

# Erp game

Business



ERP GAME Introduction The series of the videos are intended to teach how to use ERP to conduct simulations. ERP simulation is a unique business simulation technology developed by HEC Montreal business school.

According to the narrator, Kim Dawson, the ERP simulation enables the simulation of near real life business contacts of an extensive corporate information system. The distribution simulation is one the easiest and simplest form of simulation. ERP Simulation is intimately entangled with an enterprise system called SAP. When coupled with SAP, ERP simulation serves the following functions. 1. Provides a variety of customers with varying demands in addition to price sensitivity. It ensures that all the participants have a biased market. 2. It helps by automating all clerical aspects of the business hence freeing the players to focus on decision-making. 3.

Simulation of passing the time, this compresses time thereby creating a perspective of evolving time that enable visualisation of decisions. This way, the impact of the decision can be evaluated. In a distribution simulation, all participants have to operate during the entire business cycle. They plan, procure and make sales. Management roles are shared amongst the team members. The goal of the player is to ensure profitability. Though it is possible to run the entire game solely, a team based game is better. As a requirement, players must identify all the products they want to sell as well as the target market. For the customer base, it is defined in the system as the distribution channel fourteen. In a bid to attract customers, the players have to come up with suitable pricing and marketing strategies. For instance, in the simulation run in the video, the pricing decision chosen is national where all the customers are charged equal price and the marketing of the product can be done differently throughout the three different regions. In <https://assignbuster.com/erp-game/>

ERP simulation, a typical business flow includes three important aspects; planning the demand forecast, procurement of materials and delivering sales. The sales issues involve tracking inventory of the products and replenishment. It is worth noting that, customers only order what is available, and they make one order for all the products they need. Maximising profit is the primary objective, and the shareholders are not interested in the stock value. Round 1 So as to make a decision, the player need to have knowledge of operating a corresponding transaction in SAP. Every time a simulation event is run in a SAP environment is assigned to the particular event and a team assigned to it. Each player can access the environment using the designated account. SAP interface is not complicated to learn, practise makes thing easier in the long run. The inventory report lists all the material. Report are up to date when run the first time but needs to be refreshed for every subsequent term. Of interest is the fact that SAP does not allow running a new transaction while the another is still open. There are two major decisions that the players needs to make: The selling price and the Daily marketing expenditure decisions. The sales price can be modified in the relevant cell and saved. The Daily marketing cost in the simulation is automated to actual expenditure based on the current sales values. At each simulation run, the viewers page is updated with all the financial and operational results of all the team in the simulation. Players can take advantage of such information to measure their performance in the game. Round 2 Using a SAP system, it is possible to generate detailed financial reports. The income statement will show the gain or loss since the start of the simulation. A sales summary report produced by the system analysis the sales performance during the previous round of the game. The <https://assignbuster.com/erp-game/>

sales order report gives details for each sales order, the distribution channel and area, the number units sold and the customers and the date due. The customers pay their invoices ten days after delivery. The price market report is published after every five simulation days; it gives a summarized sale report for the entire industry. This gives a room for comparison. For replenishment purposes, it is possible to calculate the needs of each product based on the existing replenishment and inventory levels. The MRP calculator through the use of the inventory requirements and the current inventory levels identifies how much of the product needs to be ordered. MRP process creates requests that are internal documents. The SAP system incorporates a purchase order tracking report used to identify purchase order as well as tracking their status. Round 3 Managing the sales, as well as the procurement, can be done at the rate of the sale to the frequency of the purchase. Demand forecast should be optimised in line with the replenishment cycle and the vendors behaviour. It is worth noting that, there is no inventory holding costs in simulations, they exists in the real life. As well, there are no penalties for having inventory at the of the game the product remains as assets shown on the balance sheet. Work Cited" ERPsim Distribution (SAP ERP Training Simulation Game by Baton Simulations)" Video episodes: Introduction, Round 1, 2, and 3.