CASE TEMPLATE

Course : **ISYS6126 – Enterprise System**
Case Study : Nestle's ERP Implementation
Group Number : 2

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Case Situation Analysis

Understand about the big picture of the case. Describe the real situation and fact stated on the case. This case situation can be the company profile, company background, company business, and other case main points you need for further analysis.

(HINT: reading the first and the last section of the case often provide more information you need to describe the case situation)

Case Situation Analysis (Min 50 words):

Nestle USA has seven business division: beverage, confections and snacks, food services, foreign trade, nutrition, prepared foods, and sales.

Some of the popular brands sold in the United States by Nestle are Alpo, baby Ruth, Carnation Instant Breakfast, Coffee-Mate, Nescafe, Nestle Carnation Baby Formulas, Nestle Toll House, PowerBar, Stouffer's Lean Cuisine, SweeTarts, and Taster's Choice.

Nestle 's annual revenue is around $8.1 billion with 16,000 employees.

The ERP implementation at Nestle, code-named BEST (Business Excellence through System Technology), had an estimated cost of $210 million with an IT staff (including outside consultants) of 250, began in 1997, and was due to be completed in 2003.

The project's main goal was to use common business processes, systems, and organizational structures across the autonomous divisions within the United States. These common systems across Nestle USA would create savings through group buying power and facilitate data sharing between the subsidiaries.

Problem Analysis: Problem Definition and Problem Statement

Define the problems of the case. You can use an appropriate tool on how to describe the problem in case. You may find more than one problem in a case. You may find more than one problem in a case.

Problem Definition (Min 50 words) :

Jeri Dunn, CIO of Nestle USA, joined with executives in charge of finance, supply chain, distribution, and purchasing to form a key stakeholder's team for implementing the SAP. But, the stakeholder team, however, did not include any members from the groups that would be directly affected by the new business process. This caused a rebellion in the ranks and the employees resisted. Nobody wanted to learn the new way of doing things.

After problem is defined using your chosen tool. You can state the problem in one or few more sentences to be a problem statement or points of real problem faced based on the case.

Problem Statement:

Jeri Dunn, CIO of Nestle USA, joined with executives in charge of finance, supply chain, distribution, and purchasing to form a key stakeholder's team for implementing the SAP. But, the stakeholder team, however, did not include any members from the groups that would be directly affected by the new business process. This caused a rebellion in the ranks and the employees resisted. Nobody wanted to learn the new way of doing things.

Diagnosis: Cause and Proof of Diagnosis

After you know about the main problem in the case, next you need to summarize the diagnosis. Diagnosis is the cause of the problem. Don't forget to note the evidence that proof the cause of the problem you defined before. Next, simply identify the impact of the problem if these problems still occur.

Problem	Cause	Evidence	Impact
ERP system did not run successfully	Stakeholder team did not include any members from the groups when implementing the SAP	This caused a rebellion in the ranks and the employees resisted. Nobody wanted to learn the new way of doing things. Divisional executives were confused and angry. Morale sank and employee turnover reached 77 percent. Help desk calls reached 300 per day.	a rebellion in the ranks and the employees resisted. Nobody wanted to learn the new way of doing things.
Nobody wanted to learn the new way of doing things.	ERP System is too complicated to understand	Nobody wanted to learn the new way of doing things.	employee turnover reached 77 percent.

Decision Options/Alternative

List the decision option or alternatives you want to suggest as a recommendation based on the criteria.

Decision Option	Description
The company reconvened the stakeholder team and started the SAP implementation process from scratch.	The stakeholder must also consider about the employee that would be directly affected by the new business process
The company did not implement ERP System	Because ERP is not only too complicated but also expensive to implement. It might be not worth the price.

Recommendation

Provide the best recommendation to solve the problem, write down the recommendation and the reason why you choose that recommendation from several alternatives.

Selected Option	Reason
The company reconvened the stakeholder team and started the SAP implementation process from scratch.	The stakeholder must also consider about the employee that would be directly affected by the new business process

Conclusion (Min 50 words):

In order for the ERP system to become successful, Nestle must include all the employees and stakeholder to discuss and get used to it. If Nestle only include some couple of people when discussing about the new system implementation without the concern of the directly affected users, the system will most likely to fail. After solving the problem, the ERP system are seen to benefit Nestle in the most profitable way. With SAP in place, Nestle USA has already achieved a significant return on investment (ROI).