Implementation of Enterprise Resource Planning for the Supply Chain Management of the Food and Beverage Department at Macao Entertainment Corp

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ABSTRACT

One of the six gaming concession holders in Macao, Macao Entertainment Corp (MEC), undertook to centralize three casino/entertainment properties through utilization of a centralized Enterprise Resource Planning (ERP) in April 2010. The Supply Chain (SC) department was the first to apply the ERP in this centralization process. After rolling out the new ERP system, a number of problems arose due to the organizational changes required. To identify the problems, information was collected through questionnaires and interviews in order to determine the level of agreement by staff regarding the existence of issues typical to such organizational change. The present paper aims to determine what problems and challenges occurred in this initial implementation to assist in developing recommendations to mitigate those effects in subsequent rollouts.

Keywords: Enterprise Resource Planning, Executive Information System, Hotel Casino, Macao, Procurement, Supply Chain

INTRODUCTION

Within many corporate organizations business-wide processes are managed with the one Enterprise Resource Planning (ERP) tool. ERP systems support efficient operations through the integration of several activities, departments and functions through a shared database and the use of reporting tools. By definition, an ERP is a complex enterprise information system (EIS) that applies a common database to integrate the flow of materials, information, resources and financial progress within an organization (Wei, 2007).
Typically, departments have their own computers and use the same database to share information within the organization (Koch & Wailgum, 2007) and thereby managing the flow of resources in the value adding process of creating the products and services of the business. Every organizational unit may check item specifications and quantities held in stock, for instance. In organizations such as the subject of this case study, chefs at different food and beverage (F&B) outlets may identify and select the desired ingredients and calculate the cost of the recipe from the same database. An ERP should help establish an efficient information flow channel within and across functions and departments (Accurate, 2012; Davenport, 1998; Umble, Haft & Umble, 2003; Koch & Wailgum, 2008) within a business enterprise (see Figure 1). Broadly, an ERP involves the management and utilization of finance, human capital, manufacturing and orders management, customer relationships and supplier management (Davenport, 1998).

The aim of this article is to explore the post-implementation of a centralized ERP for the Supply Chain (SC) department of Macao Entertainment Corp (MEC). As expected, it is not an easy task to centralize procurement process resources within any enterprise as the functions are diverse and necessarily interdependent. The major segments involved in this particular centralization project are Food and Beverage (F&B), Fixtures, Furniture & Equipment (FF&E), Operating Supplies & Equipment (OS&E) and Installation & Maintenance (IM) services. However, only F&B is the focus of this current study as this is the first sub-department to have undertaken the systems centralization process at MEC.

The SC department is responsible for sourcing all types of food ingredients and beverages for all restaurant outlets across MEC and although under 2% of total net revenue, F&B is estimated to contribute US$68 million to the overall business for 2012. Due to its unique nature, the strategy of the executive management is to utilize the solid corporate image and consolidated buying power in order to negotiate better cost savings and quality procurement deals. This strategy underpins the centralization of company wide systems, including the ERP. During its launch in 2010, many unexpected problems arose which needed to be settled to avoid similar hazards subsequent to this initial centralization process. Firstly, training was not sufficiently specified, nor rigorous enough to operate the new system. Secondly, the present employees had low awareness of objectives due to insufficient communication by management. Thirdly, much work had been duplicated since

Figure 1. Information flows from one place to another automatically with no repetition of entry (source: Botta-Genoulaz and Millet (2006))
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