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Redefining and Mapping of an Order to Cash Process in Company X

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One simple process of a customer placing an order may activate a vast number of business processes that must be individually carried out effectively in order for the customer to be satisfied. Whilst keeping the customer satisfied, a business must ensure that they are operating efficiently to be able to make a profit. Business process management is fast becoming a more effective business tool as it helps a business analyze and improve its business operations. Amongst the number of equally important business processes is the order to cash process, which defines how a business obtains an order through to receiving payment.

The focus of this thesis is on the redefinition of the order to cash process in Company X as well as creating a clearer process map of this process. As the economy is in constant transformation, a business must also regularly analyze and manage its business processes effectively.

The study has been carried out through a careful process of analyzing theory on business process redefinition, business process mapping and the order to cash process. Research has also been carried on how to effectively carry out business process interviews and questionnaires as the information gathered for the purpose of business process improvement needs to be relevant and accurate.

The results of the information gathered for this thesis is affected by my personal experiences and opinions with regards to my perception of the order to cash process and what I observed in Company X. The information obtained through interviews and questionnaires, combined with the theoretical research and my opinions form the concluding discussion of this thesis.

Keywords

Order to cash process, Business process redefinition, Logistics process, Business process mapping,

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1 Introduction

In this paper I am going to discuss the Order to Cash process based on a project that was carried out as an internship task in Company X. Firstly, I will give the background of the company and what it actually does as this is important in understanding how the order to cash process is specific for its type of industry. Secondly, I will define the Order to Cash process, listing and discussing steps of the process. Thirdly, I will explain the steps that I took in order to carry out the project followed by how I created the process map. Lastly, I will present my findings and comment on what I found worked best and where improvements could be made in the Order to Cash process in Company X.

A business process is a number of smaller processes or tasks that may work parallel to each other in some instances or work complementary at the same time. All of these sub processes end in the delivery of a product or service to the customer and the receipt of payment to the business. Each of the sub processes will have a clear input from the sub process before it and an output to the next sub process. The inputs and outputs of these processes may directly or indirectly affect the value of the end product. (Dumas et al 2013, 1)

All businesses have processes. Processes consist of the people and steps involved in the process and the systems that are used to complete the tasks. In most businesses and especially when businesses expand in growth, processes may become more complicated and entwined. The visibility of how effective a particular sub process is may be overlooked as it becomes the input of another subprocess. This may result in losses caused by the unnecessary duplication of certain tasks. (Weske M.2012, 4)

Business process management is a method that follows a series of steps that are analyzed in order to make the process better. Business process management helps a business to formalize the process by establishing the way a business should perform its functions by providing tools on how to analyze waste and other inefficiencies. The end result would be a streamlined, simple and visually clear process on how things should be done. (Ould M. 2006, 3-5)

Order to cash is one of the main business processes particularly managing the life cycle of a sales process. "Order to cash normally refers to the enterprise resource planning (ERP) process in which taking customer sales (direct from the customer & retail) orders via different sales channels, such as email, internet, sales person, fax or by some other means like EDI, and then fulfilling the order, shipping, logistic and then generating an invoice and collecting payment for that invoice and then receipt". (Choate J, Pezza S. 2014, 3).

1.1 The Objectives of the Thesis

The objective of the thesis is to redefine and map out the order to cash process in Company X. The investigation of the subprocesses that are in need of improvement as well as outlining the subprocesses that are working well. The discovery of any loop holes in the order to cash process is to be discussed in this thesis too, and what solutions and new Key Performance Indicators that have been created in order to resolve them.

1.2 The Key Concept of the Thesis

Most businesses today are operating under business process models as they have begun to appreciate that it is not under the departmental or hierarchical way of thinking, but that each and every task is just as important as the next in order to get the task done.

In this thesis I will concentrate on the order to cash process based on a commercial company in Finland. Using Company X as a case study, I will look at redefining the process, investigating any loop holes in the process and how these can be improved.

Before engaging in the investigation, there must be some trigger that will indicate that the process must be redefined. For example, in Company X, there were wastages experienced and there was a need to investigate the cause of these.

The concept of the Order to Cash process, with focus on Company X in particular, is to ensure that there is a positive outcome and improvement. When there is a process map set in place, it is easy for the company to see and understand how other processes affect others and as well as having a better understanding of their own sub-processes. Knowledge of these processes may also lead to good KPIs being created. (Dumas et al 2013, 15)

1.3 The Delimitation of the Thesis

The Order to Cash project is limited to Company X in Finland and not the rest of its subsidiaries. This is because it was discussed with the client that it would be easier to understand the process locally first and establish the process globally. Outside Finland there are some sites that have established and are continuing to following their own customized Order to Cash procedure.

Company X is a commercial company and is a delimitating factor in itself in the fact that it has three main sectors which are divided into two differently operating segments. So there is more detailed research that must be performed when mapping out the Order to Cash process as these operate differently but have to be connected in the overall Order to Cash process.

1.4 Theoretical Framework

As more and more businesses tend to operate more using business process models, the client company recognized that they should try to incorporate this into tier business operations. Within any process there is room for improvement but just by looking at the departments perspective, the employer tends to look at who is to blame or which department is to blame. (Harvard Business Review Press 2010, 7)

The theoretical framework focuses on the Order to Cash process step by step based on theoretical and practical findings. The thesis will also look on business processes but mainly focused on the case work of Company X. My research and analysis on what I thought would be the best process mapping solution for Company X will also be included in this thesis.

