MARKETING INFORMATION SYSTEMS AND THE SALES ORDER PROCESS

Important Concept: ERP Data

- Frequently used data that remains the same over a long period of time.
- Often shared between different organizational units and among processes.
- Examples: customer information (address, contact info, etc.), material data, and more.
- Transitory information generated from independent business transactions.
- Customer orders, payment records, etc.
- Will be archived and accessible over time, but not reused with regularity.
Transaction Data vs. Master Data

Transactions flow down the river of time

Marketing Information Systems (MKIS) Overview

MKIS defined: "set of procedures and methods for the regular, planned collection, analysis and presentation of information for use in marketing decisions" (American Marketing Association)

Core ERP functionality. Commonly includes:
- Sales support and facilitation activities
- Order receipt and entry
- Shipping and Transportation (Logistics)
- Billing
- Credit Management
Business Process in Depth: Sales Order Process

Pre-Sales Activities:
- creating/tracking customer contact, communication, and other sales-related activity
- Phone call records, meetings, letters, sales promotions received, past interest, Internet activity, etc.
- documents prepared to encourage and/or facilitate successful customer transactions.
- Identify possible sale and determine sale probability.
- Useful for
Typical pre-sale documents

--request from current/potential customer for information needed to evaluate and potentially place an order. No commitment.

--legally binding representation by seller of product availability, price, selling terms, and fulfillment. Commonly given in response to an inquiry.

In SAP, distinction between inquiries and quotations is subtle. Key concept: who initiated the process. Configuration permits "instantaneous" response to inquiry, eliminating inquiry-to-quotation cycle time.

ERP Sales Support

Goal: equip salesperson with all information needed to negotiate and complete sale.

Information needed:
- Past sales activity
- Past communication
- Contact information
- General company info
- Credit limits and usage
- Current backorders
Customer Relationship Management (CRM)

CRM premise:

More expensive to gain new customers than it is to keep existing ones.
Learn more about customers to better meet needs.
Ongoing relationship more valuable than sequence of independent transactions—
Most companies generate growth by

SAP CRM Solution Map

SAP ERP includes very basic CRM functionality ("CRM Light"). More functional CRM system available as part of SAP Business Suite.

SAP CRM Demo
Oracle (Siebel) CRM
### Order Entry

Orders may originate in many ways: phone calls, faxes, given to salespeople, etc.

- Both inquiries and quotations can be used as the basis for order entry.
  - legally binding request for product purchase. Accepted or rejected (as is) by seller.

Key order entry elements:
- Capture all necessary information at one time.
- Ensure order terms, PO match quotation—may vary among customers.
- Verify eligibility to order (credit, product restrictions, etc.)
- Company willing/able to accept order.

Customer and product **master data** used in this process
Creating an Order

When sales order created in SAP, data copied from:

- Customer Master
- Material Master
- Condition Records for Pricing
- Configuration Tables for shipping point and route.

Data can also be copied from an inquiry or quote.

<table>
<thead>
<tr>
<th>Item</th>
<th>Material</th>
<th>Quantity</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1400-500-00</td>
<td>30</td>
<td>18.75</td>
</tr>
<tr>
<td>2</td>
<td>1400-100-00</td>
<td>20</td>
<td>23.22</td>
</tr>
</tbody>
</table>

Business Process in Depth: Sales Order Process

- Pre-sales Activities
- Sales Order Entry
- Check Availability
  - Pick Materials
  - Pack Materials
- Invoice Customer
- Post Goods Issue
- Receipt of Customer Payment
- Order-to-cash
Check Availability

Product currently available? When will it be available?

Can be part of order acceptance process.

How the product will be supplied. Possibilities:

- Stock on hand
- Planned production
- Expected order receipt
- Make-to-order production
- Shipped directly from external supplier
- Shipped from another plant or warehouse

Business Process in Depth: Sales Order Process

[Diagram of the order-to-cash process involving pre-sales activities, sales order entry, check availability, pick materials, pack materials, post goods issue, receipt of customer payment, invoice customer, and order-to-cash cycle.]
Order Fulfillment

Creating picking orders (requests to warehouse for fulfillment)
Creating delivery documents (shipping manifests)
Provide packing information (if required)
Post Goods Issue:

Delivery Alternatives

[Diagram showing delivery alternatives from Sales Order to Delivery]

[Diagram showing delivery alternatives from Sales Order to Delivery]

[Diagram showing delivery alternatives from Sales Order to Delivery]

[Diagram showing delivery alternatives from Sales Order to Delivery]
Invoicing/Billing the customer

Document uses transaction data from order and delivery document, along with customer master data.

Discrepancy resolution

Creating an invoice increases
Billing

Invoice splits can be used to bill for different items like materials and services.
Collective invoices can be used to consolidate deliveries onto one invoice to minimize paperwork.

Business Process in Depth: Sales Order Process

Pre-sales Activities
Sales Order Entry
Check Availability
Pick Materials
Pack Materials
Post Goods Issue
Receipt of Customer Payment
Invoice Customer

order-to-cash
Payment

Payment--final step in order management cycle. Includes:
  Posting payments against invoices.
  Reconciling differences, if necessary.
May not always go as planned (material not in stock, defective material returned for credit, etc.). System must account for these.
Failure to pay may generate

Posting Payments

Customers may send one check to cover multiple invoices. May also send check for less than the full amount due. Must be allocated on account. Payment posting is performed by the accounts receivable department.
SAP Document Flow

Business Process and Configuration

Order process one example of many business processes which is modeled/facilitated in ERP systems.

Process can be customized based on individual company processes.