Chapter 8

Supporting the Sales Process with SAP
Who has worked in B2B sales?

Do any of the issues at Chuck’s Bikes before the implementation of SAP resonate with you?
What Are the Fundamentals of a Sales Process?

Table: Sales Process Within the Value Chain of CBI

<table>
<thead>
<tr>
<th>Primary Activity</th>
<th>Description</th>
<th>Process &amp; Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inbound logistics</td>
<td>Receiving, storing, and disseminating inputs to the product</td>
<td>Procurement, Chapter 7</td>
</tr>
<tr>
<td>Operations</td>
<td>Transforming inputs into the final product</td>
<td></td>
</tr>
<tr>
<td>Outbound logistics</td>
<td>Collecting, storing, and physically distributing the product to buyers</td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>Inducing buyers to purchase the product and providing the means for them to do so</td>
<td>Sales, Chapter 8</td>
</tr>
<tr>
<td>Customer service</td>
<td>Assisting customers use of the product and thus maintaining and enhancing the product’s value</td>
<td></td>
</tr>
</tbody>
</table>

Figure 8-2
Sales Process Within the Value Chain of CBI
What Are the Fundamentals of a Sales Process?

“For a business, sales is the most important process. Without sales, no one gets paid and buildings go dark”
Pre-Sales

• Sue and other sales reps
  – Contact customers
  – Give price quotes
  – Verify product availability
  – Check special terms
  – Confirm deliver options
  – Pray

• If the customer decides to buy...
With a sales order in hand, is it time for Sue to head to Maxi’s and buy a round of drinks or could it be a little too soon for that?

<table>
<thead>
<tr>
<th>Salesperson</th>
<th>Job</th>
<th>Shipping Method</th>
<th>Shipping Terms</th>
<th>Delivery Date</th>
<th>Payment Terms</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Due on receipt</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Qty</th>
<th>Item #</th>
<th>Description</th>
<th>Unit Price</th>
<th>Discount</th>
<th>Line Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>TXTR1001</td>
<td>Stream N3 28</td>
<td>$300</td>
<td></td>
<td>$15,000</td>
</tr>
</tbody>
</table>
3 Information Silos

Sales Tracker
- Retrieve Sales Data for Item
  - Sales DB

Sales Agent
- Pre-Sales Actions
- Customer Orders
- Create Sales Order
- Process Starts Here

Warehouse Manager
- Process Ends Here
- No
- In Stock?
- Approve Sale
- Yes
- Warehouse DB
- Update Raw Material Inventory
- Pick Goods
- Pack Goods
- Ship Goods

Product Tracker
- Receive Payment
- Send Invoice
- Update Invoice Record

Accountant
- Yes
- Sale price?
- Credit?

Financial Data Tracker

3 People

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Scenario

• Inventory only updated once at the end of each day
• When Sue sold 50 bikes, inventory showed 55 available but 10 bikes sold earlier in the day to a small company
• Accounting knew about the earlier sale and had to cancel the order for their biggest customer because they only had 45 bikes
• Big customer didn’t need bikes for a few weeks but frames discontinued and nobody told sales to stop selling these bikes.
Since the inventory info is only updated once at the end of each day, does the salesperson really know what they have to sell?

Wally picks n-packs orders before Accounting approves credit. What happens to inventory and how much time is wasted when credit is denied?

What kind of chaos do you have managing credit if a mistake is made crating an invoice, posting a payment, or dealing with a return?

Is this the “well oiled machine”?
What Were the Problems with the Sales Process Before SAP?

<table>
<thead>
<tr>
<th>Role</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>No current inventory data</td>
</tr>
<tr>
<td></td>
<td>Input errors</td>
</tr>
<tr>
<td>Warehouse</td>
<td>Pick and pack for new customers is inefficient if sale is cancelled</td>
</tr>
<tr>
<td></td>
<td>No way to share production or supply issues and delays</td>
</tr>
<tr>
<td>Accounting</td>
<td>Time spent on invoice and other errors</td>
</tr>
<tr>
<td></td>
<td>New customer delays</td>
</tr>
</tbody>
</table>

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How Does CBI Implement SAP?

Figure 8-7
Objectives and **Measures** for
the New Sales Process

<table>
<thead>
<tr>
<th>Objective</th>
<th>Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td></td>
</tr>
<tr>
<td>Fewer cancelled sales</td>
<td>Percentage of cancelled sales</td>
</tr>
<tr>
<td>Effectiveness</td>
<td></td>
</tr>
<tr>
<td>Faster customer response</td>
<td>Elapsed time for order to arrival</td>
</tr>
<tr>
<td></td>
<td>Percentage of sales of first-year products</td>
</tr>
<tr>
<td>Reduce cancelled sales to top customers</td>
<td>Cancelled sales to top 20 retailers</td>
</tr>
</tbody>
</table>
Sue can see that there are 55 bikes available but that 10 have already been sold to another customer. These 10 have not been shipped and her customer will have priority.
As a result of this order, how many people does it take and how long does it take to update the production plan and order the required raw materials? How quickly does Wally find out that he needs to pick, pack, and ship 50 bikes?
How Does the Sales Process Work at CBI After SAP?

Wally picks, packs and ships this order…

...once Wally posts that the order has shipped, who legally owns the 50 bikes and what happens next?
The text says that accounting receives a message and generates an invoice but seriously, do I really need anyone to do this if everything I need to generate the invoice is in SAP?

Do I print out and invoice and mail it? Could I have shipped it with the order? Can I send it to them electronically and get my cash sooner?
If the customer sends me a check then I do need a clerk to post it.

If the customer sends me an electronic payment, how many people do I need to post the payment?
How Can SAP Improve the Integration of Customer-Facing Processes at CBI?

- Integration of Customer-Facing Processes
- Improving Customer-Facing Process Integration by Sharing Data
- Improving Customer-Facing Process Increasing Process Synergy
- SAP Integration Problems with Emerging Technologies
- Integration Challenges and Lessons
Other than what we’ve talked about in class, what other benefits can you identify with using an ERP like SAP?
How Can SAP Improve the Integration of Customer-Facing Processes at CBI?

• Integration of Customer-Facing Processes
  • Customer Relationship Management (CRM)

Figure 8-15 Sample of Customer-Facing Processes