Chapter 13  
Case Study Update  

Hershey’s Enterprise System Creates Halloween Tricks  

Despite all the difficulties that Hershey encountered with its ERP installation, they announced in August 2002 that they had completed a successful upgrade of their SAP ERP system. This time, not only were they on schedule, but they were also below budget.

With mySAP.com, Hershey has consolidated the processing of more than 95 percent of its revenue and business transactions within a single system, providing greater consistency, visibility, and real-time access to critical business information. Hershey is leveraging SAP(R) Business Warehouse (SAP BW) to facilitate its focus on brand building. Information, previously organized based on manufacturing data, is now available to brand managers in SAP BW according to brand type, for more effective tracking, reporting, analysis, and forecasting. The upgrade puts Hershey in a position to take advantage of the technology as it enters the important 2002 Halloween season.

Hershey's experience with SAP during Halloween 2002 was remarkably different from three years ago. The company later blamed a 19% drop in profits for the quarter on the problems it incurred with its 1999 SAP rollout, but has never spoken publicly about whether software quality, how the software was implemented, or a combination of the two were to blame.

Still, Hershey fixed the problems and stayed with SAP. Davis says the company is pleased with the newly upgraded system. "Everything's running very well," he says, calling the earlier mishap "ancient history." Davis, hired as Hershey's CIO in December 2000, led the upgrade of R/3 in July 2001. This time, the implementation underwent extensive testing. It was completed in May, just months before what Hershey calls its back-to-school/Halloween season.

Hershey has learned some valuable lessons from their SAP implementation and these lessons are now applied to all their big projects. Perhaps their most important lesson was to move slower and be more methodical.

This time, Hershey made sure to take the time and resources to thoroughly test the computer systems. Testing included putting bar codes on empty pallets and going through the motions of loading them onto trucks so that any kinks would be worked out before the distribution center opened for business. "If we had any problems, we wanted to keep it out of the press," Miesemer (director of Eastern distribution operations at Hershey) said.

Sources:  
Mary Hayes, “Hershey’s Biggest Treat: No Tricks,” InformationWeek, October
Case Study Questions
1. Was it worthwhile for Hershey to continue with its SAP relationship?
2. What could they have done otherwise?
3. What sort of a thought process would an organization such as Hershey go through in determining whether they should stay with or end their relationship with a software vendor (in this case ERP vendor SAP)?