1.5 Research Methods and Analysis

Interviews via skype, face to face and well as by phone have been the main basis of the practical research in this thesis. A survey was also conducted prior to the interviewing stage of the investigation.

Initially when presented with the task from my supervisor, I began working on the process map which I thought to be the ultimate goal, but during that process I realized that I needed more theoretical background knowledge and expertise on people who have actually created a functional process map.

Research needed to be carried out and that's when I thought a thesis based on this may also contribute to the upcoming literature there is about the Order to Cash Process.

2 Background

Most businesses thrive on profit. The Order to Cash process is (thought of as being) the closest but not solely related to the overall business process in order to create good capital margins in the business.

Company X has introduced and as well as improved many different operations of its business which has increased efficiency as some costs. They wish to now develop further all their processes into one more uniform way of working as their divisions operate according to the different products and services they deal with.

2.1 Introduction of Company X

The company this thesis is based on a commercial company in Finland. They continually are looking for ways to improve their processes.

Company X operates mainly under two different business sectors. One of these business is further divided into four sectors, which for privacy reasons I will name as Sector A, B, C and D. The business division is Section E. Line functions provide support and services to business divisions.

2.2 Organisational Structure of Company X

The five sectors all have specific ways of working due to the different types of products and services they provide. Some of these sectors also do some contractual work for other companies. Each of these sectors has their own service level agreements and key performance indicators. So the task would be to try and come up with a common process map that would best show to all the workforce involved in the Order to Cash process, how all of these sectors work together. It would also be desirable that this process map should show the roles and responsibilities of the employees involved in the process.

3 The Order To Cash Process

Most businesses are now business process oriented as this makes all parties involved in the business have a clearer understanding of what the business does at an operational level. Areas of continual improvement are also easy to identify when using the process method. The Order to Cash process is one of the main processes in a business organization as it is involved in the sale of the products and plays a major part in the profitability of a business.

Parravicini 2015,151, defines Order to Cash as “the process of making a sale and then collecting the cash from this sale. In a logical sequence, the O2C process follows the sales process, and it is about managing an order after a deal, fulfilling the order, delivering the goods, invoicing the customer, and collecting money, when the invoice is due for payment”.

Based on the definition of the order to cash process in the paragraph above, the process does not simply involve taking orders, delivering products and/or services, and getting paid. It is more involved in going through the steps of order management, credit, billing, dunning procedures and reconciling cash receipts. All these steps are interlinked with sales, manufacturing and the supply chain.

3.1 Outline of the Order To Cash Process in Company X

During the surveys and interviews that were conducted in respect to this investigation, it was indicated by the employees that there was an interest to know the processes of the other departments involved and how these were connected to their own processes.

Based on interviews carried out with the Sales, Logistics and Finance team (in particular Receivables, Treasury, Collection and Credit management) of Company X, the steps in the Order to Cash process was drafted as follows:

- Sales Negotiations and Contract
- Credit Analysis and rating, Limit Approval
- Master data Maintenance and Customer Relations management
- Order requisition
- Confirmation of order
- Delivery and shipment (Intercompany: Replenishment/ Repair)
- Invoicing
- Dunning and Interest Invoicing

- Payment Allocation
- Reporting

It is inevitable that the employees who are responsible for their individual tasks in the process would be able to give a good account of the processes. The compiler of the Order to Cash process is the one who will document each employees account of the process and map it all together making it visually clear for all employees to understand. (Jacka & Keller 2002, 3)

3.2 Fundamental aspects of a Business Process

A Process is “a repeatable demonstration of the process outcome(s), in terms of its set of logically related and validated discrete elements (tasks, actions, or steps) established in order to describe and define the process purpose and outcome(s). It is the “recipe” of the process outcome(s). It is a description of the logically related and validated discrete elements (tasks, actions, or steps) that were established in order to describe and define the process purpose and outcome(s), as applied to a specific situation to facilitate the collection of meaningful (standardized) data.” (van Aartsengel & Kurtoglu 2013, 26)

In a business process there are several aspects of a process that must be investigated so that it becomes more specific to the line of business under investigation. There are 10 fundamental aspects that have been listed by the author (Barnáková et al 2014, 60-62) that help of give a clearer description of the business:

- Aim and purpose

Why is the process executed?

- Objects

What objects are used, modified, and produced?

- Technology

What technology enables the process to be executed?

- Medium

What media are used to interact with the process?

- Process flow

Which processes come first and which follow?

- Organizational units

Which organizational units are responsible for executing the process?

- Roles

Which roles are needed to execute the process?

- Process owner

Who has main responsibility for the process?

- KPIs (key performance indicators)

How are the process and its results measured?

- Business rules

What business rules apply?

It is with these 10 aspects that I have used to formulate for the Order to Cash process could be improved in Company X.

