



# Teaching Case Study: The ERP (Enterprise Resource Planning) Conundrum

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## Case Overview

This case highlights a predicament that is common in corporations.

A large multinational company, which in fictitiously named Dunder Mifflin, Inc. (DMI), chose to embark on an ERP strategy with the hope that it would modernize their back office and position them for future growth.

The ERP project, which is still not fully implemented, endured a series of disruptions and disappointments, which caused a number of issues.



## Protagonist Role

The protagonist in this case must navigate this runaway project and present a recommendation to the executives that addresses the fate of the ERP endeavor.

He must present three ERP alternatives:

- remain as-is
- full implementation
- divestiture



## Stakeholder Analysis

**CEO** – enterprise transformation/transition with minimal disruption

**COO** – organizational effectiveness and efficiency

**CMO** – relevant and timely products and services for customers

**CIO** – stable, manageable computer systems

**CFO** – appropriate use of shareholder resources

**PM** – resolve ERP situation



## Root Cause Analysis

“The Five Why” method.

Why did is this project behind schedule?

Why did scope creep occur?

Why?

Why weren't they available?

Why wasn't that known and managed from the beginning?

## Background

DMI chose to embark on an ERP strategy in the mid-1990s .

The initial estimate for a full implementation of the entire ERP suite of systems was seven years at a cost of \$25M.

Yet, by 2003 the initial budget had been exceeded and by 2012 they had only implemented about 50% of the system.

During this time the senior management team had turned over several times.

## Learning Objectives

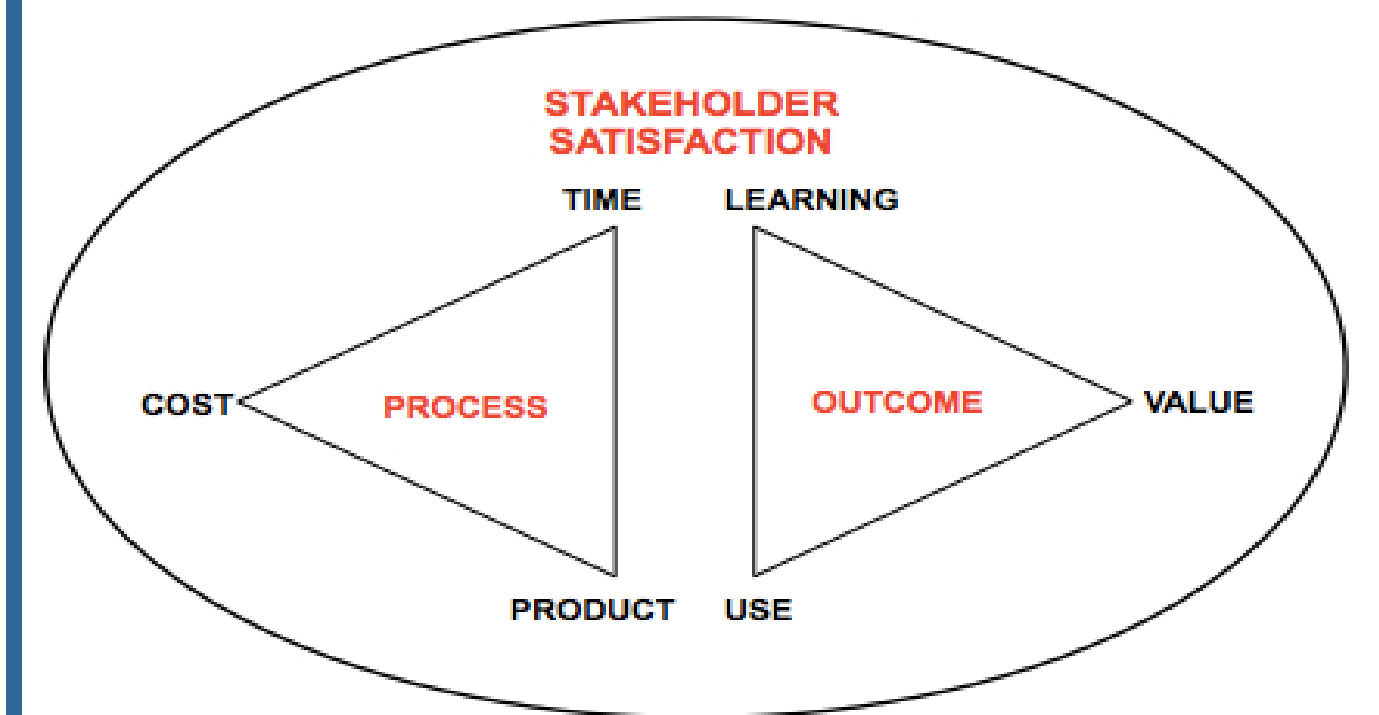
In addition to reading the DMI case thoroughly, students are expected to independently research:

**Strategy:** in particular, the organizational challenge of meeting both current market demands and building for the future

**Project Management:** general tenets and the common causes (e.g. lack of executive support) for runaway projects

**ERP Systems:** purpose and real-world history of implementation issues

## Project Success Criteria



## Challenges

- A general sense of frustration throughout the enterprise.
- Confusion regarding the importance and role of ERP.
- Concern about burgeoning project costs.

Existing products and services are growing obsolete given the organizational moratorium on non-ERP IT enhancements.

No consensus about the ultimate disposition of the ERP strategy.

## Protagonist's Initial Tasks

The PM needs to

- 1) assess the value of the ERP strategy within an organizational context,
- 2) understand and integrate the stakeholders' perspectives,
- 3) determine the appropriate disposition of the ERP strategy.

This case presents a common challenge in which an organization seeks to transition into new markets while remaining stable and profitable in its original state.

Students will need to evaluate the ERP system as it exists in the current DMI business model, and with an eye toward its role in the future. A cost-benefit analysis for the three scenarios (remain as-is, full implementation, divestiture) is required.

## Conclusions

Students will need to identify ERP as an organizational strategy.

The ERP system was designed to create a 21st century operational baseline infrastructure for the organization, much like 20th century systems (e.g. material replenishment planning), and offered DMI an opportunity to catch up with industry practices (e.g. business processes and job roles).

Built into this strategy was the assumption that much of the new functionality was a competitive necessity that did not necessarily create a competitive advantage.

Students should also gain an appreciation for the challenges associated with any grand enterprise initiative.