

SolomonCoyle

Improving Efficiency in the Quote-to-Invoice Process

Team-Talk Nashville 2008
Thursday, March 27 | 1:30 PM

Presenter:
David Solomon
Solomon Coyle LLC

Furniture Dealership Development

SolomonCoyle

Road Map

The Quote-to-Invoice Process

What is it?

Quote Development
+
Order Management
+
Invoicing/Payables
+
Corrective Actions

Why is it important?

- 40% (or more) of dealer core expense
- Dealer works twice as hard today for same sales dollars

What are the key processes?

- Pre-Order
- Order Management
- Order Close-Out

Furniture Dealership Development 2 3/27/2008

SolomonCoyle

Q2I—A Complicated Process

- ▶ Complex product lines
- ▶ Myriad details
- ▶ Many departments involved
- ▶ No central oversight

Furniture Dealership Development 3 3/27/2008

SolomonCoyle

Pre-Order Process

Furniture Dealership Development 4 3/27/2008

SolomonCoyle

Pre-Order Overview

Qualify Customer

- Credit check
- Biz system setup

Develop Quote

- Cover sheet
- Design request
- WD&I service request
- Job/quote numbers
- Solution/specs
- Quote (or proposal)

Present Quote

- Terms & conditions
- Signed quote/PO
- Deposit

Furniture Dealership Development 5 3/27/2008

SolomonCoyle

Pre-Order Inefficiencies

Common Inefficiencies

- ▶ Not all customers are good customers
- ▶ Always do credit checks
- ▶ Business system
 - Accurate customer database
 - Standard comments
 - Contract pricing/margin minimums

Furniture Dealership Development 6 3/27/2008

Pre-Order Inefficiencies SolomonCoyle

Develop Quote

Common Inefficiencies

- ▶ Incomplete information from Sales
- Explain to Sales why information is important
- One form for Design & Service request info
- ▶ Don't let sales "dump and run"
- ▶ Design needs "programming" information

Cover Sheet
Design Request

Pre-Order Inefficiencies 7 3/27/2008

Pre-Order Inefficiencies SolomonCoyle

Develop Quote

Common Inefficiencies

- ▶ Sales provides incomplete delivery info
- Service requires "scope of work" information
- Service requires custom pricing
- ▶ Teach Sales to do its own quotes for small and standard D&I jobs
- ▶ Inability to job cost without early job/proposal numbers

WD&I Service Request
Quote/Proposal
Job/Proposal Numbers

Pre-Order Inefficiencies 8 3/27/2008

Pre-Order Inefficiencies SolomonCoyle

Develop Quote

Common Inefficiencies

- ▶ Specification errors are costly
- ▶ Set up review points
- Design
- Sales
- Customer Service
- ▶ Unclear roles can cause errors
- ▶ Ensure specification software is up to date

Solution/Specifications

Pre-Order Inefficiencies 9 3/27/2008

Pre-Order Inefficiencies SolomonCoyle

Develop Quote

Common Inefficiencies

- ▶ Redundant data entry
- ▶ Revision errors between quote and order entry
- ▶ Recurring orders for existing customers (can be done by CSR)

Quote/Proposal Development

Pre-Order Inefficiencies 10 3/27/2008

Pre-Order Inefficiencies SolomonCoyle

Present Quote

Common Inefficiencies

- ▶ Ineffective focus on T&C
- ▶ Failure to define potential cost for T&C issues
- ▶ Competing on price and not on value
- ▶ Failure to get signoff for major projects
- ▶ Failure to get deposits

Quote/Proposal Presentation
T&C
Negotiating Price
Customer Acceptance
Deposits

Pre-Order Inefficiencies 11 3/27/2008


Pre-Order Responsibilities SolomonCoyle

SALES	DESIGN	SALES SUPPORT
<ul style="list-style-type: none"> ■ Client needs ■ Field measurements ■ Specifications ■ Sales Order info ■ Design/Service info ■ Pricing 	<ul style="list-style-type: none"> ■ Programming ■ Field measurements ■ Good/Better/Best solutions ■ Layout and specs ■ Pricing ■ Install drawings 	<ul style="list-style-type: none"> ■ Develop quote in business system ■ Minor specification and pricing ■ Order management ■ Corrective action ordering ■ Sometimes invoicing

Pre-Order Responsibilities 12 3/27/2008

SolomonCoyle

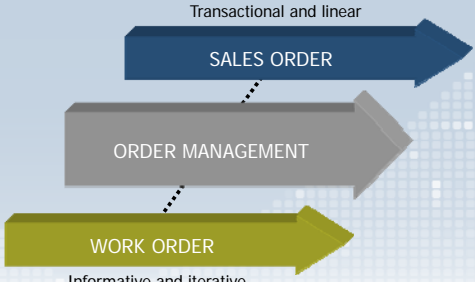
Order Management Process



Franchise Dealer Development 13 3/27/2008

SolomonCoyle


Order Management—It's 2 in 1



Franchise Dealer Development 14 3/27/2008

SolomonCoyle

Order Management: Sales Order

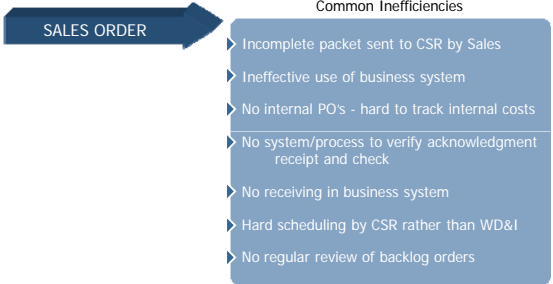


PROPOSAL TO ORDER
 POs TO VENDORS
 ACKNOWLEDGMENTS
 SOFT SCHEDULING
 MONITORING ORDER STATUS
 PAYABLE RECONCILIATION
 RECEIVING VERIFICATION
 HARD SCHEDULE WITH CLIENT
 PULL LIST FOR WAREHOUSE
 NOTIFICATION OF JOB STATUS

