Introduction:

Automation means avoiding or reducing human intervention in any process. Automobile industry like others industries faces challenges of competition, cost cutting, customer expectation. Supply chain means flow of material and information from original equipment manufacturer to its supplier called tier 1 and further its sub supplier called tier 2 and so on. Automation of supply chain has its own benefit and limitation in terms of reducing the cost of exchanging information and enabling frequent and efficient information exchange and flow of material. Since in industries process (raw material to dispatch and capital budget to converting sales into cash) it involves so many inter related activities performed by man through machines by value addition to material. These inter related activities give focus on interrelationship between the employees. Good interrelationship are plus point for companies, if it remain as it is. Generally this does not happen due to variation in all personality trait likes, dislikes, perception, behavior etc. This is one of the reason industry demand need of automation. Further automation reduce human error, standardize process, machines give same efficiency with the passage of time, increase efficiency to optimize level and a solution to labour shortage problem.

Therefore companies want automation in their organization to avoid or reduce human intervention in their process. Automation of supply chain management can do a lot to increase profit of a company and growth of a company. Today era is of technology driven like e-commerce, Enterprise resource planning and so on. Introducing of software in industry is also one of the most commonly used means. On the other hand Researches shows that implementation of Enterprise resource planning success rate is only 33% world-wide, where as in India it is only 10%. Failure in implementation of software is really a serious concern. This work is not only found reasons of failure also provide path and frame work to implement it successfully.

Before that let us understand nature of supply chain and configuration of automobile companies work structure. Automobile companies manufacturing their product by assembling child part which brought out from out-side generally having 60 to 70% Contribution of material in their annual turn-over. Therefore we can say that Supply chain management refers to planning, coordination and follows up of Material having seventy percent contribution in companies annual turn-over and play a vital role in growth of organization which further add up 3 to 5 percent as Logistic cost. Supply chain management as a concept means lean flow of material from supplier to manufacturer and then to end customer.

SCM is an area where all profit may eat up by failure of chain in terms of premium freight, production loss, loosing customer trust of delivery, ineffective utilization of resources. Failures not only force to lose your profit, but may lead to lose your customer for ever. A customer not getting product on time gets disappointed and spread his experience with other’s. It lead to
loose of potential customer as well and hinder organization future growth.

Some instances happened in past as result of poor supply chain management are—

Ford company has to close its five plant in North America due to part shortages (Mello 2001).

Boeing had to lose $2.6 billion in 1997 due to not supplying parts on time by their two key suppliers.

Ericsson loose three of market shares against Nokia in 2000 just because of supply interruption of chips used for key.

Another research found that company loose between 9 to 20% of their value over a six month period due to supply chain problem (Becker, 2000) So, managing Supply chain management effectively and efficiently is must to survive in today competitive business scenario. Now question arise

“how we can manage it”?

Is there any tool or techniques available or someone should go his own ways. There are so many tools and techniques available, but enterprise resource planning got remarkable position as world is now in computer era. Enterprise resource planning systems were designed before the birth of 24/7 global web economy. It is a software having linkage between all function of an organization like material resource planning software has linkage between material planning, manufacturing planning, customer relationship management.

Enterprise resource planning require huge amount as investment in purchasing and implementation and as running cost as well. Investing money and getting fail is really pain full to company. Objective of this research work is to find out reason of failure in automation of supply chain management, to cope up these reason is big challenge to management.

Original equipment manufacturer place order to its supplier called tier 1 and these tier 1 supplier has further sub supplier called tier 2 and then further sub supplier may called tier 3. So automation level in complex supply chain, automation benefit to supply chain in terms of inventory control, delivery performance, new orders and what challenges management facing in automation of supply chain is also in scope of this research.