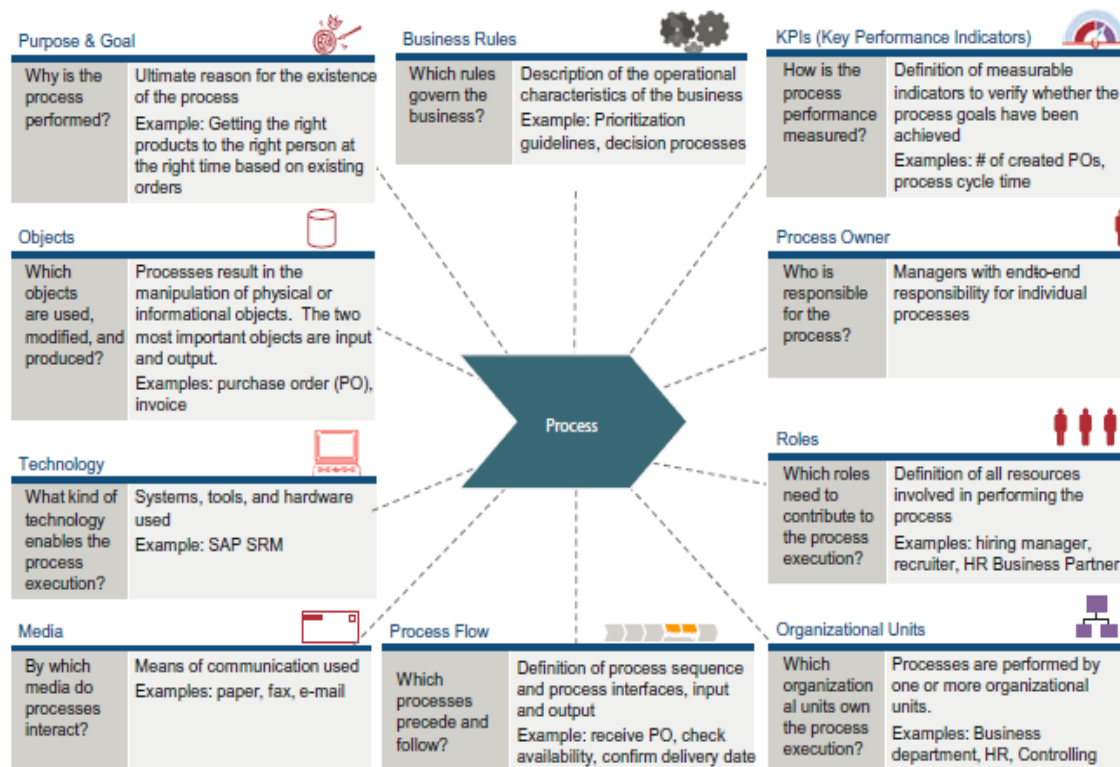


Figure 1 Aspects of business process description (Barnáková et al 2014, 61)

3.2.1 Benefits of the Order To Cash Process

The Order to Cash cycle consists of many sub-processes, some of which occur simultaneously which saves time. For example, in Company X, the conditions of the contract and credit limit is based on their credit rating which is assessed by the Treasury department. While the discussion on the terms of the contract are taking place, the credit analysis of the customer is being performed at the same time.

When the credit limit is approved and the customer has placed an order and received the goods, future orders can be placed on block if the customer has delayed in payment. This is an example of one of the triggers that help in the prevention of losses. If there was no process, then the customer would be able to continue ordering without the company's awareness that payment has not yet been received.

3.2.2 The starting point and action plan of how to design a process

As mentioned in the introduction of this thesis, the main purpose of the project undertaken at Company X is to redefine the process and map it out. To assist in this step, I have adopted the use of the Six Phases of BPI (Business Process Improvement), (Harvard Business Review Press 2010, 16-17).

The Harvard Review Press states having a plan as the first phase. In Company X's case, the plan was to concentrate on the Order to Cash process, redefining and mapping out the process.

The next phase described was the analytical phase. In this phase there were certain anomalies that were experienced in Company X that needed further investigations to be made.

Lack of adequate communication between departments was also one of the aspects that needed to be improved. Some departments were not made aware of some changes that may have been implemented in other departments that may have an impact on their process. For example, it was suggested that it would be beneficial if during the dunning procedure, they were given copies of the reminder letters, as it would save the time on investigating why the customer's account has been placed on block.

Redesigning the process is stated by The Harvard Review Press, as the third phase in business process improvement. It was discussed with my supervisor that the current process was not so clear, though the employees generally have knowledge of what a Logistics, Sales and Finance department do, there was need to create better understanding of the roles and responsibilities in the Order to Cash process and pin point what loop holes were not discovered in the process.

In the fourth phase of acquiring resources a panel of people were selected from each relevant departmental process. I was selected as a temporary project coordinator of this project, but in my report at the end of this project, I suggested that a permanent project manager would

need to be appointed in order lead the project, ensuring that the deadlines are reached on time. (Harvard Business Review Press 2010, 24-25).

The other members crucial to the panel of the order to cash process would be the process owners. The process owners should be well knowledgeable of the process as well as any changes that need to be made to their individual processes. The process owners should be flexible to change.

The employees who work directly with the process are the process users. Within this selection of employees, it is best to select process users from different scopes and not just selecting the users who perform the tasks well. This is because it would be more likely to find out the problem when an underperforming task is actually investigated.

