Week 5 Case Study

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## Backstory and Resistance to Change

After reading the case study for the Nestle USA installation of SAP it’s clear to see just how important it is to achieve full buy-in from those that use and operate the systems on a daily basis. While Nestle had a goal in mind and wanted to push the Y2K-craze, as many other businesses did around this time, it’s good for them that they realized that not having everyone on board with or understanding the changes would be a recipe for ERP disaster. Interestingly, it’s odd that Nestle had so many divisions of companies through the 1980s and 1990s here in America rather than just implementing a cohesive unit to establish and operate business processes uniformly from the start. Nevertheless, Nestle ultimately saw the need for a unified system after the 1997 study that concluded that something as simple as buying vanilla (which all of the divisions used) was made into a very tedious and costly process due to differing business processes and systems across all the divisions of the company.

In terms of implementing the SAP overhaul and refining business processes, employees simply did not understand or see the need to change systems which up to that point, and in their mind, had been working fine. What they did not know was that processes like buying vanilla were convoluted and tedious and were costing the company due to being charged 29 different prices even though all the vanilla was coming from the same vendor. Obviously something here was an alarming red flag when this was discovered because what kind of logical and business sense does it make to have 29 different operations and processes to achieve the same task? So from a business perspective, once this was discovered it was completely logical for Nestle USA to want to implement change by establishing an SAP module. This module would be standardized into five SAP modules which spanned – purchasing, financials, sales and distribution, accounts payable, and account receivable. Again, all very logical components to a standardized and unified system which took Nestle a decade to figure out. The one key issue then, you may be wondering, was resistance to change that was quickly discovered when Nestle tried to implement the SAP modules.

Although Nestle developed a team of the divisions to meet and examine data over the course of 18 months, which usually is a good start in planning change, Nestle ultimately failed to realize and achieve buy-in from users which at the end of the day makes or breaks the development and change implementation. Nestle underestimated the effect that buy-in has on change implementation and what problems occur in modifying established business processes. Up to this point workers only knew how to conduct the work the way the “systems” previously operated and Nestle failed to consider how much effort and care needs to be given to the actual workers who operate the systems, so when it came time to implement there was considerable backlash on the part of the workers. In addition, rushing to beat Y2K and the associated date/time problems of systems in regards to this meant the implementation was rushed which also would not have gave Nestle time for consideration of how the workers need to be informed and bought-in to the changes. All of this was a recipe for failure that caused Nestle to reconsider their change implementation strategy.

## Overcoming Resistance and Implementing Change

In early 1999 Nestle began to realize all the unpleasant feedback the proposed SAP modules were receiving and decided to hold a stakeholder’s meeting to address these issues and forge a new path ahead. Lucky for Nestle, they realized and responded to the issues in time which may have saved them from catastrophic ERP implementation which sometimes is devastating to recover from. In this meeting, Nestle decided that no longer would Y2K or quick-implementation be the driving forces behind change, but rather specifications and requirements would be the driving forces behind pushing the change schedule. As you can imagine, this approach gave much more careful consideration to the workers who used the systems – those responsible for operation – and dictated that more careful consideration needed to be given to how interaction amongst the applications would occur. Nestle took the approach of directly monitoring and receiving feedback from each component (and its respected users) of the SAP modules before moving forward in any process change. Nestle realized that implementing the SAP modules themselves may be easy, but it was actually the users of these modules that drove success in business process change, and without their full buy-in it was not probable to implement the changes. A shift to modeling process and techniques to define requirements was established, and installation of modules did not occur until requirements were fully developed and realized. This gave users the chance to directly participate in development and ultimately made them a very large part of the process change, which was required for a full system-wide change of this scale.

As an advisor working on this project for the Nestle USA SAP installation, it is important to emphasize how critical it is to understanding buy-in, not only from stakeholders but also from users who ultimately dictate the operation of the systems and how effective they will end up being, or not. Nestle realized this halfway through the project and finally had a full scale shift in attitude in order to achieve their end goal. This is much more than most companies will do, as most will end up failing at establishing and ERP change when they don’t give careful consideration to buy-in and how the process change affects everyone. Establishing buy-in and achieving open communication both ways are vital to project success, and in addition being clear about the benefits and rationale behind the change from the start will help everyone actively work together to achieve the end goal and foster the change desired. Nestle did a great thing when it decided to run the project on a timetable based on establishing specifications and requirements, and would not move the project further if groups were not fully prepared for the process changes required. This is what allowed the ERP to work and function in the way Nestle had pictured at the start of the SAP installation, and upon project completion those higher-ups involved in the project were very satisfied with how the module installation played out, even if it did take an increased amount of time. Doing it right was more important than doing it fast and most likely having it fail, which is an important lesson to take away in process change management.

## References

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