Chapter 9

Achieving Operational Excellence and Customer Intimacy: Enterprise Applications

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LEARNING OBJECTIVES

- Evaluate how enterprise systems help businesses achieve operational excellence.
- Describe how supply chain management systems coordinate planning, production, and logistics with suppliers.
- Explain how customers relationship management systems help firms achieve customer intimacy.
- Identify the challenges posed by enterprise applications.
- Describe how enterprise applications are used in platforms for new cross-functional services.
• Enterprise Systems
  • Aka enterprise resource planning (ERP) systems
  • Suite of integrated software modules and a common central database
  • Collects data from many divisions of firm for use in nearly all of firm’s internal business activities
  • Information entered in one process is immediately available for other processes
Enterprise systems feature a set of integrated software modules and a central database that enables data to be shared by many different business processes and functional areas throughout the enterprise.
• **Business Value of Enterprise Systems**
  
  • Increase operational efficiency
  
  • Provide firmwide information to support decision making
  
  • Enable rapid responses to customer requests for information or products
  
  • Include analytical tools to evaluate overall organizational performance
• **The supply chain**

• **Network of organizations and processes for:**
  • Procuring raw materials
  • Transforming them into products
  • Distributing the products

• **Upstream supply chain:**
  • Firm’s suppliers, suppliers’ suppliers, processes for managing relationships with them

• **Downstream supply chain:**
  • Organizations and processes responsible for delivering products to customers
Figure 9-2
This figure illustrates the major entities in Nike’s supply chain and the flow of information upstream and downstream to coordinate the activities involved in buying, making, and moving a product. Shown here is a simplified supply chain, with the upstream portion focusing only on the suppliers for sneakers and sneaker soles.
• Information and supply chain management
  • Inefficiencies cut into a company’s operating costs
    • Can waste up to 25% of operating expenses
  • Just-in-time strategy:
    • Components arrive as they are needed
    • Finished goods shipped after leaving assembly line
  • Safety stock
    • Buffer for lack of flexibility in supply chain
  • Bullwhip effect
    • Information about product demand gets distorted as it passes from one entity to next across supply chain
Inaccurate information can cause minor fluctuations in demand for a product to be amplified as one moves further back in the supply chain. Minor fluctuations in retail sales for a product can create excess inventory for distributors, manufacturers, and suppliers.
CUSTOMER: ____________  GARMENT: ____________

APPROXIMATE SIZE: ______  HEIGHT: ______  WEIGHT: ______

For best results, read instructions completely and get the assistance of a second person.

Neck: ____________
- COLLARLESS GARMENTS: measure around the base of the neck where the shoulder meets the neck and add 1” for comfort.
- COLLARED GARMENTS: measure around the middle of the neck and add 1” for comfort.

Chest: ____________
- Tailored Style: Measure around the fullest part of the chest and add at least 2” for comfort.
- Full Style: Measure around the fullest part of the chest. If abdomen is fuller than chest, then use waist measurement. Add 4” to either measurement.

Hip: ____________
Measure around the fullest part of the hips and add at least 1” for comfort. The tape measure should be able to slide over fullest part of the hips and buttocks freely.

Upper Arm: ____________
- SLEEVELESS: With arm extended, measure around the upper arm joint at the shoulder and add at least 2” for comfort.
- WITH SLEEVES: Measure around the fullest part of the upper arm and add at least 4” for comfort.

Shoulder: ____________
- From the back, measure from the top edge of the left shoulder, across the base of the neck to the top edge of the right shoulder.

Waist: ____________
Measure around the fullest part of the waist and add at least 1” for comfort.

Shoulder to Waist: ____________
- From the front, measure from the highest point of the top edge of the shoulder down and over the fullest point of the breast down to the navel (belly button).

Edge of Sleeve, No Buttoned Cuff: ____________  With Buttoned Cuff: ____________
- Measure around the wrist and add at least 4”.
- Measure around the wrist and add 2”.

Edge of Sleeve with 1” Folded Cuff: ____________
Measure around the wrist and add at least 4”.

Shirt/Tunic Length: ____________
- For regular length, use measurement for “Shoulder to Waist” and add at least 6”.
- For long/tunic style, add desired inches to “Shoulder to Waist” measurement.

Pant Length: ____________
Measure from waist to desired length.

Inseam: ____________
- With legs slightly open, measure from edge of genitals along inside of leg to desired length.

Crotch: ____________
Measure from the navel down to the genitals, through the opening between the legs add up to the waist back. Divide by 2.

Thigh: ____________
Measure around the fullest part of the thigh and add at least 2”.

Bar (edge of pant leg): ____________
- For full legs, use thigh measurement. For tapered legs, subtract desired inches.
### Alimex

#### Baltimore, USA

**INVOICE**

Date: ___________________________  Order #: ________________________________

Name: ___________________________  Customer #: _____________________________

Address: _________________________  Home #: _________________________________

City: _____________________________  State: ______  ZIP: __________  Cell #: __________

Distributor ID: ____________________  Manufacturer #: ________________________

<table>
<thead>
<tr>
<th>ITEM/DESCRIPTION</th>
<th>FABRIC (type/color)</th>
<th>SCREEN (design/color)</th>
<th>UNIT PRICE</th>
<th>QTY</th>
<th>TOTAL</th>
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**SPECIAL INSTRUCTION:**

1. MERCHANDISE SUBTOTAL
2. S/H (Line 1)
3. TAXES (Line 1)
4. TOTAL
5. DISCOUNT (Line 1)
6. DEPOSIT
7. BALANCE

**METHOD OF PAYMENT**

☐ Check  ☐ Cash or Money Order

☐ Visa  ☐ MasterCard  ☐ American Express  ☐ Discover

Card #: _______________  Exp Date: __/___

Signature: ______________________________________

**DEPOSIT:** A 50% non-refundable deposit is required upon placement of all orders. The balance is due upon delivery of the garment(s).

