

Process Documentation

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This document provides a textual description of a number of processes and their implementation in the old information system. This information is meant to provide an understanding of how the old information system worked and has been used by its users.

Process models of these processes are stored in the 'models' folder. Log files of earlier process executions of some processes are available in the 'logs' folder.

This document also lists a number of requests from the process owner regarding the new information system.

The information provided here may be incomplete and require consultation of the process models, the logs, or also discussion with the stakeholders (your tutors).

Basic Terminology

The following processes use some terminology that is explained next.

Document – is created and updated throughout the execution of a process, it has a state, a number of attributes, and has a number of *document lines*. Examples: orders, quotes, invoices

Document Line – is an entry on a document; a line has a number of attributes by itself. Each line is owned by exactly one document, a document can have multiple lines. Examples: an order over multiple different products has one order line per ordered product. Each order line provides details for one product (name, quantity, price, etc.)

Procurement Management

Procurement Management deals with all the activities related to the purchase of goods from external suppliers.

Procure to Pay Business Flow

Procure to Pay workflow manages the life-cycle of a procurement process.

Due to its complexity and different roles involved it is convenient to split Procure to Pay down into two main sub-processes:

1. **Requisition to Receipt** process starts by the creation and management of purchase requisitions and corresponding purchase orders to the moment the warehouse staff receives the merchandise.
2. **Supplier Invoice to Payment** continues previous sub-process by registering the supplier invoices and closes it by paying supplier invoices.

Configuration

The following setup needs to be done before performing the process:

- Products.
- Business Partners (Vendors & Suppliers).
- Price configuration

Products need to be configured prior any purchase requisition is issued.

Each product that is being purchased needs to have a price in the purchase price list in order to be selectable in any transactional document like a purchase order or a purchase invoice. Business Partners need to be configured prior any purchase requisition can automatically turn into a purchase order.

Execution

In Procurement Management the Procure to Pay business process is executed as follows:

Any member of the organization allowed to do so can directly issue a Requisition as a result of an organization or business unit need.

- The requestor creates a new document in the Requisition window, enters a "Need by date" and then looks for the product or service needed.
If the product does not exist it can be entered at that time.
- The requestor continues by adding for each product needed a new line with the need by date, the product, the quantity, the price if known and if needed its attribute (size

and/or color, etc).

A preferred supplier can also be added if known.

- Once done, the requisition is saved in "Draft" status allowing it could be changed later on by the purchase staff if needed.

Requisitions notify the purchase staff of products to order, their quantity and the time frame for its delivery. Purchase staff is then in charge of managing already created purchase requisitions or even create new ones if required.

- Purchase staff manages requisitions in the Manage Requisitions window.
- Purchase staff can change any data of the requisitions created in draft status, and besides can look for the supplier to be used in the **Business Partner** field. If the Business Partner does not exist, it can be entered at that.
- Purchase staff can also enter the purchase net unit price, once known.
- Once the requisition is ready, it is completed. The **Document Status** of the requisition changes to *Completed* and can then turn into a purchase order.

Purchase staff:

- can massively create Purchase Order/s for the *Completed* Requisitions in the Requisition to Order window by searching and then adding requisition lines that are not linked to an order yet. The purchase order/s created that way are shown in the Purchase Order window in *Booked* status.

Warehouse staff:

- Receives the merchandise as well as the delivery notes attached in 2 ways:
 - With the Goods Receipt window, Warehouse staff looks for the orders pending to be delivered one by one and gets corresponding order lines quantity located in a warehouse and storage bin.
- Completed receipts updates stock information (product levels go up) and can be posted to create the accounting entries of the receipt.
 - If a "**Goods Receipt**" is completed and therefore **booked**, the **quantity on hand of the item/s received is increased** by the quantity received.
 - If a "**Completed**" **Goods Receipt is voided** because the goods have been returned to the supplier for whatever kind of reason, **the quantity on hand of the items/s returned is decreased** by the quantity of the goods returned.

Finance staff can register supplier invoices in different ways:

- With the Goods Receipt window, Finance staff can generate an invoice from a Receipt in status *Complete*, the invoice
- With the Purchase Invoice window, Finance staff can:
 - enter supplier invoices in a manual way
 - or manage existing invoices by adding/removing receipts lines pending to be invoiced to an existing invoice.

- Once a Purchase Invoice is *Processed* a **Payment Plan** of the invoice is created based on the payment terms agreed with the supplier and the purchase invoice can be *posted* to create the accounting entries of the invoice.
- The company recognizes the expense as soon as the purchase is made.

Finally, the finance staff is in charge of making and managing the supplier payments:

- Supplier payments can be made in the Purchase Invoice window by using the **Add Payment** button.

Return to Supplier Business Flow

This workflow manages the return of purchased goods back to the supplier. Due to the consequences of returning it is convenient to split Supplier Returns down into two main sub-processes:

1. **Supplier Return to Debit:** This process manages the return of goods back to the vendor and the request of a debit.
2. **Supplier Return to Replacement:** This process manages the return of goods back to the vendor and the request of a goods replacement.

Configuration

Nothing special needs to be configured before performing the process but the window Return reasons

Execution

In Procurement Management the Return to Vendor business process is executed as follows.