In a positive way, it is good to have employees in the organization who are going to criticize and challenge the process more. The more there is a debate, the more questions and ideas will flow. This could be innovative towards the Order to Cash process.

It is advised by Harvard Business Review Press 2010, 25 that there is a need for a facilitator especially when the Business Process Improvement project is of an extensive nature. The project manager would most likely be the facilitator as they will have the capabilities to run meetings.

The last essential responsibility that should be included in the team is a technology expert. In Company X, this would be the key users in the departments, the employee responsible for the master data and the IT specialist.

Due to the Company X preparing for their year-end as well as the Christmas holidays approaching, the formation of the panel will take place in the early months 2016.

3.3 The Collection of data for the process

Appendix 1 shows a questionnaire that I had created and sent out via a Webropol online link. This questionnaire was sent out to all departments involved in the order to cash process on the 30th of October 2015.

Data is gathered so that the process map is created based on facts rather than what the composer of the process thinks that it should be. It also helps keep information to the point as

specific questions are asked in relation to the process. Reviewing the data collected is also handy as there is physical evidence to refer back to. (Jacka & Keller 2002, 46,47)

3.4 Further Collection of Information: Interviews

In comparison to the other departments in the process, all of the logistics coordinators were sent a copy of the questionnaire to fill in. This is due to the logistics team being more elaborate in terms of their subprocess in relation to the Order to Cash process as a whole.

It is suggested in (Jacka & Keller 2002, 48) that the interview process should go hand in hand with stating to actually map out the process. This was the next step that I took in relation to mapping out the process.

I started the interviews with the logistics department as they appeared to carry the bulk of the subprocess in comparison to other departments in the Order to Cash process.

3.4.1 Considerations to make when Conducting Interviews

There are preparations that need to be made before conducting the interviews. Firstly, it should be communicated to the employees that you wish to interview that they should be aware that the mapping out of the Order to Cash process is taking place and that their assistance in this will be needed. (Jacka & Keller 2009, 4) This was communicated to all the employees involved by my supervisor at the beginning of the project.

Jacka and Keller 2009, 4 also states that enough time must be set to conduct the interviews according to what the employees' responsibilities are. An hour long group interview was set up for the logistics team and that was sufficient.

It is also suggested by Jacka & Keller 2009, 4 that there should be an appropriate setting to conduct the interviews such as an office or meeting room. This is to ensure that there are no other disturbances and communication can be effective.

Interview questions must be prepared beforehand so that the right questions are asked and that no questions may be left out. Question preparation will also assist in completing the interview within the set time. (Jacka & Keller 2009, 4)

3.5 Interviewing the Logistics Team.

Though each process in the Order to Cash cycle is just as important and dependent as the one before, the logistics process was found to be the more complex one where there was more investigation and clarification needed on their sub processes due to the different roles and responsibilities.

An interview was conducted with the Logistics and Customer Services team on 27 November 2015 as a follow up from a questionnaire that I had created and sent out via a Webropol online link. Appendix 1 of pages 32 to 33 of this thesis, shows the list of questions that were asked and sent to all the departments involved in the order to cash process.

Appendix 2 states the list of questions that were asked during the interview with the logistics team following the questionnaire.

3.6 Further Interviews

A senior manager was unable to attend the interview meeting with the rest of the team, a separate interview was arranged.

Appendix 3 lists the questions that were asked.

The interviewee mentioned that improvements need to be made on Customer Relations Management as the data on the system was not up-to-date or was missing. The interviewee felt that generally the process is working well as well as the performance of the team. However, the interviewee stated that there were no readily available process maps for their department.

4 The Logistics Process in Company X.

Once the interviews have been completed and all the questionnaires are in, it is then possible to begin mapping the process. (Harvard Business Review Press states 2010, 28).

Following the interview, the Logistics process was stated as follows as follows:

1. Sales negotiations and contract (CRM) is the initial stage of the process
2. A sales forecast is sent to the Logistics team

3. Orders are received via fax or email, or integrated onto the database. (Intercompany has no orders)
4. Credit analysis and credit rating of the customers
5. Credit limit approval
6. Order is confirmed (manually/automatically)
7. Delivery and shipment (Intercompany: Replenishment/Repairs)
8. Invoicing

It was discovered that some sub processes in the logistics process occurred simultaneously as other sub processes. An example of this would be steps 1, 4 and 5 of the logistics process, though these are listed in the order that they are, while sales negotiations are taking place, the customer is undergoing credit analysis, rating and approval at the same time.

The general feedback from the Logistics team is that their process works well and everyone in their team is aware of what tasks they need to perform.

They did however mention that regular direct communication between other departments that are involved in the Order to Cash process was needed. The Customer Relations Management database needed to be improved and updated by the Sales team, especially concerning insufficient customer data on the database.

There are also occasional delays in delivery causing delays in invoicing.

Sales forecasting may be inaccurate and not updated which may lead to being unable to accept the customer order, if the customer perhaps orders more quantities than usual. Therefore, leading to customer dissatisfaction.

Credit limit extension applications may take a long time. So the orders are then placed on block.

