Class Announcements

- For next time
  - Read Cisco Case
  - Assignment 2

- Folio 1 due today

- Business Paper Proposal Due in 1 week!
Class Announcements

- Project proposals due in 7 days!!
  - 2-3 pages
  - Give a plan what you will cover in report
  - Cite some references, and show that you have started your research!
    - Remember references must be cited in the body of the text with footnotes or end notes.
  - See website for more details.
Student Talks
Frito-Lay

Hand Held Computer Project

- 3 stated objectives
  - Replace optical scanner system used now
    - IBM will stop supporting it soon
  - $\frac{1}{2}$ hour per day per driver paper-work reduction
  - Marketing effectiveness
    - Detailed sales data
      - will help make regional marketing decisions
      - Negotiate with stores for more shelf space
HHC Project Good Idea?

**Yes:**
- Replaced optical scanner system that IBM would stop supporting soon
- Saves sales force time: 2.5 hours per week per driver
- Detailed sales data supports:
  - Regionalized marketing
  - Negotiations for shelf space with supermarkets
- Reduce errors

**No:**
- Expensive
  - (~50 million)
- Risky
  - Might not work technically
  - Sales force might not like it
    - Already upset about segmentation
  - Equipment vendor might not be reliable
Frito Lay

- HHC was a $50+ million project
- How did they mitigate risks?
- Risk Mgmt
  - Pilot test of technology
  - 3 layer rollout
    - 1) essential systems
    - 2) sales compensation
    - 3) strategic uses of new data (fuzzy)
How to mitigate risks?

- **Action plan**
  - Region by region?
  - All at once?
  - Weakest or Strongest region first?
HHC deployed to LA area first, a region that won a sales award. By the end of the 80’s

- HHC deployment completed
- Development of Information Systems to process HHC data to support operations.

Early 90’s re-org to decentralize decision making to different regions

1985

- Revenue: $2847
- Profit: $401

2004

- Revenue: $9091
- Profit: $2366

Revenue growth ~ 6% per year on average