead the project.

  - ➢ Select and assign the right people to the implementation team

  - ➢ Select the ERP package best suited for the organization

  - ➢ Make available the necessary infrastructure (resources)

  - ➢ Ensure top management support and participation

  - ➢ Manage package vendors and external consultants

  - ➢ Manage and deal with employee resistance

  - ➢ Motivate the employees to change and to learn new technologies

  - ➢ Re-train and re-locate employees and ensure the complete participation

  - ➢ Operate the ERP system in the best possible manner

  - ➢ Maintain the ERP system at its peak efficiency

Business Modeling

- Business modeling or creating a business model is one of the first activities in any ERP project. ERP systems should mirror the business processes.

- A business model is a representation of the business as one large system, showing the interconnections and interdependencies of the various sub-systems and business processes.

- Based on the organization's goals, objectives and strategic plans, a business model consisting of the business processes is developed.

- Based on the business model, the ERP system is developed with the aim of providing the required information and necessary assistance to the various individuals to perform their business processes more effectively and efficiently.

- The business is modeled as an integrated system.

- Information is a very important resource and is very critical in managing all the other resources.

- The business model is usually represented in the graphical form using flowcharts and flow diagrams.
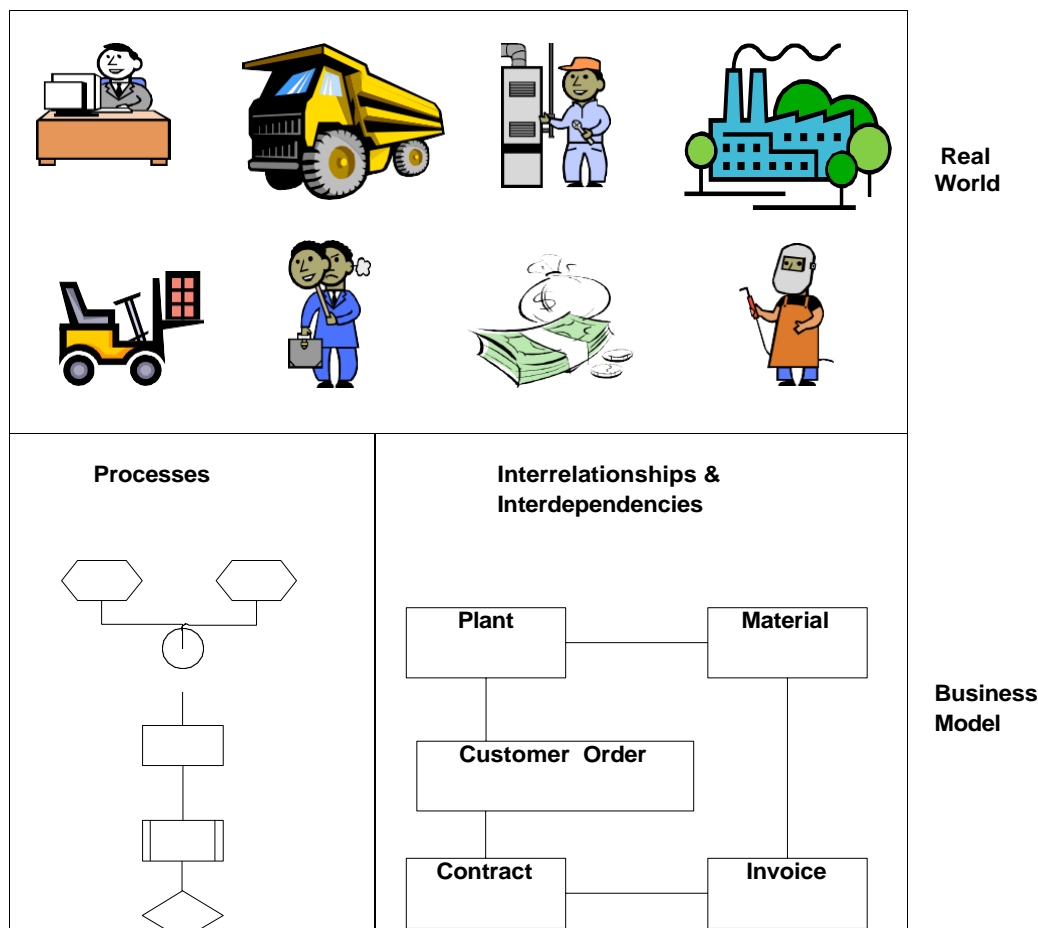
Introduction

- o ERP stands for Enterprise Resource Planning.

- o ERP systems are the kind of software tools which are used to manage the data of an enterprise.

- o ERP system helps different organizations to deal with different departments of an enterprise. Different departments like receiving, inventory management, and customer order management, production planning, shipping, accounting, human resource management, and other business functions.

Define:

Enterprise resource planning (ERP) refers to a type of software that organizations use to manage day-to-day business activities such as accounting, procurement, project management, risk management and compliance, and supply chain operations.

Common ERP Myths

1. ERP Systems Are Expensive.

2. The Purpose of ERP Software is to Impress Customers

3. ERP means more work & Procedures.

4. ERP is just for the Managers Decision Makers

5. ERP slows down the Organization.

6. ERP Package will take care of everything.

7. ERP is too hard to learn.

8. ERP is only for Big Business.

9. ERP takes too long to implement.