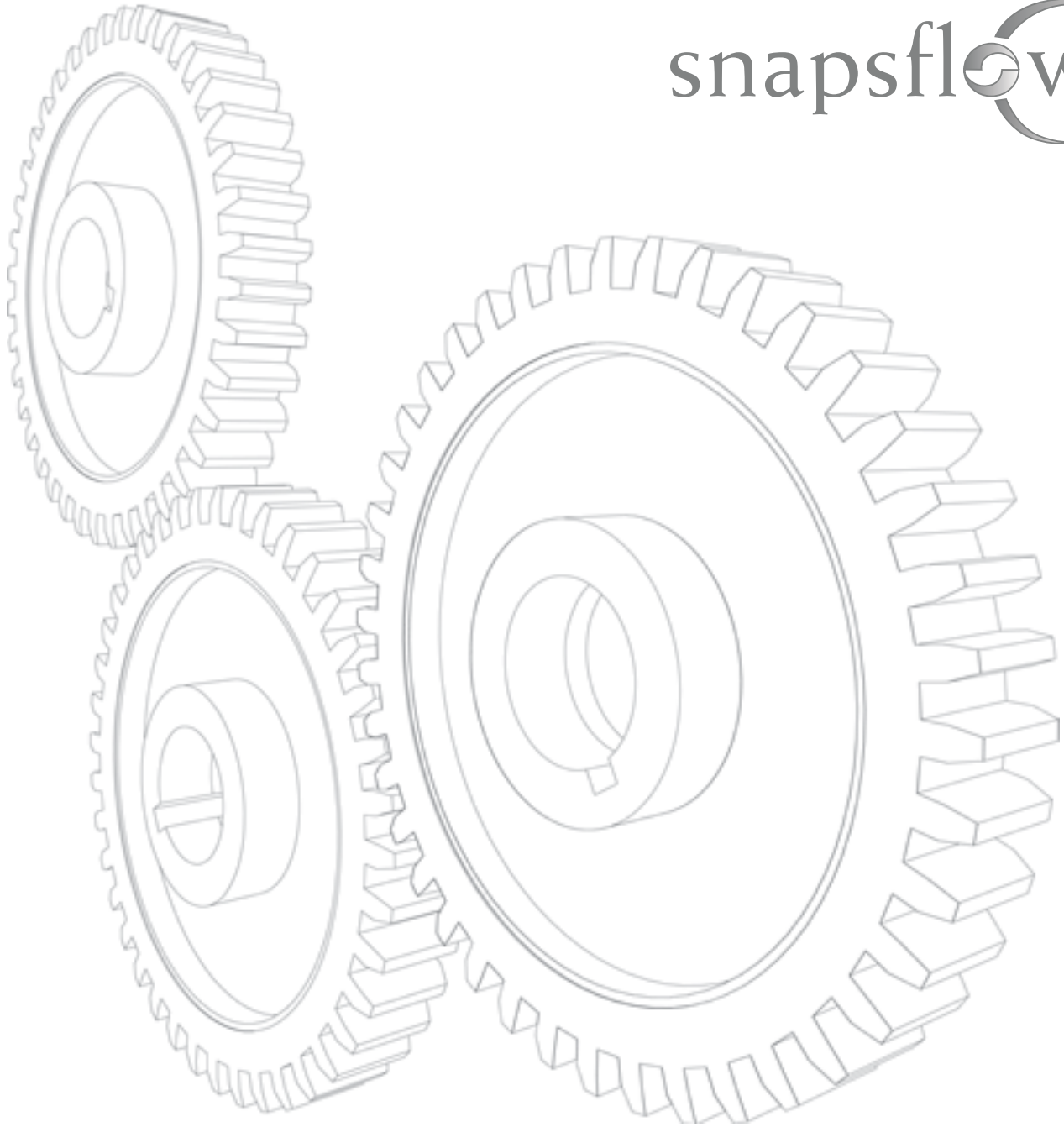


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Business Services

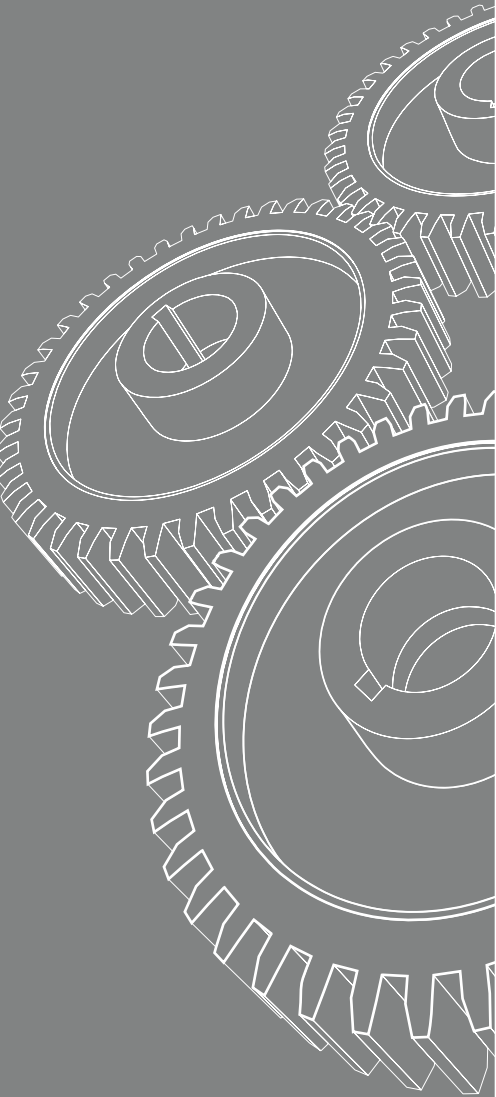
Why Order Management Workflow Automation

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**Drive thy
business or it
will drive thee.**

**– Benjamin
Franklin**



A workflow is a business process. Workflow automation is the automation of a business process, in whole or in part, during which information of any type is passed to the right participant at the right time according to a set of intelligent business rules that allow computers to perform most of the work while humans only have to deal with exceptions.

What is this Paper About?

- Specifically: The ability to reduce cycle times, increase accuracy and minimize effort associated with receiving or sending an order.
- An Order is: Any document that is required to initiate or terminate a transaction.
- The results are almost always increased revenue and/or reduced expense.

What we will not deal with in this paper is workflow integration. Workflow integration is directly inputting data into a legacy application with the objective of reducing data entry time and errors. Full workflow integration is the goal of most workflow projects and it will be addressed within a separate document.

What is Order Management?

Order management is a critical business function: it pilots and monitors the whole order flow, which starts with taking the initial order and ends with the successful delivery of the product or service. When done correctly, order management cultivates and maintains good customer relations.

This definition has many critical words.

- Critical Business function
- Pilots
- Monitors
- Successful
- Cultivates and maintains good customer relations

Critical Business Function

Order management is not only a business function; it is a critical business function. As we further define what constitutes an order, we will see that the criticality of the order management process is tied directly to the internal value it brings to the organization. To the customer, whether they are internal or external, the process is critical to them achieving a goal.

Whether the order is a sales order, registration, certification, or time off request, it carries with it some level of criticality or it would not be initiated. An internal or external customer may need product to continue operations, they may need to register a weigh bill before the truck can leave the loading dock, or they may need to certify an activity before it is deemed complete. The order is the beginning of an activity for the customer.

