

Example of the  
diagram below  
indicates the most  
logical steps to  
innovation that ...

[Business](#), [Company](#)



Innovation in any business organization refers to tools, which when used properly can generate new business, lead to more customer satisfaction, create a competitive edge for the business, and maximize the value for stakeholders. Though various forms of innovation in businesses exist, the two major perspectives of innovation are in products and processes (Bhattacharya, Seddon, & Scheepers, n. d.). Information Technology plays a major role in innovation, thereby, creating business value. IT, therefore, supports innovation in products, e. g. materials and devices, and in processes, e. g. design and manufacturing. In the service sector, IT investments provide a framework for companies to fine-tune products according to customer's preferences. In essence, IT avails unique opportunities for organizations to promote product innovation in various commerce disciplines.

Enterprise systems refer to software systems owned by companies to plan and manage business processes. If properly deployed, enterprise systems result in operational efficiency throughout the business including its various outlets (Baldwin & Curley, 2005). The three main enterprise systems include; Enterprise Resource Planning system, Supply Chain Management systems and Customer Relationship Management systems. ERP and SCM systems avail information process innovations by reducing idle-times, saving data mining or identifying bottlenecks and shortages. CRM systems, on the other hand, provide a database to record identified customer preferences. Such information is useful for innovation of new products by any business (Bligh & Turk, 2004). Caterpillar Inc. being one of the largest companies with major suppliers around the world can certainly benefit from such enterprise

systems for innovation of products and processes.

The main aim of enterprise systems is to automate the operational processes which include management of sales and supplies, inventory-control, development, among other processes. Such systems contribute positively towards innovation by reducing the number of times of idle instances and also save on time taken to retrieve data. As such, they help to detect problems thereby providing the knowledge on how to improve processes. Real-time updates also occur with the enhanced processes which allow for proper comparison and control of process innovations (Baya, Gruman, & Mathaisel, n. d.). CRM systems, on the other hand, avail information about customer's preferred products which is also quite useful in innovating quality products.

An enterprise system for Caterpillar Inc. would be an important asset towards innovation provided that the enterprise system is well-suited to its objectives, tactical and operative necessities. The Enterprise system must also be fully functional with a good reputation of the vendor. After acquisition of the Enterprise System, Caterpillar should employ a system for the following functions (Govindarajan, & Trimble, 2005):

- Integration: combining database and processes with the organization's environment and allowing for good flow of communication among the departments, processes, customers and suppliers.
- Optimization: refers to normalizing process to specific standards using the best possible scenarios integrated with the Enterprise System.
- Information: refers to relevant and useful data and knowledge gathered

from the Enterprise System necessary to make decisions and analyze the business.

Organizational learning process is an important step for any organization towards attaining benefits from IT-based project applications such as Enterprise Systems (Teo, Singh, & Cooper, n. d.). Caterpillar Inc. can, therefore, benefit from organizational learning. Some of the benefits include; eradication of redundant processes, better-quality resource distributions and system-wide regulations. As such, Caterpillar Inc. can significantly gain from the personnel knowledge and also from the overall organizational system-consciousness depending on the approach and application.

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