5 Process Mapping Research

A process map is a visual way of seeing and analysing a business process such as the order to cash cycle. Once it is completed the process map will show areas of the process that are in need of improvement and which of those processes actually work well. Information collected of the different sub processes are then arranged on a large piece of paper, in order of which

these processes occur using “Post-it” notes or slips of paper. This makes it easier for the observer to see the process as a whole. (Process Mapping Definition 2016)

It is normally difficult to visually see or understand how a business is performing and how to increase the efficiency of a business. Mapping out the process makes it simpler to pinpoint where wastages are occurring. It may further bring about a change to the current process or involve the creation of a new process altogether. (Heidi Wiesenfelder, Guide to Process Mapping 2016)

In order for process mapping to be effective the best action plan must be implemented and analysed in the best way. (Shu-wing-Pang. 4 Common Process Mapping Mistakes (And How to Avoid Them).2011)

As a student with no prior in depth knowledge of business processes or mapping methods, I looked for advice from someone with extensive experience in process mapping. I managed to arrange a telephone interview on 16 February 2016, with business process expert, **Joe Paradiso** who is a Senior Business Process Consultant and founder of **Process Mapping Associates Inc.**

The first question I had asked was his definition of process mapping. His response was that “a process map is a tool to visually illustrate how the work flows. However, it can be used as a communication tool, a business planning tool and a tool to help manage the organization.”

He went on to further explain that the main purpose of process mapping is to provide a method for businesses and organizations to better understanding how they operate.

In his experience he explained that process mapping involves the gathering and organizing of facts about the work and displaying them in a visual format.

“Creating a process map may seem simple however it involves art, science and craftsmanship. The latter can only be gained through experience,” Joe stated.

Joe stated that there was no standard method on how to construct a process map. He however, explained an approach that I could consider in order to assist me with regards to process mapping. He stated that there are three construction phases.

The first one is the pre-construction phase. He advised that I should start by getting an understanding of what I am mapping and the level of detail required, decide what to call the pro-

cess map, determine who's involved, and define how it starts and ends. He further explained that getting this information would help me to scope the process mapping assignment properly and place a frame around the process that I want to map. "The last thing you want to do is to get off to a bad start", Joe concluded in response to the question on the steps to process mapping.

The construction phase was stated as the second phase according to Joe. This is where most of the work occurs. At the end of this phase a process map should have been constructed but Joe explained that it is only a draft map and not in a final state at this point.

The last phase Joe stated was the post-construction phase. He advised that once I have a good draft process map constructed, I should have it validated and signed-off by management before declaring it final and proceeding to use the map.

Joe talked about considerations that need to be made before mapping out a process. Firstly, he stated that I should ensure that I understand what process(s) is in scope. Secondly I should identify who the Subject Matter Experts (SMEs) are as they will explain the process. The ideal SMEs should be the people who execute the process as they know the problems and potential solutions. Thirdly I should identify what is the first and last step of the process as this will help ensure that I stay in scope. Next I should organize a process mapping session with the SMEs as this is more efficient than individual interviews. Lastly I should ensure the SME's Manager provides permission for me to spend time with each SME.

The next question I asked Joe was for any advice on making questionnaires and conducting interviews. His response was that a questionnaire can be used to obtain information about the process to map, however it's not as effective as facilitating a meeting with the SMEs. He further went on to mention that the effectiveness of the questionnaire could be improved if the question simple and the SME responding is truthful. The questions need to be listed in a way that an understanding of the key activity steps, decisions and other details you want to obtain is documented in the order in which the work flows.

Joe further explained that interviews may be more effective than a questionnaire as there will be more time reserved with a SME versus waiting for them to respond to the questionnaire.

Cross-functional process mapping is a common methodology used in many businesses today. Joe suggested that this type of process map would best suit the order to cash process that I was trying to map. He further explained that cross-functional process maps are intuitive, the format is simple and they require little or no training to understand by those who need to re-

view it. This type of mapping should show who is responsible for a sub-process, what the sub-process is, where and when the sub-process is performed and what the inputs and outputs are of the process.

Joe's final advice on process mapping was that in order to become good at process mapping plenty of practice is required. His suggestion was that I could start by mapping the process to make a regular cup of coffee then map a coffee process with more steps. Figure 3 shows my attempt of mapping out the process of making a cup of coffee as a simplified version. Figure 4 shows a more complex process of making a cup of coffee. The more complex process can still be elaborated from this as a sub process such as purchasing the coffee from the store or a more extended variety of milk or brand of sugar may be added on.