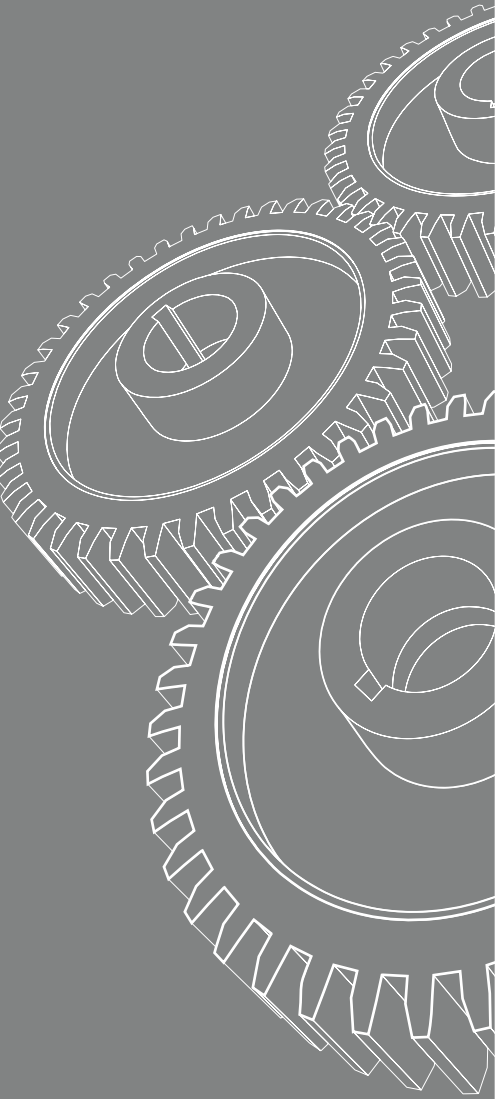
Pilots

Order Management “pilots” the process. To Pilot – “To direct the course of”. Piloting infers an active process. One of the main tasks of Order Management is to define the proper process and to direct the participants through that process. The problem with most manual processes is that there is no consistency in the way the process is implemented. The Pilot is missing. A manager cannot watch every move of his/her employees. Some level of autonomy must be given in an effort to expand the capacity of the process. Each employee becomes his own Pilot.



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Many employees take the initiative to solve process problems, but don't share this information with other employees experiencing the same problems. As each employee pursues his own "process improvement program", the entire Order Management Process becomes fragmented and disorganized. This not only injects inefficiencies, but also errors.

Monitors

Monitoring a manual work process is fraught with problems and errors. Subjective measurements are by their nature full of bias and partiality. It's just a human trait. The effort required to implement objective measurement of a manual process can be daunting. Every member of the process must be willing to manually track his effort. This manual tracking must be amalgamated into some form of management reporting. To get a proper perspective of the process, these reports must be viewed as a time continuum. Trends then can be analyzed and changes made. But the underlying data is still subjective, because it was manually entered.

One of the most critical elements of an Order Management process is the ability to, at a very granular level, gather objective measurements without human involvement. The measurements will then become consistent. That consistency will then not only provide a level of reliability, but will add validity to the trend analysis. The data gathered last month has the same basis as the data gathered this month.

Successful

The key question is "How do I measure success?" and "Am I happy with my attainment against that goal (s)?" More times than not a manager has an idea of how he measures success. That measurement might be in cycle-times, unit work per period of time, level of re-work, etc. What stands out is how he measures it. Many times, when a manual workflow is in place, the only method of measurement available to a manager is a work-study. There are two basic problems with work-studies. First, the employee knows the study is taking place and is on their best behavior. Second, it's not spontaneous. There is a significant lag time between the request and the results. So, does the manager really know the answer to either of these questions? How critical is the answer to the operation of the business?

Cultivates and maintains good customer relations

Customers come in all sizes, shapes and value. It is not unusual that internal customers don't carry the value as external customers. Non-revenue generating customers, aren't looked at as positively as revenue generating customers. Big customers get more attention than small customers.

One of the by-products of automated order management is that it is possible to level the playing field for all customers or predictably prioritize who gets preferential treatment. The goal of automated order processing is to consistently exceed expectations, while driving cost out of the solution. Customer do not react well to environments that don't seem to have order to them.

Document Types

Order management is not relegated to just purchase orders. It can incorporate any document that initiates a process or terminates a process. Here are some examples of documents that can be part of an automated order management solution. There are many more, but this will get you started thinking about where to start.