Procurement staff:

- Creates a new document in the Return to Vendor window and looks for the vendor name in the **Business Partner** field.
- And continues by adding lines clicking the button **Pick/Edit lines**
 - It is possible to pick goods receipt lines and edit the quantity you want to return, price
- Once the Return Material document is accepted by the Vendor you can process it clicking the button **Book**. The status of the document changes from *Draft* to *Booked*
- Only Booked documents can be shipped to the vendor

Warehouse staff:

- Creates a new document in the Return to Vendor Shipment window and looks for the vendor name in the **Business Partner** field.
- And continues by adding lines clicking the button **Pick/Edit lines**
 - Return to Vendor lines are picked
 - It is possible to edit the quantity to be shipped

- Once the document is ready process it by clicking the button **Complete**. The status of the document changes from *Draft* to *Completed*
- Completed shipment updates stock information (product levels go down)

Sales Management

Sales Management deals with all activities related to the customer sales process and corresponding reporting.

Order to Cash Business Flow

Order to Cash workflow manages the life-cycle of a sales process. Due to its complexity and different roles involved it is convenient to split Order to Cash down into two main sub-processes:

1. **Order to Shipment** process starts when a customer requests a quotation or orders goods to the moment the warehouse staff ships the merchandise.

2. **Customer Invoice to Cash** continues previous sub-process by invoicing customer's deliveries and closes it by receiving payments from buyers.

Configuration

The following setup needs to be done before performing the process:

- Sales Products.
- Prices configuration.
- Business Partners (Customers).
- Sales Quotation document type configuration.

Sales products need to be configured prior any sale in the application.

Each product that is being sold needs to have a price in the sales price list in order to be selectable in any transactional document like a sales order or a sales invoice.

Business Partners (customers) need to be configured prior any sales can automatically turns into a sales quotation or sales order.

Execution

In **Sales Management** the **Order to Cash** business process is executed as follows.

Customer can ask directly for a Sales Order or request a Quotation. If the Business Partner asks for a Quotation Sales staff:

- Creates new document and looks up the customer name in the **Business Partner** field. If the Business Partner doesn't exist, it is entered in the application.
- Then Sales staff fills the Sales Quotation window. The transaction document is set to "Quotation" by default. And continues by adding for each product a line with the product, quantity and if needed its attribute (size and/or color and/or serial number, etc.).

- Once the quotation is ready, it is booked. The **Document Status** of the quotation changes to *Under Evaluation*. The Quotation can be printed and sent to the Business Partner by fax, mail or email.
- When the Quotation is accepted by the Business Partner a sales order can be created based on this quotation. When this is done the status of the quotation changes to *"Closed - Order created"* and the Sales Order can be printed and sent to the Business Partner by fax, mail or email as a confirmation.

If the Business Partner places an order directly Sales staff:

- Creates the Order with the same Sales Order window. Lines are filled as in the case of the Quotation. Once the Sales Order is ready, it is processed pressing on the **Book** button.
- When the Sales Order is processed, it reserves the material for its shipment.

Warehouse staff:

- Looks for orders pending for preparation in the Create Shipments from Orders window.
- The Warehouse staff can create a completed shipment for the selected Sales Orders.
- Completed shipment updates stock information (product levels go down) and can be posted to create the accounting entries of the shipment.

Finance staff generates and processes invoices as follows:

- With the Create Invoices from Orders window. It shows Orders pending to be invoiced and creates invoices for the selected Sales Orders.
- Processed Sales Invoice creates the Payment Plan of the invoice (method of payment) and can be posted to create the accounting entries of the invoice for bank drafts. Afterwards, the payment plan can be modified.
- The company recognizes revenues as soon as an invoice is completed.

Finally, the finance staff is in charge of recording and managing the customer payments:

- When a payment is received against an invoice it can be recorded in the Sales Invoice window by using the **Add Payment** button.

Customer Returns Business Flow

Customer Returns workflow manages the business processes for returning items back from customers **for replacement**.

Configuration

The following configuration options are available in this process:

- Return reasons
- Condition of the goods

Execution

In Sales Management the Customer Returns business process is executed as follows.

Customer can request a return material for whatever reason.

Sales staff:

- Creates a new document in the Return from Customer window and looks for the customer name in the **Business Partner** field.
- And continues by adding lines:
 - Picks Goods shipment lines and edits the quantity the customer wants to return, price and return reasons.
- Once the Return Material document is accepted processes it by clicking the button **Book**. The status of the document changes from *Draft* to *Booked*

Warehouse staff:

- Creates a new document in the Return Material Receipt window and looks for the vendor name in the **Business Partner** field.
- And continues by adding lines:
 - Picks lines created in the **Return from Customer** window.
 - If needed edits the quantity received and its location (storage bin).
- Once the document is ready processes it by clicking the button **Complete**. The status of the document changes from *Draft* to *Completed*
- Completed receipt updates stock information (product levels go up).

Requests for Improvement and Changes

The following changes to the processes shall be considered in the new system.
New/additional functionality shall only be considered once the functionality of the old system has been established in the new system.

Procure To Pay Business Flow

Purchase staff should be able

- to also directly create Purchase Orders in the Purchase Order window. Purchase lines are filled as in the case of the Requisition. Once the Purchase Order is ready, it is processed pressing on the **Book** button.

Customer Invoice to Cash

Finance staff can generate invoices in different ways:

- Generate invoices in bulk for all pending to be invoiced (based on their invoicing rules) Sales Orders.
- Finance staff creates the invoice in a manual way.

Generally, handling of payments shall be simplified to the relevant payment methods used in the past.

Return to Supplier Business Flow

To reduce costs, products will only be ordered at suppliers that do not require invoices upon replacement.

Customer Returns Business Flow

Items returned for replacement shall no longer be invoiced.