

Q.5 Discuss the given case study with answers of following questions.

14

ERP incorporated at Nike

Nike is one of the biggest sportswear companies worldwide. It is an American multinational founded in 1964 by the brand name “Blue Ribbon Sports,” its head offices in Oregon. In 1997, its profits reached 9.19 billion dollars, while in 2012; they soared high to 25.3 billion dollars, employing 44,000 people.

In 1998, in view of the millennium, the company proceeded to a change in its systems, and the implementation of an ERP system. According to the Forbes list, after spending 400 million dollars on software, it ended up losing 100 million dollars in sales; its share dropped by 20%, and faced many lawsuits. It also experienced a big rift in its personal relations as it could not manage the orders of the best advertised sports shoes “Air Jordan.”

This failure was due to a technical problem in the so-called “i2” system to do with the process of order management. The specific system would be part of a general ERP system but, according to analysts, its selection was wrong as its structure could not “tally” with the entrepreneurial operation of the company. According to a senior executive, the system operated on prediction algorithms that could not respond to such voluminous sales. The company had an entrepreneurial plan understand all its employees, so it continued to operate as usual, while the problems that arose from the system failure didn’t impact its general course.

According to Nike, the problems that arose from the system had been restored by autumn 2000, and its cycle of operations was not affected from thereon. Three years later, the company announced that it had the biggest profits since its foundation. In 2001, it reduced the i2 system operation to a great extent, and installed SAP ERP.

Questions:

- (a) In view of above case what problems were created by “i2” systems? Discuss.
- (b) According to you, what are the advantages of an ERP system?

OR

Q.5 Questions:

14

- (a) According to you what are the demerits of an ERP system? Explain.
- (b) According to above case, how Nike had recovered its operations? Discuss.