Purchase Orders
Bills & Invoices
Inspections
Expense Reports
Vacation
Loans

Credit Checks
Certifications
Installations
Insurance
Injury
Transactions

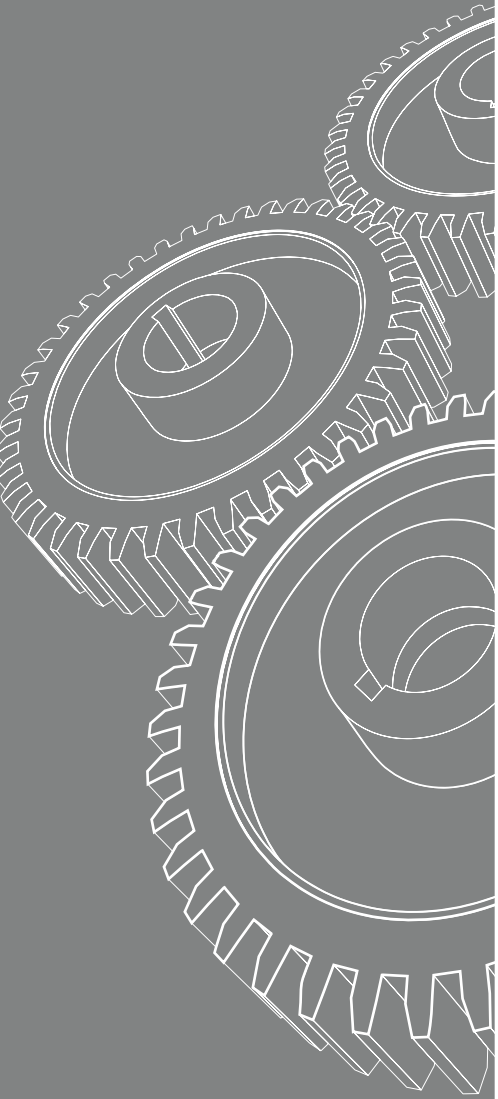
Registrations
Background Checks
Claims (Workman's Comp)
Payroll
Equipment Requests
Leave of Absence





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Measurement Metrics

We defined success as moving the desired metric from where it is today to a more favorable position. Sometimes a process is an intuitive, everyday need of the company to accomplish an obvious goal. It's only true measurement is the level of attention it gets when it doesn't work. Good metrics are important to evaluating the potential of automating an order process. As we mentioned above, without a starting point and a desired outcome, there is no way to measure success. Here are some units of measure that might help determine what to measure.

Hours	Days	Weeks
Dollars	Percentages	Returns
Billings	Placements	Units
People	Turn-a-round	Turn-over
Procedures	Re-works	

How do we choose a process to automate?

One of the important aspects of choosing which process to automate is; how labor intensive is it? There are two halves to this question. First, does it involve a significant number of employees? Significant is a relative term and can only be answered by the business. If a manager can cut ten per cent or twenty per cent out of this labor cost, would it affect the bottom line? The second half of the question is "Do I have enough?"

The process itself may, or may not, be labor intensive. But based on either business environmental issues or economic issues the manager may not be able to acquire and retain significant staff. How does this impact current performance, and what does it mean for future performance as business continues to grow?

The last big question that needs to be answered before much time is spent on analyzing the workflow is "Is it time sensitive?" Does the work in question have a time element that is critical to the business? Will performing the duties of the workflow faster have a measurable impact on company or group performance?

If any of these issues are important to you then you are a candidate for automated order processing. How much benefit you can receive is directly proportional to the repetitive manual effort currently in use. No order management process follows the same path every time. There are stipulations and contingencies that require deviation from the norm. This is where it is important to apply some variation of the eighty-twenty rule.

Automation can only apply to tasks that are repeatable and consistent. Those tasks which are unique or variable can not easily be automated. Although some tools do exist that can include ad hoc processes into the order automation process.

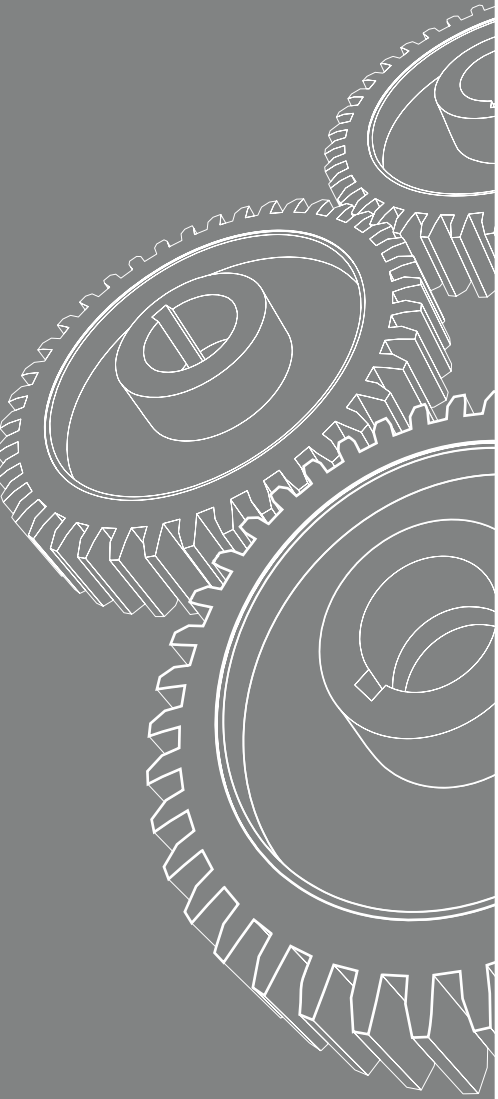
The existing manual order process should first be replicated by an automated process before improvements are applied. In most cases there isn't enough information to accurately predict the required change. Trying to implement change simultaneous to automation injects too much cultural change all at one time.

