MBA 662- Cardinal Health Case Report Assignment

1. Identify which of the five elements in textbook Table 9-3 (technology, business processes, work roles and skills, organizational structures and business strategy) in Chapter 9 were affected by Cardinal Health's ERP/Business Intelligence implementation project. For each identified changed element, briefly describe how it was impacted by the ERP/BI implementation.
    a. The technology changed from it's use of individual legacy systems to a converged system using SAP. They got rid of multiple legacy systems, and decommissioned over a dozen end user systems.
    b. The business process changed specifically in the inventory and delivery system. Their new process utilizing SAP R/3 was able to identify the "best" value items and allowed for Cardinal Health to efficiently keep their inventory in check, as well as using alternate shipping locations to reroute orders to ensure customers get their products.
    c. In the ERP/Data warehouse implementation they created super users, who were very familiar with the system and its workings. They served as liaisons and points of contacts for the rest of the company.
    d. The organizational structure shifted from having IT own everything, to having each person in control of their own destiny. In switching from the push to the pull model, business units became both the owners and maintainers of their data.
    e. The business strategy shifted because during this time the medical field was undergoing a recession, and they needed to lean out their business operations in order to stay competitive.
2. For each of the changed elements indicated in your answer to question (2), describe how this change might ripple out and affect other of the five elements in textbook Table 9-3 in Chapter 9.
    a. This technology change has one of the biggest impacts to the rest of the elements. They were unable to utilize their existing data to realize the potential in stocking the "best" value items rather than trying to keep everything in stock. They were only able to do so by contacting each business unit and realizing their needs and figuring out where they were deficient. Having each business liaison being an expert in both the process and the technology allowed for them to start being the owners of the data, rather than IT. And in turn, having this distributed form of ownership allowed the company to lean out, and have each business operating in the most efficient manner possible.
    b. The change in business process affects the business strategy as well as the organizational structure. Changing the way the business operates means that the structure will change, and the change in process will be accompanied a new business strategy in order to effectively utilize the new process.
    c. Creating those super users had an effect on the technology as well as the organizational structure. Those users had an intimate understanding of the link between the ERP and the business process. Because they had such deep

knowledge, they were able to suggest technological changes rather than question what would be, according to the article, "technologically possible".

d. The shift of having IT own everything to having each unit in control of their own destiny ultimately affects the work roles and the business process. People were designated as super users because of it, and it allowed for a lot of distributed systems. In turn, it created custom business processes that worked for each unit because they were in control of their own destiny.

e. The business strategy affects every facet of the business. They were in the midst of a medical recession, and as such they were doing everything possible to lean out the company. By utilizing technology, they were able to create a new business process, which required new roles and skills as well as a new organizational process, and that culminated in a new business strategy.

3. This ERP/BI implementation project induced a huge amount of organizational change that was, for the most part, very successfully handled. Identify what you believe to be the two (and only two) most important tactics taken by Cardinal Health managing organization change. Then, explain how each of these two tactics was applied in managing organization change.

a. The two most important organizational management tactics were having IT established as key to business success rather than a financial drain, and by creating liaisons/super users to serve as local places of support within each business unit. It is very rare for companies to see IT as a source of innovation, and the fact that Cardinal health was able to do so was incredibly beneficial to organization. As the article notes, all of the executives "recognized the important role of IT and the need to continue to invest and innovate with IT". That acceptance allowed for the business changes to fall into place when the SAP technology was put into production. All of the employees were used to this type of ideology, and were much less hesitant to accept the change. Because they were so receptive of the new technology, it was easy to create those super users to help facilitate the implementation of SAP. They had unparalleled knowledge in both arms of the business (the process and IT), and they were able to utilize that to help those that weren't as familiar with the system to "be in command of their own innovation destiny".