

From Manual to Semi- Automatic Order Entry

Processes Excellence

Date: June 2015

Agenda

- Customer A
 - Context, Issues and Solution

- Expanding Customer A success story to other customers
 - Scope, Data gathering, Analysis, Results, Future requirements

Customer A - Context (1/2)

- Our customer (*named as Supplier A*)
 - A multinational company, Operations Department, using an ERP, Order Management Module
- Observations -
 - Important and demanding customer sending daily a high number of single line item purchase orders resulting in a significant negative impact internally and externally
 - Download of purchase orders (pdf) from the supplier's platform (EDI* Option not an option)
- Objectives** -
 - Decrease significantly time spent on recurrent tasks
 - Eradicate related order entry error
 - Increase team member engagement
 - Increase customer satisfaction

* EDI: Electronic Data Interchange

** Targets intentionally not mentioned for this presentation

Customer A - Solution (2/3)

Solution

- Customer A and supplier A working together on an excel template containing all required fields / information for supplier's ERP
- Supplier downloading purchase orders (.xls) from customer A's portal
- Supplier uploading directly customer A's excel purchase orders using specific ERP transaction

Customer A - Measurements (3/3)

Measurements

	Time spent per Line Item (min.)
Manual	4.32
Semi-Automatic -	0.45
Efficiency gain Ratio	9.6
2015 Q1 customer A Line Items: 1,789	Time spent per Line Item (min.)
Manual	128.81
Semi-Automatic	13.42

- Manual: Download of pdf format purchase orders from customer A's portal and manual order entry into supplier's ERP
- Semi-Automatic: Download of excel format sheets from customer A's portal + automatic upload into supplier's ERP

Expanding Customer A success

Scope

- Consider further customers to be introduced to the Semi-Automatic process
- Identified Top 8 potential customers based on combination of Order volume, Line Item volume and Revenue
- Establish Top 3 customers to move forward with implementation based on specified criteria
- Use Prioritization Matrix SixSigma tool to define

Expanding Customer A success

Data Gathering

Survey sent to the team members

- In what format are Purchase Orders received
- Can customers send PO in Excel format
- There there peaks in order volume
- Are Purchase Orders generally accurate
- Is there a standard Price list for this customer
- Are sales orders created from quotations
- Does customer revise PO often?
- Does customer account go on Credit Block often
- Are Purchase orders over 300k USD

Ideally Excel but not essential

If not, have scored lower

Peaks and troughs suggest semi-Automatic beneficial

Require clean Purchase Orders

Need clear pricing to avoid BD87 blocks

Create with reference not possible

Any special requirements

Credit issues result in more order blocks

Notification needed to go to Supervisor

Expanding Customer A Success

Analysis

- Scoring of 1 (low, not meeting the criteria) to 4 (meets fully the criteria) given to each customer
- Process Excellence Team and Ops Director performed scoring in brainstorm setting
- Final scoring provides a clear and statistically correct list of Top 3 customers to move forward with the semi-Automatic process

Expanding Customer A success

Results

	In what format Purchase Orders (PO) are received?	Can customer send PO in excel format (if you know)	Are there peaks in POs received (many in the same day?)	Are POs generally accurate? (correct part numbers, pricing, ship-to, etc)	Is pricing generally ok? Does customer purchase from a standard price list?	Are Sales orders based on ERP quotation?	Does the customer account fall into credit often?	Does customer send POs for a value over 300K?	Does customer revise POs often?	Total Score	Total Revenue 2015	Total PO # 2015	Total Line Items # 2015
Customer 1	1	4	4	4	4	4	4	1	4	30	\$ xxxxx	1607	3254
Customer 2	1	4	2	4	4	4	4	1	4	28	\$ xxxxx	786	3478
Customer 3	1	4	1	4	4	3	1	4	4	26	\$ xxxxx	143	1369
Customer 4	4	4	1	3	2	1	2	4	4	25	\$ xxxxx	365	1701
Customer 5	1	4	1	4	2	4	1	4	4	25	\$ xxxxx	452	1230
Customer 6	1	4	1	3	2	1	2	4	4	22	\$ xxxxx	165	1230
Customer 7	1	1	1	2	1	1	2	1	3	13	\$ xxxxx	102	485

Expanding Customer A Success

Future Requirements

- Provide resource to work on semi-automatic process implementation based on Top Customer List in following order:
 - Customer 1
 - Customer 2
 - Customer 3

Semi-Automatic Process

Summary

- Win win situation: No significant change from the customer's side while significant effectiveness gain on supplier side.
- Processes overall - Remember!
 - a. Continuous Improvement: Focus on best practices (expanding customer A success to others)
 - b. Focus on further problem areas - A post-project or mid-project review (postmortem) also provides a structured way to reflect on what has gone well so far (keep doing it!) and what has not (do something different!).



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