Customer credit holds – Impact on order fulfillment

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Sig Sauer is a leading manufacturer of firearms in the military, government, law enforcement, export and commercial markets. The company has thousands of customers and managing their credit limit is a complicated task. Enabling the system to fulfill customer orders up to their credit limit has a significant impact on the company's revenue as well as customers' satisfaction. The current functionality of credit limit checking in Oracle limits the ability to fulfill customer orders, while maximizing the use of their credit limit.

After analyzing the use of credit limits by customer; we found that many customer orders were on hold even though their available credit limit was sufficient for at least a partial shipment. Frequently, the credit limit is being consumed by items that are not in stock or by orders that have other holds. In some cases, customer orders go on hold because they became past due on a small amount that may be a result of a mistake.

Sig Sauer worked with Top Team to establish a process that would release sales order lines that have credit limit holds based on a number of business rules. The concept was to have the standard Oracle process place orders on credit hold, and then apply business logic to release some of the lines.

In order to effectively use the credit limit we had to determine if the lines would be fulfilled had they not been subject to credit holds. To answer this, we would need to determine: (1) If inventory was on hand and available to fulfill the order line; (2) If there were other holds that would impact the fulfillment; (3) If the order line was subject to a ship set.

Before implementing the process, we had to switch our credit check mode from order level to line level. We had found few problems in the functionality of the line level credit limit check and had to apply some patches to get it resolved (I strongly suggest testing the line level credit limit check functionality carefully, before moving on).

The result was: (1) Order fulfillment grew significantly and increased revenue; (2) Work was spread more efficiently in the warehouse; (3) Customers are receiving their orders faster; (4) The company experienced an increase in sales cycles which translated to more orders for the company as well as an increase in inventory turnover.