Franchise Dealer Development 15 3/27/2008

SolomonCoyle

Order Management: Sales Order



Common Inefficiencies

- ▶ Incomplete packet sent to CSR by Sales
- ▶ Ineffective use of business system
- ▶ No internal PO's - hard to track internal costs
- ▶ No system/process to verify acknowledgment receipt and check
- ▶ No receiving in business system
- ▶ Hard scheduling by CSR rather than WD&I
- ▶ No regular review of backlog orders

Franchise Dealer Development 16 3/27/2008

SolomonCoyle

Order Management: Sales Order


Organizational Variations (CSR vs. Purchasing vs. Accounting vs. Operations)

BUYERS	Sometimes CSR purchases, sometimes separate Buyer
ACCOUNTING	Sometimes accounting invoices, sometimes CSR
WD&I	Sometimes enter receivers, sometimes CSR Sometimes hard schedule with client, sometimes CSR Sometimes verify complete receipt of order, sometimes CSR

Franchise Dealer Development 17 3/27/2008

SolomonCoyle

Order Management: Work Order



RFQ
 QUOTE
 WORK ORDER PACKET
 SOFT SCHEDULING
 FIELD PACKET
 FIELD PAPERWORK/COMMUNICATION

Franchise Dealer Development 18 3/27/2008

Order Management: Work Order SolomonCoyle

RFQ & Quote

Common Inefficiencies

- ▶ Poor scope of work
- ▶ Inaccurate site conditions
- ▶ No or poor field measurements

Finalize Order Development
19
3/27/2008

Order Management: Work Order SolomonCoyle

Soft Scheduling

Common Inefficiencies

- ▶ Little to no soft scheduling
- ▶ Too much last-minute scheduling
- ▶ No hard scheduling by WD&I

Finalize Order Development
20
3/27/2008

Order Management: Work Order SolomonCoyle

Develop Field Packet

Common Inefficiencies

- ▶ Scramble for packet
- ▶ Scramble for drawings
- ▶ Incomplete scope of work
- ▶ Incomplete site and project information
- ▶ Ineffective sequence
- ▶ Incomplete packet contents

Finalize Order Development
21
3/27/2008

Order Management: Work Order SolomonCoyle


Field Paperwork

Common Inefficiencies

- ▶ Not clear and complete
- ▶ Not returned in timely manner
- ▶ Not reviewed first by Operations
- ▶ No client signoffs
- ▶ Not clear what remains to be done

Finalize Order Development
22
3/27/2008

Order Close-out Process



Finalize Order Development
23
3/27/2008

Order Close-Out Overview SolomonCoyle

ORDER CLOSE-OUT PROCESS

PUNCH FORM FILLED OUT—INSTALLERS

PUNCH FORM REVIEWED BY OPS

PUNCH FORM TO CSR FOR ORDERING

CORRECTIVE ACTIONS ORDER

ACTIONS TRACKED AND COMPLETE

INVOICE TRIGGERED BY:

DELIVERY OR RETURNED PAPERWORK

INVOICE CUSTOMER

FOLLOW-UP WITHIN 30 DAYS

WEEKLY REVIEW OF A/R

Finalize Order Development
24
3/27/2008

Order Close-Out SolomonCoyle

Corrective Actions

Common Inefficiencies

- ▶ Late paperwork
- ▶ Unclear/missed/lost corrective actions
- ▶ Late review of paperwork by Operations
- ▶ Low priority for CSR
- ▶ Mis-ordered/misunderstood solutions

Finalize Dealer Engagement 25
3/27/2008

Order Close-Out SolomonCoyle

Invoicing & Collections

Common Inefficiencies

- ▶ Different triggers used—upon delivery, upon completion of installation, upon shipment, etc.
- ▶ No follow-up until late
- ▶ No good documentation of problem resolution

Finalize Dealer Engagement 26
3/27/2008

More Opportunities to Get It Right



Finalize Dealer Engagement 27
3/27/2008

Error Management SolomonCoyle

Pre-Order	Order Management	Order Close-Out
<ul style="list-style-type: none"> ■ Quality of sales order worksheet ■ Specification double-check ■ Field measurements ■ Site conditions ■ Close analysis of customer needs 	<ul style="list-style-type: none"> ■ Review before order ■ Acknowledgment check ■ Backlog review ■ Matching payables 	<ul style="list-style-type: none"> ■ Corrective actions ■ Clear field paperwork ■ Documented change orders ■ Follow-up with customer after the installation

Finalize Dealer Engagement 28
3/27/2008

Effective Project Management SolomonCoyle

- Three types of project management
 - Transaction
 - Installation coordination
 - Project management
- Don't use PM to do things others should be doing
- Get PM in early (during sale) on major jobs
- PM should know software and order implementation process

Finalize Dealer Engagement 29
3/27/2008

Maximizing Use of Automation SolomonCoyle

- Staff must learn business system
- Use CAD for design, take-offs, and install docs
- Use an electronic specifier for all available lines
- Use an inventory management system
- Modify process to maximize software effectiveness

Finalize Dealer Engagement 30
3/27/2008

Maximizing Use of Automation SolomonCoyle

- Stop creating duplicate data entry
- Setup electronic forms
- Identify in-house experts
- Provide training for all software
- Require all staff use the automation tools

Franchise Dealer Development 31 3/27/2008

Questions SolomonCoyle

- Contact us with questions
 - David Solomon, dsolomon@solomoncoyle.com

Franchise Dealer Development 32 3/27/2008