Figure 2 Simple process of making a cup of coffee

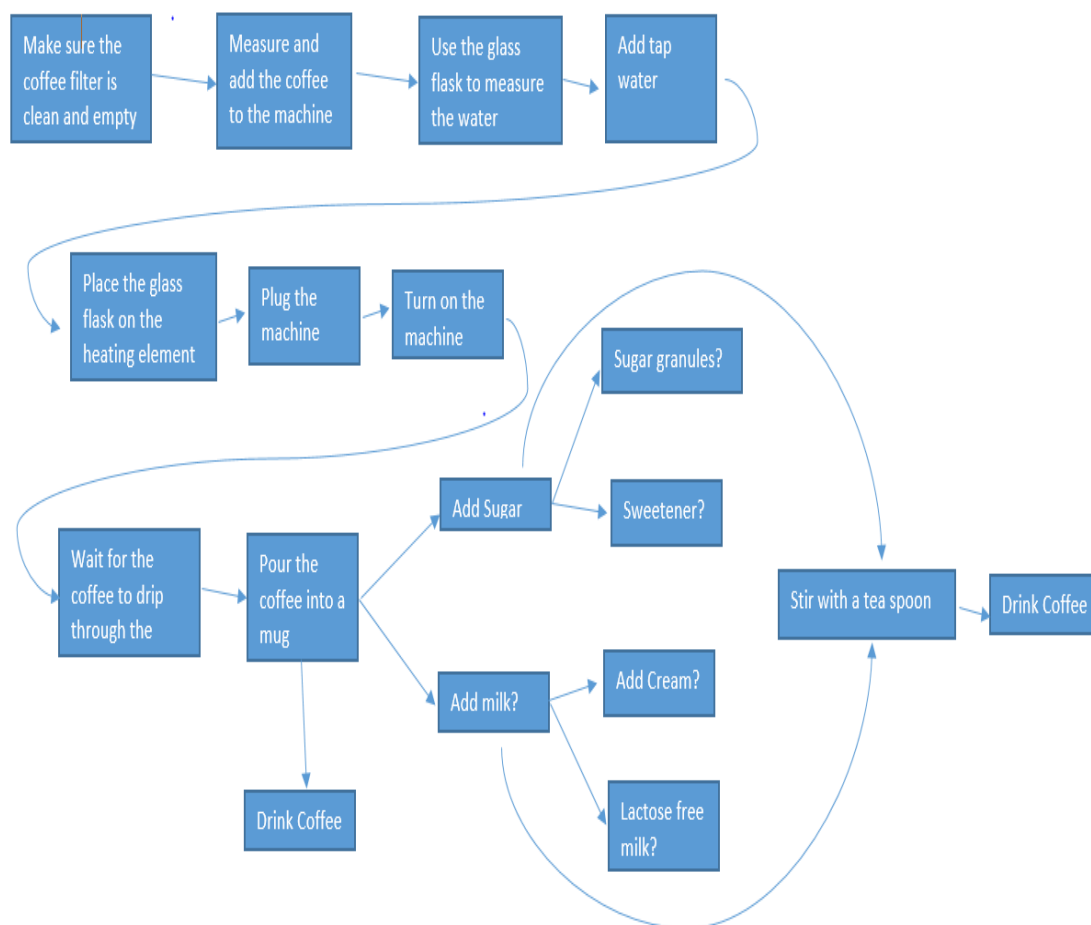


Figure 3 Complex process of making a cup of coffee

6 Mapping the Order to Cash Process in Company X

Based from the questionnaires from the departments other than the Logistics department, it was found that there was no need to have individual interviews at this stage. Instead, a panel would be created consisting of a process representative from each department.

The main theme that ran across the responses from the other departments was that internal communication needed to be improved, the Customer Relationship Management needed to be better managed and that greater visibility was needed with other departments involved in the order to cash process.

6.1 Selecting The Best Type of Process Map.

There are two main flow charts that one can use in aid of drawing the actual process map.

A flow chart generally shows the flow of the activities in a process using specific symbols to show precise information. The flow chart usually flows from the top to bottom vertically or from the left to the right horizontally or both. There are many different flow charts that can be used depending on how much into detail you would like to see on the map. But there are two main types which are the flowchart or outline process maps and the deployment charts. (CPS Activity Based Costing Team,2012, 4)

The flowchart or outline process map shows what the major processes are that are important to the total process; in this case the order to cash process. The outline process map helps the departments involved in the process focus on the whole process instead of being overwhelmed with too many subprocesses that may make the whole process map hard to understand. (CPS Activity Based Costing Team,2012, 4)

Deployment charts show more detail on the roles and responsibilities of the different processes. It shows how different subprocesses in different departments are linked together and it helps to monitor what other task owners in the general process are doing. (CPS Activity Based Costing Team,2012, 5)

In the case of Company X, we decided to draft out a process map known as a cross functional swim lane flowchart. This type flow chart falls under the deployment chart. Once this cross functional map has been mapped out and agreed with the process panel team, then a more detailed process map will be created, or several other smaller detailed ones for each of the departments involved in the order to cash process.

6.2 The Cross Functional Flowchart Process Map for Company X

It is easier to see who does what tasks and which functional department they belong to using a cross functional chart. Another name for a cross functional chart is a swim lane flow chart because the flow chart is marked with horizontal or vertical lines which indicate which functional department or person a subprocess is responsible for. (Biafore 2007,324)

Andersen, et al, 2008, 68, lists some points on a checklist that should be considered for constructing a cross functional flow chart. Firstly, the boundaries of the business process must be

defined which are to be mapped. In this thesis, the focus is on mapping the order to cash process in Company X.

Secondly, the main activities in the process must be identified. The last process map that was created as stated under Section 2 (Background) of this thesis, was used as a template for identifying the main activities in the process.

Thirdly, Andersen, et al, lists that the process owners must be identified as well as their roles and responsibilities. This information had been collected from the questionnaire that I sent out to all the process owners involved in the order to cash process in Company X. Interviews were also conducted for further clarification on the responsibilities of each member in their sub process.

