

Owens corning



Owens Corning - A Case Study Michael Marciano Executive Summary Owens Corning is going through a phase of post implementation change management. They have lined up their Advantage 2000 to reach a target of reduced inventory by 50% in 2000. With this target in mind, there was a clear selection process for the right ERP that fit into their needs. It was found that SAP is the best fit for the plan and that was implemented. Owens Corning had units in multiple countries and multiple locations each having their own unit head and IS head. It took quite some time to integrate and bring about a common plan for implementing SAP across the company. This meant the company had to develop new IS capabilities and also to plan for a strong IS human resources management. It was also found that when the staffs were getting trained in SAP their requirements outside was very attractive and people were moving out of the company.

At the planned implementation time, the first release was done - October 1995. Second and third releases identified training as a major lacuna during the implementation phase which cost them quite some time and efforts. Not just teaching the computers and PC operation but also processes that are being adopted in the company. Release 4 was the SAP R/3 roll out at the Roof and Asphalt plants a total of 140 units where this was to be switched on by Mar 1997. This was to be followed closely by the other units of insulation and composites of North America. But then there were lots of issues relating to bugs in SAP, attrition among people and a swift implementation of switching it all on at the same time. From our analysis we find that the issue is one of staged implementation and now they need to take a measure of putting unit after unit in order and lessons learnt in one place could go on to help the rest. A plan to put all these in a phased manner needs to be worked

out and implemented with the same vigor when it was started in 1994.

### Assess the Situation

Owens Corning was swiftly growing with its new acquisitions and there was an ongoing incorporation of new technologies that improved their working situation and the profitability of the company. The Roof and Asphalt plants divisions of OC were just over 80 units strong and the implementation of SAP R/3 was to happen in these. But the rapidly changing scenario and the acquisitions of units caused a number of changes in the company resulting in implementation of SAP R/3 for R&A divisions alone at more than 140 locations. All this meant that the exercise is going to get tougher than planned.

OC had many of its old processes under the lens because of these new companies that joined the fold and they had their own practices to hold and refer to. All this meant that there were a number of changes that was really looked for in SAP. But since these changes came in at a later stage and the software itself had its own best practices in place, it was found that the systems that SAP implemented were not exactly the way the people wanted them. More and more processes needed fine tuning work to be done which brought in a host of bugs. At one stage it was identified that SAP had more than 60 new bugs that needed to be fixed.

The final word is that though for 2 years SAP was implemented in right earnest at the end of the work they found they really had not so satisfactory a software and it did not meet all their expectations.

### Define the Problem

The major problem faced by the company includes the following:

1. Multiple location operation when the number of licenses increased lead

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from one problem to another. Increase in the number of locations without checking out the software's fitment fully needs to a multitude of problems with calls from coming all around.

2. Implementation of new version of SAP had more than 60 bugs that needed to be addressed. In addition to the inaccuracies that the product had with respect to the existing processes in the company, the new release of the software also came with a certain number of bugs (60 to be exact) which needed to be cleared before proceeding on with further implementation successfully.

3. Expectation of the people in sales, service or any other factory area is not fully met. The requirements analysis stage of the project was not extensively done. A gap in this would naturally cause lots of dissatisfaction to the extent that might make people wind up with a negative feeling in which case the entire outcome is not good for the organization.

#### Course of Action

On close analysis of the problems and the implementation that was done at the Owens Corning, we find that the following solution would sort out the issues and should take it forward.

1. The problems at individual locations need to be exhaustively prepared which will help in analyzing and reaching a clear solution for these problems. IS heads in every unit shall collect such issues and forward them or present them to the steering committee of the implementation group.

2. In order to address the problems selectively, it should ideally take up issues from every unit individually. The problems in every unit should be individually listed and then addressed. Once the problems in these units are sorted out then the same may be carried forward to other units as lessons

learnt from this unit. This way the complexity of the problem will be broken down and the IS team will be able to concentrate on the requirements of each unit when that is addressed.

3. The committee shall evaluate and decide which of these issues need to be addressed. If this necessitates any process change, then the same shall be addressed by the committee to see which one is the best practice and adopt the same for the company as a whole. Once the issues are clearly identified and they are listed, then these are handed over back to the individual unit IS heads.

4. The separate IS head in every unit shall be assigned to form a core team that would address the local issues there if they are resolvable. Common issues shall be taken by a central core team that would resolve the issues pertaining to all the units.

5. Training of staff involved has to be done to everyone who is involved in the implementation process and subsequent usage of the software as well. This is very necessary since the staff who are not trained if they are expected to do the job, they will land up in surprises that will spoil the entire implementation. A wrong data could jeopardize the entire entry process and spoil the morale of implementation.

6. The first success of the project should always be strived and carried forward. In order to motivate people, it is always useful to celebrate victories. At least, those victories that have been really achieved at the factories on what ever count it be celebrated. This will ensure that the morale of the people are high and they are motivated enough to carry the torch further. Already they are over worked and there fore, in order to enable them to work harder, a success would strongly motivate them.

All these would help in working out a suitable solution for the problem at hand and carry it forward to a smooth close which is what is required in Owens Corning. This plan might be 24 months duration but would be the best solution to put in practice.