

adding an e-purchasing (procurement) module using a desktop purchasing model (see Chapter 5).

Sources: Compiled from Amato-McCoy (2002a) and *lawson.com* (accessed May 2004).

Questions for Minicase 1

1. Explain why the old, nonintegrated functional system created problems for the company. Be specific.
2. The new system cost several million dollars. Why, in your opinion, was it necessary to install it?
3. Lawson Software Smart Notification Software (*lawson.com*) is being considered by Dollar General. Find information about the software and write an opinion for adoption or rejection.
4. Another new product of Lawson is Services Automation. Would you recommend it to Dollar General? Why or why not?

Minicase 2

Musco Food Uses IT to Improve Sales and Operations



Musco Food Corp. (*muscofood.com*) is a distributor of food products (meats, cheese, olive oil, and other deli-need products) in Queens, New York. It has only an eight-man sales force who visit customers and, until recently, showed them a paper catalog and took orders orally ("Just give us the same as last time," or "I need fourteen cases of Italian cheese"). The salesman then went to his car and called a customer service employee, who then typed the information into the company's computerized order processing system that generated the order to the warehouse for preparation and delivery, and an invoice for the customer.

The system was in place for about 10 years; however, mistakes occurred about five times a week. The quantity ordered differed from that delivered. Either the customer service employee made a mistake or the salesman forgot the exact number while walking to his car. In either case, customers were unhappy, inventories were incorrect, and expensive rush orders (order corrections) had to be made.

Salesman productivity was low and other expenses were too high. In addition, price changes and promotions that might be of interest to specific customers were not communicated in time. Finally, inventory availability was not known in real time.

Using Treo smart phones (from *Palm.com*) that display product images and order entry e-forms, the salesmen struggled at the beginning to pull up the products and enter orders. However, after a few weeks, the salesmen became experts in locating a product out of more than 1,000 in the e-catalog. Now, an order is punched in the minute it is expressed by the customer. An electronic

invoice is generated in seconds and shown to the deli owner for verification on the spot. Also, the customer service representatives who used to enter the orders in the computers are not needed. Instead, they have been retrained to help locate new customers. The wireless Treo enters the order information directly to the corporate computer system. In addition, the Treo provides instant access to pricing changes and promotions. The salesmen can check, in real time, any customer accounts receivable balance. Finally, real-time inventory availability can be checked at the customer's site.

Each salesman now visits six instead of five customers on an average day. Orders get instant attention from the warehouse employees. Most important, errors, correcting trips, and expenses have been reduced by over 50 percent for an annual savings of \$25,000. Finally, the process fulfillment time takes one to two instead of three days. The system paid for itself in just a few months.

Sources: Compiled from Barrett (2005a) and from *Palm.com* (2006).

Questions for Minicase 2

1. Identify the real-time activities.
2. How is customer service improved?
3. Which functional information systems need to be integrated to support the new system?
4. Which types of errors were eliminated?
5. Enter *sco.com/products/meinc* and identify the software on the back end (order fulfillment).

References

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- Amato-McCoy, D. M., "Dollar General Rings Up Back-Office Efficiencies with Financial Suite," *Stores*, October 2002a.
- Amato-McCoy, D. M., "Sears Combines Retail Reporting and Customer Databases on a Single Platform," *Stores*, November 2002b.