The more change that is implemented simultaneously, the harder it is to isolate cause and affect scenarios. Trying to accomplish too much too fast may actually hurt results rather than improve them. Employees may abandon the new process as too complicated.



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How Do I start?

Snaps, Inc. recommends a four step process. The four steps are Discovery, Design, Development and Deployment. As a company moves through the process there are natural breakpoints that assure that value will be achieved prior to investing more time and money into the process. This will help the company mitigate risk. Departmental workflow solutions should require only man-days to complete this process as opposed to man-months or man-years. Enterprise solutions may require man-years to complete.

Discovery

Discovery is the initial process of understanding the business environment as it relates to the work to be accomplished. During this phase detailed data gathering takes place. The natural starting point is where the original documents enter the process. The documents are then followed from employee to employee until final disposition.

It is critical to view each workstation as they work. There are a number of task that are performed intuitively. If you ask the employee they will typically not remember all of the small details of what they do everyday. Every employee develops short cuts and work-arounds that he feels are too obvious to mention.

During Discovery the minute details of the process are uncovered. These are the details that can make or break a project. If the employee can articulate the logic required to process the work, it can be automated. When decisions are based on visual queues or intuitive judgment the work may have to stay manual. There will always be manual processes in automated workflow. Total human interaction can not be displaced.

Once the discovery document has been developed it is reviewed for the potential application of automation. It is very important to start from a factual basis. Do not start theorizing a solution until the baseline information has all been gathered, documented and analyzed.

Design

From the discovery document, the business has determined there is the potential for saving by automating the workflow. The Design Phase documents the details of how the automation must work, what information must be presented and source and nature of that information.

This is where the User Interface is designed. Continuous feasibility testing takes place. Ideas and concepts are fine tuned prior to actually producing a solution. Exceptions must be identified and appropriate process put in place to handle them. The outcome of the Design Phase is a detailed Statement of Work that provides the programmers with the required design specifications

Development

This is where the solution starts to come to life. The detailed design specifications are coded. The preliminary solution is tested to assure it meets the business needs. Performance testing and load testing assure the solution scales as needed. An implementation package is developed to reduce time and labor during deployment.

Deployment

Deploying the solution on site includes making sure it meets the requirements of the business, it has the performance levels required, and it is fully integrated into external systems where required. Typically a thirty-day pilot is performed before the solution goes into production. During this time all appropriate end-user training takes place.



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Conclusion

Most companies have the need to automate some of their work processes. The effort does not have to be a Herculean one. Start with a small, well defined, labor intensive, high volume business process. Work through the questions asked above to determine the viability of automation. Once it is determined that the business process in question is a candidate, focus on only it. Scope creep, the natural inclination to include external process to the original process, is the major obstacle to successful implementation. "If a small project is good, a large project must be even better".

This is not always true. Focus on a small success and learn from the effort. As a business becomes more comfortable with the effort required to implement workflow automation, it can then take on more complex projects. Remember that once the workflow is automated there are metrics available for continuous improvement.

For more information on how Snapsflow can help you evaluate and automate repetitive manual task associated with electronic document delivery within your business please contact us at info@snapsflow.com or call us at 770.953.8916.

Visit our website at www.SnapsFlow.com

