ERPsim Introduction and Activity One

About ERPsim

ERPsim provides a hands-on, realistic method for learning ERP software.

- Show how ERP systems support business strategies.
- Experience tangible benefits of enterprise integration firsthand.
A simulation game to learn ERP related concepts

Teams of 3-4
• Operate a **make-to-stock** muesli manufacturing plant
• Interact with suppliers and customers by sending, receiving, and processing orders
• Complete the **cash-to-cash** cycle
• Use SAP ERP to guide and execute business decisions ensuring the profitability of their company.

Roles to be managed

Ultimately each team will have to fulfill planning, production, sales, accounting, and purchasing functions.

Activity 1: focus is on planning and execution related to basic strategic marketing—setting prices and selling products.
Run a make-to-stock company

Before ERP systems
With an integrated enterprise system...

Interacting through SAP transactions
Your teams

<table>
<thead>
<tr>
<th>Team</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Berlin</td>
</tr>
<tr>
<td>B</td>
<td>Hamburg</td>
</tr>
<tr>
<td>C</td>
<td>Munich</td>
</tr>
<tr>
<td>D</td>
<td>Koln</td>
</tr>
<tr>
<td>E</td>
<td>Frankfurt</td>
</tr>
<tr>
<td>F</td>
<td>Stuttgart</td>
</tr>
<tr>
<td>G</td>
<td>Hanover</td>
</tr>
<tr>
<td>H</td>
<td>Leipzig</td>
</tr>
</tbody>
</table>

SAP Logins on Client ___, System ____

<table>
<thead>
<tr>
<th>Team</th>
<th>Users</th>
<th>Password</th>
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</thead>
<tbody>
<tr>
<td>Team A</td>
<td>ext_A1 to ext_A4</td>
<td></td>
</tr>
<tr>
<td>Team B</td>
<td>ext_B1 to ext_B4</td>
<td></td>
</tr>
<tr>
<td>Team C</td>
<td>ext_C1 to ext_C4</td>
<td></td>
</tr>
<tr>
<td>Team D</td>
<td>ext_D1 to ext_D4</td>
<td></td>
</tr>
<tr>
<td>Team E</td>
<td>ext_E1 to ext_E4</td>
<td></td>
</tr>
<tr>
<td>Team F</td>
<td>ext_F1 to ext_F4</td>
<td></td>
</tr>
<tr>
<td>Team G</td>
<td></td>
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</tr>
</tbody>
</table>
Tonight's Scenario

I have capitalized each company (solicited money from investors and negotiated a bank loan), bought and staffed the manufacturing operation, purchased raw materials, and produced 100,000 boxes of each cereal that you sell during quarter 2. There have been no sales. Some raw materials remain in inventory. We will run 1 quarter—30 days—with each team setting and adjusting prices to maximize profitability. The quarter will last approximately 40 minutes (1.3 minutes = 1 day)

No overhead costs will be applied (i.e. only COGS).

Companies, Location, and Competition

Each company in a distinct location
- May ultimately find that affects sales and product demand

Competition is with domestic and foreign competitors (importers).
Demand changes over time, emulating shifting customer preferences—it is not random—but you can learn (and influence) customer behavior.
Your products and ingredients

Currently your company produces only 1 KG boxes of established flavors. In the future you will be able to change product composition and box sizes (.5 KG box).

Your 6 starting products

$\text{--F01} \ 1 \text{ KG Nut Muesli}

$\text{--F02} \ 1 \text{ KG Blueberry Muesli}

$\text{--F03} \ 1 \text{ KG Strawberry Muesli}

$\text{--F04} \ 1 \text{ KG Raisin Muesli}

$\text{--F05} \ 1 \text{ KG Original Muesli}

$\text{--F06} \ 1 \text{ KG Mixed Fruit Muesli}
Viewing Bill of Material—CS03

3 Sales Regions and 3 Distribution Channels

Table 1.12: Number of stores by geographical area

<table>
<thead>
<tr>
<th>Credit ratings</th>
<th>Hypermarkets</th>
<th>Grocery stores</th>
<th>Independent grocers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>West</td>
<td>3</td>
<td>17</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>South</td>
<td>7</td>
<td>23</td>
<td>38</td>
<td>68</td>
</tr>
<tr>
<td>North</td>
<td>2</td>
<td>19</td>
<td>45</td>
<td>66</td>
</tr>
</tbody>
</table>

Prices are set per distribution channel, and each channel has different price elasticity, payment terms, and product preferences.

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How much of each product is in stock?

Change Prices and sell available stock

You need to decide what should be the price of your 6 products and adjust accordingly. Maximize overall profitability. Maximize sales revenue. Challenge: Don’t sell too soon/too low.
How much did it cost to make each product?

In Activity One all teams have the same production costs. This will change in future activities.

Setting sales price
Monitoring sales

How much did I sell?
When will I be paid?

ZVA05

Detailed Sales Order Report
What is my company's current financial position?

Important Simulation Item

/n
Multiple sessions
This week you are not being charged cost factors.
Once simulator set up, teams must enter their team passcode.