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SAP: Whirlpool's rush to go live led to shipping snafus

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Whirlpool Corp. executives and their implementation partners made a risky and ultimately damaging business decision by going live with an SAP R/3 enterprise resource planning (ERP) applications over the three-day Labor Day holiday, knowing that "red flags" had been raised, according to SAP officials.

Fixing the problem would have delayed Whirlpool's "go live" date by a week, SAP said. But pressures to take advantage of the long weekend and get off its legacy system well before Y2K pushed the appliance maker to go ahead with its plan.

The decision resulted in a crippled shipping system that left appliances sitting in warehouses and stores with six- to eight-week delays for receiving orders. The problem reportedly was resolved Nov. 1.

"We suspected there would be problems," said Jeff Zimmerman, senior vice president of customer support services at SAP AG.

Officials at Benton Harbor, Mich.-based Whirlpool wouldn't discuss details of the snafu.

"We have had some delays partially due to the new [SAP] implementation and also due to record levels of orders. Beyond that, we plan no further comment," said Christopher Wyse, a Whirlpool spokesman. The company issued a [statement](#) this morning quoting Whirlpool Chairman and CEO David R. Whitwam that shipping delays, "most of which are already behind us, are due as much to the strength of our North American business . . . as to issues we've already addressed with the new system." He added that the problems



shouldn't force the company to miss its fourth-quarter earnings targets.

According to Zimmerman, 90 days before Whirlpool was scheduled to go live Sept. 7, SAP assigned a post-implementation consultant to check for any functionality problems that might affect the launch.

The testing raised two red flags. Two batch-processing transactions were taking a long time to feed into the decision-support database and customer service system. "We made recommendations on what to fix," which included stripping out some instructions and making the transaction smaller, said Zimmerman. But Whirlpool and its implementation partners, Deloitte Consulting in New York and SAP, decided to hold off on the fix. "A lot of customers go live [with red flags] without any problems," Zimmerman said.

Deloitte officials declined to comment.

Things seemed to be running smoothly days after the launch when 1,000 system users processed appliance orders. But by Sept. 18, with 4,000 users, performance started to deteriorate, Zimmerman said.

That's when stores selling Whirlpool appliances started feeling the pinch. Foremost Appliance in Chantilly, Va., which gets a third of its revenue from Whirlpool sales, had shipments from Whirlpool's Carlisle, Pa., distribution center delayed for six to eight weeks. "Some people are ordering four or five appliances, and we get one this week, none for them the next week. Then one more the week after. It's been a dilemma," said store manager Bill Brennan. Brennan said he's been steering customers who don't want the long wait to other brands.

Whirlpool is the latest in a recent spate of complicated ERP implementations that have developed problems. Hershey Foods Corp. is still struggling to fix order processing problems that are hampering its ability to ship candy and other products to retailers ([see story](#)).

The Hershey, Pa., manufacturer attempted to install a wide swath of SAP R/3 applications, plus companion packages from two other vendors, in a single rollout during one of its busiest shipping seasons. Sources said Hershey squeezed what was originally expected to be a four-year, \$112 million project into just 30 months.

Other ERP vendors aren't immune. W. L. Gore & Associates Inc., maker of the waterproof fabric GoreTex, last month sued software maker PeopleSoft Inc. and consulting firm Deloitte & Touche, charging that they failed to properly install PeopleSoft's Human Resources Management System to the point of damaging Gore's business operations ([see story](#)).

"These implementations are like doing open-heart surgery. There was an expectation on the part of the companies that was completely unreasonable," said Chris Selland, an analyst at The Yankee Group in Boston. Selland said SAP has recorded more implementation successes than failures and that it's common to find "a hundred little problems and 10 that are major" when going live.

"You also have to blame SAP because for companies like Whirlpool, you have to set the expectations," said Dave Boulanger, an analyst at AMR Research Inc. in Boston. SAP has been under pressure to rebrand its image from multiyear, multimillion-dollar implementations to shorter, easier projects, Boulanger said. SAP's plan to bring in project overseers 90 days before going live is relatively new but still not enough, he added.

Regardless of who's feeding the notion that companies can launch ERP applications in a very short time, "companies have to realize that the onus is on you and the consulting firm to make it work," Selland said.

Source: Computerworld