**RETURNS:** Exquisite distributors will do everything possible to provide customers with garments ideally suited to their taste. Customers are individually measured to ensure a tailored fit. If the customer decides not to accept the garment for any reason, other than distributor or company error, a cash refund will not be provided. The deposit and/or purchase will be converted into an Inventory Fashion Credit (IFC). See distributor for more details.

**SHIPPING-HANDLING**

<table>
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<tr>
<th>Total Price</th>
<th>Please Add</th>
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<tbody>
<tr>
<td>Up To 100.00</td>
<td>13% of total</td>
</tr>
<tr>
<td>100.00 to 250.00</td>
<td>14% of total</td>
</tr>
<tr>
<td>250.00 and higher</td>
<td>12% of total</td>
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Global supply chains and the Internet

Before Internet, supply chain coordination hampered by difficulties of using disparate internal supply chain systems.

Enterprise systems supply some integration of internal supply chain processes but not designed to deal with external supply chain processes.

Intranets and Extranets

Intranets: To improve coordination among internal supply chain processes.

Extranets: To coordinate supply chain processes shared with their business partners.
• Demand-driven supply chains
  • Push-based model (build-to-stock)
    • Schedules based on best guesses of demand
  • Pull-based model (demand-driven)
    • Customer orders trigger events in supply chain
• Sequential supply chains
  • Information and materials flow sequentially from company to company
• Concurrent supply chains
  • Information flows in many directions simultaneously among members of a supply chain network
The difference between push- and pull-based models is summarized by the slogan “Make what we sell, not sell what we make.”
Business Value of Supply Chain Management Systems

- Match supply to demand
- Reduce inventory levels
- Improve delivery service
- Speed product time to market
- Use assets more effectively
- Reduced supply chain costs
- Increased sales
The future Internet-driven supply chain operates like a digital logistics nervous system. It provides multidirectional communication among firms, networks of firms, and e-marketplaces so that entire networks of supply chain partners can immediately adjust inventories, orders, and capacities.
• What is customer relationship management?
  • Knowing the customer
    • In large businesses, too many customers and too many ways customers interact with firm
  • Customer relationship management (CRM) systems
    • Capture and integrate customer data from all over the organization
    • Consolidate and analyze customer data
    • Distribute customer information to various systems and customer touch points across enterprise
    • Provide single enterprise view of customers
CRM systems examine customers from a multifaceted perspective. These systems use a set of integrated applications to address all aspects of the customer relationship, including customer service, sales, and marketing.
• **CRM software packages**
  
  • More comprehensive packages have modules for:
    
    • Partner relationship management (PRM)
    
    • Employee relationship management (ERM)

  • **Most packages have modules for**
    
    • **Sales force automation (SFA):** Sales prospect and contact information, and sales quote generation capabilities; etc.
    
    • **Customer service:** Assigning and managing customer service requests; Web-based self-service capabilities; etc.
    
    • **Marketing:** Capturing prospect and customer data, scheduling and tracking direct-marketing mailings or e-mail; etc.
Customer relationship management software provides a single point for users to manage and evaluate marketing campaigns across multiple channels, including e-mail, direct mail, telephone, the Web, and wireless messages.
CRM Software Capabilities

The major CRM software products support business processes in sales, service, and marketing, integrating customer information from many different sources. Included are support for both the operational and analytical aspects of CRM.

Figure 9-9
This process map shows how a best practice for promoting customer loyalty through customer service would be modeled by customer relationship management software. The CRM software helps firms identify high-value customers for preferential treatment.

Figure 9-10
• **Operational CRM:**
  • Customer-facing applications such as sales force automation, call center and customer service support, and marketing automation

• **Analytical CRM:**
  • Analyze customer data output from operational CRM applications
  • Based on data warehouses populated by operational CRM systems and customer touch points
  • Customer lifetime value (CLTV)
Analytical CRM uses a customer data warehouse and tools to analyze customer data collected from the firm’s customer touch points and from other sources.

Figure 9-11

Analytical CRM uses a customer data warehouse and tools to analyze customer data collected from the firm’s customer touch points and from other sources.
• **Business value of customer relationship management**
  - Increased customer satisfaction
  - Reduced direct-marketing costs
  - More effective marketing
  - Lower costs for customer acquisition/retention
  - Increased sales revenue
  - Reduced churn rate
    - **Churn rate:**
      - Number of customers who stop using or purchasing products or services from a company.
      - Indicator of growth or decline of firm’s customer base
• Enterprise application challenges
  
  • Highly expensive to purchase and implement enterprise applications – total cost may be 4 to 5 times the price of software
  
  • Requires fundamental changes
    • Technology changes
    • Business processes changes
    • Organizational changes
  
  • Incurs switching costs, dependence on software vendors
  
  • Requires data standardization, management, cleansing