

ORDER TO CASH PROCESS ACHIEVING OPTIMAL EFFICIENCY

In a downturn economy, all businesses face the same question: *“Is it possible to cut costs internally as we continue to raise the bar on our products and services?”*

Key to answering this question is focusing on factors that you are able to directly influence, rather than external influences you cannot control. From our experience, one of the most critical factors that you can directly control is the Order to Cash (OTC) process.

Of course, this is easier said than done. A superior OTC process requires seamless integration among all pertinent processes throughout the enterprise. Technologically, it requires integration across the applications embedded in solutions for customer relationship management, enterprise resource planning (ERP), and supply chain management. In fact, it is not uncommon for the average OTC process to span across 10 departments and 10 systems in an organization.

Such complexity presents complex OTC challenges, especially in today’s market, where the demand for perfection is high and the tolerance for errors is low. While dealing with a reduced budget to meet the need, at the same time.

The bottom line: superior OTC, while difficult to achieve, is key to your success in a challenging economy. Done correctly, a superior OTC process can become your competitive advantage by cutting major internal costs, increasing profitability, and improving customer satisfaction.

Where Have We Gone Wrong in the Past?

Figure 1: OTC Challenges and Primary Pain Points

Activities	Challenges	Primary Pain Points
Product Configuration	<ul style="list-style-type: none"> Increasing product complexity Extensive business rules and data standards Erroneous/incomplete information (i.e., engineering revisions) 	<ul style="list-style-type: none"> Product quality Cost of quality – rework
Inquiry and Quotes	<ul style="list-style-type: none"> Rapid access to accurate configuration and inventory information Ability to leverage previous bids 	<ul style="list-style-type: none"> Bid “win” ratios Responsiveness Pricing accuracy
Contract Management	<ul style="list-style-type: none"> Complex contracts Centralized repository and controlled access Automated lifecycle management 	<ul style="list-style-type: none"> Ease of doing business Contract adherence
Pricing	<ul style="list-style-type: none"> Complex pricing schemes and price changes Trade promotions Contract adherence 	<ul style="list-style-type: none"> Pricing accuracy Cost of quality – inspection
Fulfillment	<ul style="list-style-type: none"> Unique delivery requirements (e.g., Direct store delivery, exports) Customer specific packaging and identification 	<ul style="list-style-type: none"> Pricing accuracy Business building Responsiveness
Invoicing and Collections	<ul style="list-style-type: none"> Detailed billing requirements and unique customer reporting Export documentation Credits, rebates and deductions 	<ul style="list-style-type: none"> Billing accuracy Billing cycle time Disputes Unapplied cash Cost of Quality: inspection; external failure
Warranties and Returns	<ul style="list-style-type: none"> Complex warranties and verifying adherence Returned product disposition 	<ul style="list-style-type: none"> Warranty costs Cost of quality – external failure



Figure 1 depicts many of the common OTC challenges our clients have faced-and these challenges are not new. Businesses have always struggled with OTC.

To solve their problems, they first turned to customized software solutions for the answer. Next, they turned to ERP solutions (SAP and Oracle). Unfortunately, this did not answer the problem either. The typical “one-size-fits-all” ERP approach did not work for companies with unique business needs.

Therefore, these organizations tried to compensate for their ERPs by creating a *workaround* – a “quick fix” that did not correct the root of the problem. These workarounds have translated into both increased costs and inefficiencies.

Even more, these problems have had negative affects on several critical performance indicators, including customer satisfaction, lost sales, revenue leakage, process costs, DSO, and bad debt. These problems have lowered revenue and raised costs, depleting profit margins completely.

Our Approach to Superior OTC

So how do you achieve a seemingly insurmountable OTC? The answer is a combined approach. There is no “silver bullet” to addressing all of your challenges. Therefore, it is critical to couple your OTC process improvement with your ERP investment and to establish key metrics in order to measure your performance.

Accordingly, our proven approach to improving OTC spans four areas: customer segmentation, order cycle time reduction, technology utilization, and performance measurement. Figure 2 depicts this process.

Figure 2: Our Proven Approach to OTC



Your First Step

What is your first step? Our team of consultants-skilled at leveraging technology to solve business challenges-drives the process. Together, we launch an analysis focused on the key components of your OTC process. We employ a data-driven approach to baseline the current processes. We then identify root-cause problems and use this information to establish “aggressive” targets for the critical performance indicators. We focus on all the key business components required to implement change-process, information technology, organization, performance measurement and culture. With a plan developed, we create an implementation plan and supporting business case.

The opportunities are broad. The benefits are material. CSC, with our partner Cordys, are at the intersection of today’s leading business initiatives and technology, brings a unique and pragmatic perspective. Learn how to embrace the OTC process or find out about our end-to-end capabilities by contacting Brian DeLarber at 630.472.1921

About CSC

The mission of CSC is to be a global leader in providing technology-enabled business solutions and services.

With the broadest range of capabilities, CSC offers clients the solutions they need to manage complexity, focus on core businesses, collaborate with partners and clients, and improve operations.

CSC makes a special point of understanding its clients and provides experts with real-world experience to work with them. CSC is vendor-independent, delivering solutions that best meet each client’s unique requirements.

For 50 years, clients in industries and governments worldwide have trusted CSC with their business process and information systems outsourcing, systems integration and consulting needs.

The company trades on the New York Stock Exchange under the symbol “CSC.”

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