The construction of “swim lanes” which should correspond to each department involved in the process is listed as the fourth checkpoint on the list. This point, together with points five and six, which are listed as placing the activities in the right sequence and considering any vague areas of responsibility in the process, respectively, was done at the same time as the last steps to creating the cross functional flow chart as shown in Figure 5 on page 25 of this thesis.

Figure 5 shows seven “swim lanes” or functional areas in the order to cash process of Company X. Backed with the data I had collected from the questionnaires and interviews, I formed this drafted version of what the order to cash process is for Company X. I presented my research to Company X towards the end of February 2016 as my internship with them was coming to an end.

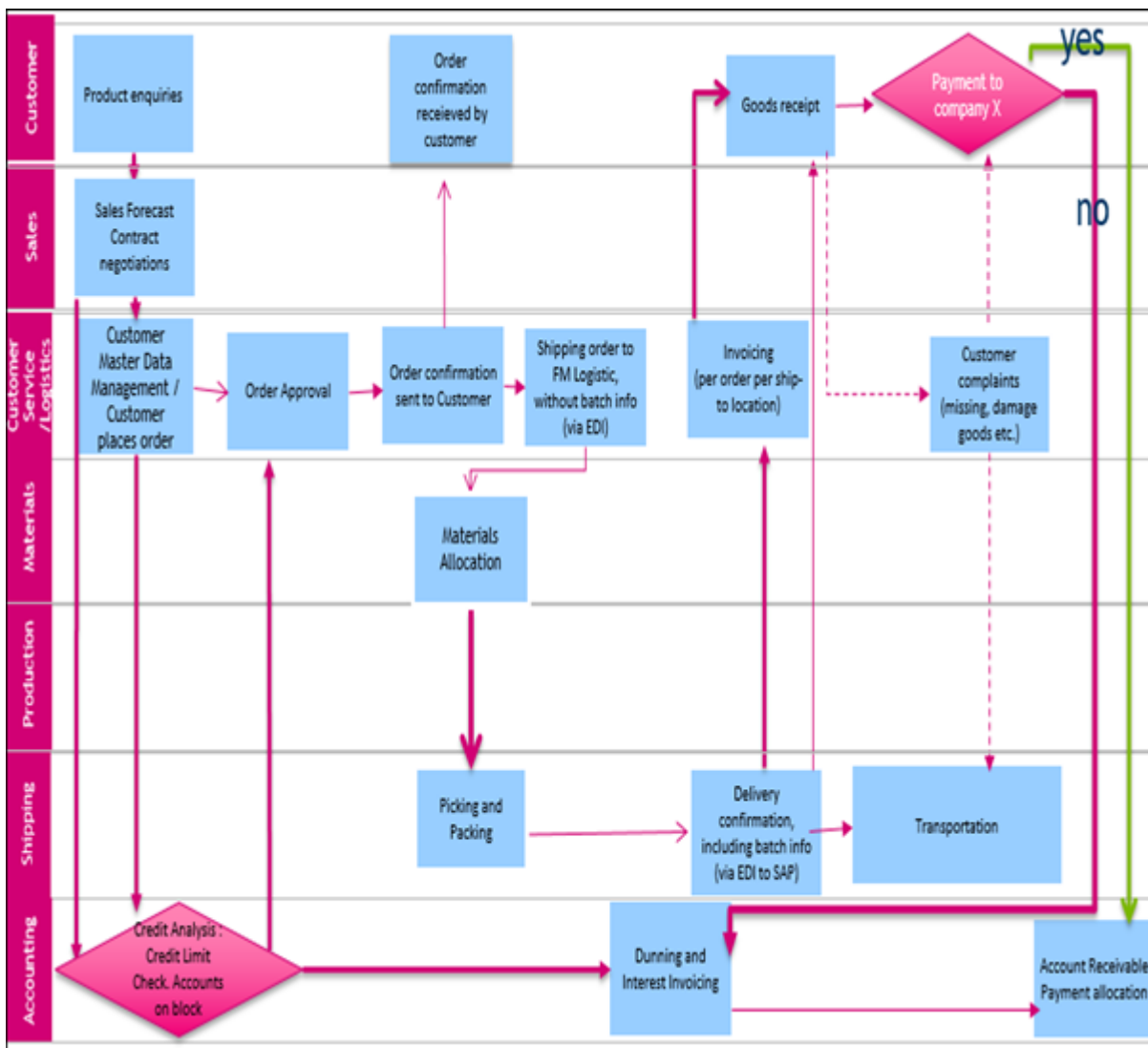


Figure 4 Draft of the Order to Cash Process Map in Company X

7 Discussion

Business processes are set in place in order to perform tasks in a more efficient manner, therefore saving money for the company. Business process management assists in the creation of better and new processes, by having clearly defined roles and responsibilities. Business process management creates a sense of control by consolidating parallel processes to core processes. (Martin & Osterling, 2013, 12).

In order for business process management to be successful, everyone in the organization must be involved. This means that the roles and responsibilities within the organization must be

clearly defined. In the order to cash process project for Company X, there were still several grey areas where the roles and responsibilities were not clearly defined, for example, in the accounts receivable department. This would subsequently be defined through further interviews by the order to cash panel.

To change effectively, goals must be set and the knowledge of the current process is important. Goal setting and knowledge of the current process helps to answer the question of how is the organization currently operating and what they need to change in the process in order to reach their goals.

