



“Customer Credit Holds”

impact on

Order Fulfillment

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Introduction

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

Introduction

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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

The screenshot shows a 'Sales Orders' window with the following data:

Field	Value
Order Number	136407
Order Type	COMMERCIAL ORDER
Date Ordered	12-JAN-2007 14:11:02
Price List	COMMERCIAL DEALERS
Status	Booked
Currency	USD
Subtotal	3,769.65
Tax	0.00
Charges	4.80
Total	3,774.45

Customer Information:

Customer	[Redacted]
Customer Number	503044
Customer PO	[Redacted]
Customer Contact	[Redacted]
Ship To Location	5877
[Redacted]	[Redacted]
Bill To Location	5877
[Redacted]	[Redacted]

Actions: Actions, Related Items, Configuration, Availability, Book Order

Credit Limit for this customer = \$3,750

Order Information | Line Items

Order Total 3,774.45

- Main
- Pricing
- Shipping
- Addresses
- Returns
- Services
- Others

Line	Ordered Item	Qty	UOM	Unit Selling Price	Request Date	Schedule Ship Date	S
1.1		2	EA	629.95	12-JAN-2007 14:11:02	12-JAN-2007 23:59:00	F
2.1		3	EA	629.95	12-JAN-2007 14:11:02	12-JAN-2007 23:59:00	F
3.1		2	EA	309.95	12-JAN-2007 14:11:02	12-JAN-2007 23:59:00	F

Line Total **1,259.90** Line Qty 2 Service Total 0.00
Description P229-9,B,FIXED,DA/SA 229.9

- Actions
- Related Items
- Configurator
- Availability
- Book Order

Order Line Summary

Order total exceeds credit limit by \$19.65

■ <u>Line</u>	<u>Line Total</u>	
■ 1.1	\$ 1259.90	} \$ 3149.75
■ 2.1	\$ 1889.85	
■ 3.1	\$ 619.90	

The Objective

- Add Business Common \$ense To
The Process
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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

Credit Check Rules

Rule [REDACTED]

Effective Dates 01-JAN-1951 - [REDACTED]

Options Exposure

Credit Check Level Sales order line

Credit Hold Level Sales order line

Override Manual Release

Days to Honor Manual Release 3

Conversion Type Corporate

Check Item Categories

Send Hold Notifications

Applications Setups

Credit Check Rules

Rule

Effective Dates -

Options Exposure

Use Pre-Calculated Exposure

Include External Credit Exposure

Include Open Receivables Balance

Include Payments at Risk

Open Receivables Days

Include Uninvoiced Orders

Include Freight and Special Charges

Include Tax

Include Orders Currently On Hold

Include Returns

Scheduled Shipping Horizon Days

Maximum Days Past Due []

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
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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
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Q&A
