

#### "Customer Credit Holds"

#### impact on

#### **Order Fulfillment**

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#### Content

- Introduction
- Current credit limit check process
- Line level credit check
- Consideration and challenges
- Summary

#### Introduction

- Maximizing credit limit
- Impact on customers satisfaction
- Increase of sales cycles
- Impact on revenue

#### Introduction

Sigsauer, Inc.

A leading manufacturer of firearms in the Military, Government, Law Enforcement and Commercial

markets.



#### **Current Process**

Oracle analyzes Order Credit Holds by order total.

Credit limit - \$2,000

Open invoices - \$1,400

Available credit limit - \$600

Order 1 - \$500

Order 2 - \$200 Hold

#### **Current Process**

- Oracle analyzes Line Credit Holds by ship to locations.
- When switching to Line Level Analysis, the system groups together all lines with the same Ship to location.

#### Available credit limit \$1,000

```
Order 1 - all lines have the same ship to location
Line 1 $200 Hold
Line 2 $300 Hold
Line 3 $600 Hold
Total $1,100
```

#### Scenario 1

Customer - 1234 John's Co.

Credit Limit – \$5,000 Open Invoices – \$4,000

Available credit limit - \$1,000

Open Orders:

Order 501 - On Hold

Line1 - Item 1133 \$200 In Stock
Line2 - Item 1134 \$900 Out of stock

Total- \$1,100 Exceed credit limit

Order502 - On Hold

 Line1 Item 1001 \$500
 Out of Stock

 Line2 Item 1002 \$400
 In Stock

 Line3 Item 1003 \$400
 In Stock

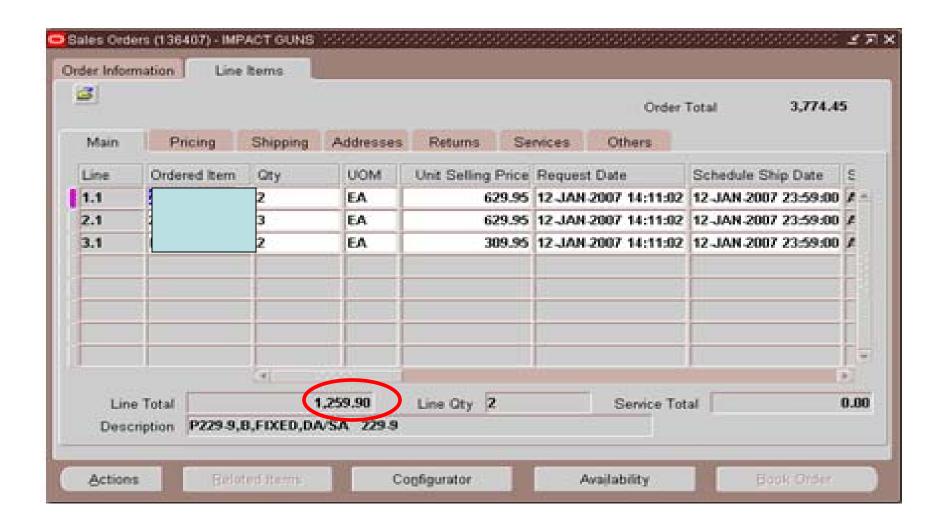
Total- \$1,300 Exceed credit limit

Result: Order lines with items in stock in the amount of up to \$1,000 are not being shipped to customer.

#### Scenario 2

fain Others			F-C-C-C-C-C-C-C-C-C-C-C-C-C-C-C-C-C-C-C
Customer		Order Number	136407
Customer Number	503044	Order Type	COMMERCIAL ORDER
Customer PO		Date Ordered	12 JAN 2007 14:11:02
Customer Contact		Price List	COMMERCIAL DEALERS
Ship To Location	5877	Salesperso	
		Status	Booked
		Currency	USD
		Subtotal	3,769.65
Bill To Location	5877	Tax	8.00
		Charges	4.80
		Total	3,774.45

**Credit Limit for this customer = \$3,750** 



# **Order Line Summary**

Order total exceeds credit limit by \$19.65

<ul><li>Line</li></ul>	<u>Line Total</u>		
<b>1.1</b>	\$ 1259.90 <b>\gamma</b>		
<b>2.1</b>	\$ 1889.85 \ \\$ 3149.75		
<b>3.1</b>	\$ 619.90 J		

# The Objective

Add Business Common \$\\$\\$ense To
 The Process

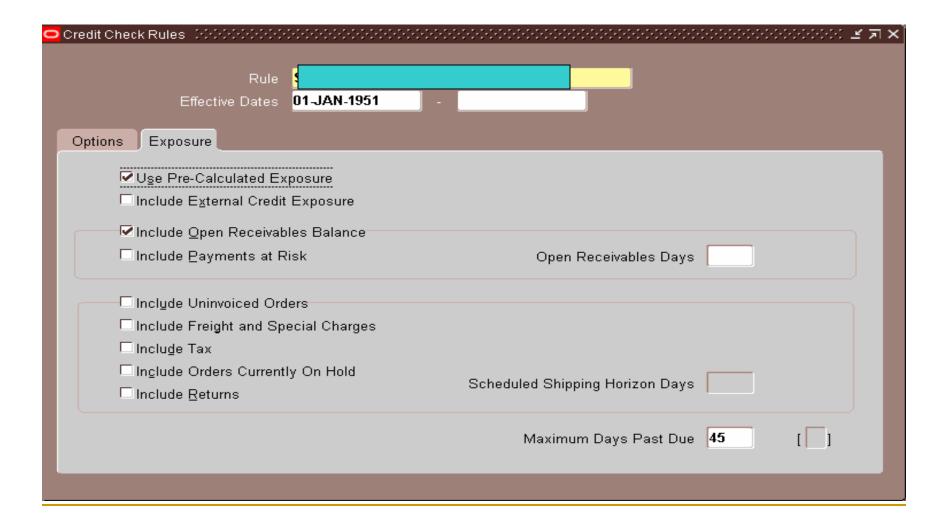
# **Considerations & Challenges**

- Allow user defined filtering profile
- Change system setups from order level to line level credit checking (may require patching)
- Release all order level credit holds
- Determine the business rules for the new credit check analysis
  - maximum dollars shipped
  - maximum lines shipped
  - maximum ship sets shipped

## **Applications Setups**



## **Applications Setups**



#### **Considerations & Challenges - continue**

- Produce analysis program to implement the rules
- Check inventory availability for selected and released items
- Release allowed lines from "Hold"
- Generate Hold Release transactions for the open interface
- Test, test, and test

# Summary

The ability to ship partial orders and maximize the customers' credit limit has a significant impact on the company's bottom line.

Shipping more = getting more orders

# Q&A