Improvement in the business process is also visualized when the management of the process is done continuously. It is not enough to redefine and map out a new process which may work perfectly for a certain time period, but also continuously redefine the process, even if the process seems to be working well as there is always room for continuous improvement.

It is important to have a process manager in place with the knowledge and experience on how to interview process owners, as they may feel like the interviews may be a personal criticism on their individual performances. The process manager has to be able to communicate effectively and inform the process owners the purpose of the investigations. The process manager must be able to manage the human side of business change otherwise this may be the main reason that the project and initiatives will fail. The process manager must be able to make other managers understand the purpose of the process improvement as most managers may be concerned with tactical, operational issues and have not had the time to consider organisational changes.

One area of the order to cash project I thought would be of significance to Company X, was to interview a variety of customers that Company X has. This is one of the best ways of finding out from the customer how satisfied they are with the service and products. It is the customer who would be able to inform us of any difficulties they may be facing such as incorrect deliveries, damaged goods, delayed shipment or incorrect invoicing. Company X would then be able to trace up through the process what went wrong and the frequency of these occurrences.

In conclusion, through my observations and research on this thesis, Company X should improve the accuracy of information on their master data, ensuring that all the customer contact details are up to date and that price lists are up to date.

The contractual terms between Company X and the customer should be followed and any special terms should be communicated to other affecting departments. For example, any temporary changes in the terms of a particular order should be communicated to the credit collections department so they may take a note of this during their dunning procedures.

The continuation of building stronger customer relationships has benefitted Company X in that they regularly review their finance, and logistic teams to creating improvements in the order to cash cycle. This however must be more encouraged with their expanding customer base.

With better internal communication, regular meetings and continuous scrutiny on the processes, Company X will have a more effective order to cash management tool in place which will result in a good base to build customer relationships as well as continually improving the organisations efficiency. This would also contribute to the general appreciation of the employees as they will be less out of the dark.

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Personal Communication

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Appendix 1 Questionnaire: Order to Cash Process in Company X

QUESTIONNAIRE**ORDER TO CASH PROCESS IN COMPANY X****SURNAME:****FIRST NAME:****TITLE:****DEPARTMENT:****BACKGROUND INFORMATION****ORDER TO CASH MAIN PROCESS:**

1. Departments main responsibilities in relation to the OTC process:

2. Are there any process maps and roles and responsibilities already available? If so, please attach the process map.

EMPLOYEE NAME	JOB TITLE	MAIN RESPONSIBILITIES

3. Do you have one departmental standard process? If not, why?
4. What kinds of different processes are there in your department?
5. Do you have any KPI's in place to measure the process?

DEVELOPMENT ISSUES

6. Do you think that the roles and responsibilities are clearly defined within the OTC process?
7. Are there any roles which are not anyone's responsibility? If yes, please state what those are.
8. What would make the process to function better?
9. Are there any areas of communication between departments that you feel need improvement? If yes, how could it be improved?
10. What quality checks do you have in place to make sure that the tasks are done in the correct way?
11. Do you know what is done in other OTC processes?
12. What would you like to learn on other processes which would help you perform your tasks better?

Appendix 2 Logistics Department Interview Questions

1. What is the starting point in the logistics process in Sectors A, B, C, D, E?
2. Is there more than one way the process could start?
3. Who is responsible for uploading the Sales Forecasts onto SAP?
4. How does the process get from point A to point B?
5. Are all changes documented? How many changes are done each month?
6. What are the normal end states and what are the exceptions?
7. Are there rules that govern the process, states, and completion status?
8. What parts of the process do you seek to eliminate, and why?
9. Where do you spend most of your time, and why?
10. Where in the process do you repeat work? How often, and why?
11. What does your manager think happens in the process? What really happens?
12. How does management assess the process and how it is performing?
13. When pressed for time, what steps in the process do you skip or work around?
14. What is your role?
15. What are your assigned duties?
16. What are the tasks required for you to perform your duties according to your role?
17. List each task - Estimate of hours per week, Estimate of total hours per each term?
18. How often do you perform each task? (daily, weekly, each term, annually)
19. How many people in your office or area are involved in this process?

20. Total number of people performing same tasks - total time it takes to complete the tasks for each term
- a) Who are they?
 - b) What are their roles?
21. What is the Service Level Agreement for the process? Is it formal or unwritten?
22. What pains does the process cause? What do people want or desire from the process?
23. What are the Key Performance Indicators?
24. How are these measures used by management? Staff meetings? 1:1s? Communicated to the team?

Appendix 3 Interview Questions with the Head of Logistics in Company X

1. What would you say in the process a step that works well or does not work well in the Logistics process?
2. Where do you think that improvements need to be made within the process?
3. How do you assess the performance from the team and how it is performing?
4. Do you have any process maps already set in place?

Appendix 4 Interview questions to Joe Paradiso, Senior Business Process Consultant and founder of Process Mapping Associates Inc.

1. What is Process Mapping as per your definition?
2. What are the steps to process mapping?
3. Considerations to make before mapping out a process?
4. What is the best way to carry out questionnaires and interviews?
5. What is the best criteria to selecting the most suitable process map for your organization?
6. Is there any other advice you can provide me with regards to process mapping?