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20 Steps To Delivering The Perfect Order

by R "Ray" Wang
for Business Process & Applications Professionals



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Adapt To Change While Delighting Customers, Suppliers, And Partners

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EXECUTIVE SUMMARY

Managing a perfect order has always been hard, even more so today because of declining sales, shrinking operating margins, and labor force reductions. So how can today's business process and applications professionals lead the charge in optimizing the processes and systems to deliver the perfect order? How does a business process and applications professional know the key steps to supporting a perfect order? How well does the organization support the people, process, and technology requirements for a perfect order? To help answer these questions, Forrester has developed a best practices checklist of 20 steps required to support a perfect order. Business process and applications professionals can score themselves on their ability to achieve the delivery of a perfect order and then use metrics to determine overall effectiveness of their perfect order processes using Forrester's perfect order index.

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NOTES & RESOURCES

Forrester interviewed 52 vendor and user companies, including Amdocs, Epicor Software, GSI Commerce, Infor, Infosys Technologies, Manhattan Associates, Microsoft, Oracle, SAP, and Sterling Commerce.

Related Research Documents

["The Forrester Wave™: Order Management Hubs, Q4, 2008"](#)

November 14, 2008

["The Order Management Missing Link: A Single Process Owner"](#)

May 31, 2007

["Designing The Order Management Cycle"](#)

November 3, 2005

ACHIEVING A PERFECT ORDER IS MORE CRITICAL — AND DIFFICULT — THAN EVER

The execution of a perfect order — the efficient and effective delivery of sales orders that consistently meet customer, supplier, partner, and employee expectations — is intricate, difficult, and more complex today than ever before. For many, the perfect order cuts across channels and has evolved to not only include products, but also the bundling of services associated with that product, such as delivery and installation. Success requires organizations to break down functional fiefdoms and take a role-based business process view. Despite the challenges, the success that comes from consistently delivering a perfect order is worth the effort, even in today's tough economic climate.¹ Here's why:

- **Process optimization helps wring out unnecessary costs.** Enterprises report from 5% to 17% cost savings by optimizing core order management processes.² Key areas for optimization include multichannel selling processes such as right channeling of repetitive and low-margin orders to Web-based channels and increasing human interaction for higher-dollar value orders. In addition, integrated selling and fulfillment reduces costs through richer availability to promise information for inventory optimization and supply-and-demand synchronization. Return costs can be improved by ensuring upfront order accuracy.
- **Compliance and safety measures help to mitigate risks.** A string of product safety recalls and growing concerns over food safety raise the prominence of meeting real and potential regulatory compliance. Enterprises seek the ability to curtail losses by isolating the product to the right plant, machine, operator, and minute of production. Enterprises with complex supply chains seek better reliability data in tracking down gray-market goods and fake components as product liability concerns increase.
- **Customer satisfaction drives retention.** Many studies show that enterprises that deliver perfect orders have a direct correlation to positive customer satisfaction scores. Combined with personalization, configuration, and repetitive order support, enterprises report an 8% to 19% increase in customer retention, which results in a 3% to 5% increase in order sizes.

LEARN TO OVERCOME THE TYPICAL BARRIERS TO SUCCESS

Business process and applications pros face numerous hurdles, including stakeholders, business processes, and technology complexity. Delivery on a perfect order requires organizational alignment and explicit business process ownership. Those seeking to achieve a perfect order must overcome four key barriers to success:

- **Poor alignment of organizational structure.** Functional silos run rampant in most organizations today, creating individual fiefdoms competing to show value and capture budget. Enterprises must align key reporting structures and hierarchies with an end-to-end business process view. Achieving a perfect order requires stakeholders to organize around the order management processes instead of traditional functional fiefdoms.

- **Limited employee abilities and change management.** Lack of good training programs and quality of human resources affect adoption and deployment effectiveness. Training programs should be ongoing throughout the delivery of a perfect order. Business process and applications pros should also invest in change management and collaboration among all stakeholders across the perfect order.
- **Insufficient technology to support the process.** Enterprises typically own four to five order capture systems, three enterprise resource planning (ERP) systems, six to seven fulfillment systems, and a host of other solutions. Technology will often provide transactional automation, analytical insight, and strategic decision-making. Successful achievement of a perfect order requires technology solutions to adopt a process-centric view. Order management hubs deliver one option toward achieving a perfect order.
- **Deficient financial investments.** Business process and applications pros must face shrinking funding and budget allocation. However, alignment with key business drivers in operational efficiency and regulatory compliance will provide the return on investment savings to fund a perfect order initiative and provide adequate resources for success.

Deploy 20 Steps To Deliver The Perfect order

The 20 steps identified in this report provide the process and technology tools that business process and applications professionals can use to meet stakeholder expectations while reducing the waste, duplication, and inefficiency from existing order management activity. Key subprocesses in a perfect order include support for opportunity to order capture, order capture to order fulfillment, order fulfillment to order completion, and order completion to order settlement (see Figure 1).³ The 20 steps and best practices include:

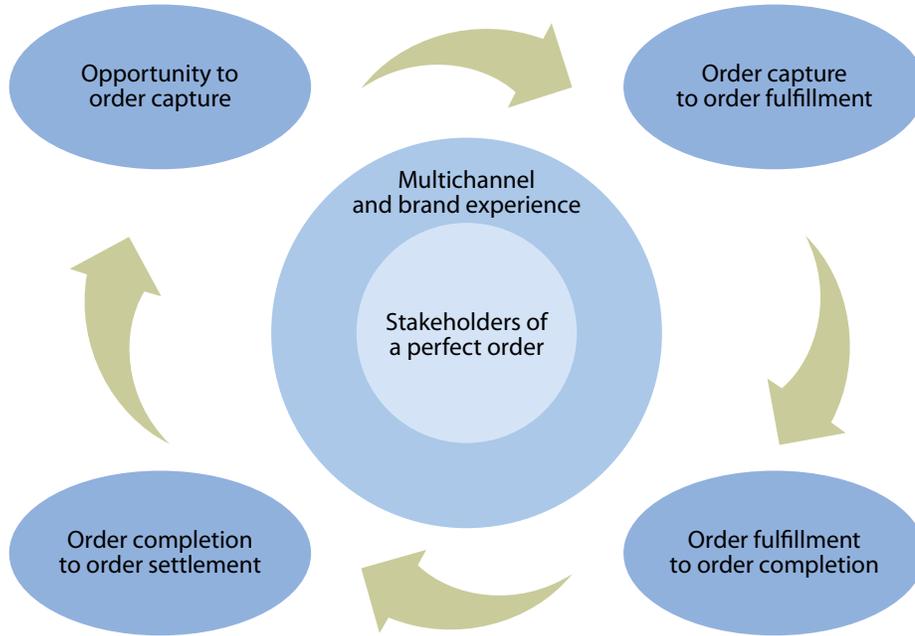
1. **Support multiple channels.** Through any channel at any time, stakeholders must be able to interact. Actions across all channels should be consistent and include placing an order, viewing order status, changing an order, initiating a return, completing payment, etc.
2. **Enable stakeholder centrality.** Customers, suppliers, partners, and employees must be able to access the system. Information should be shared while maintaining role specificity and security.
3. **Deliver a consistent brand experience.** Enterprises must be able to deliver a consistent brand experience. Look and feel, personalization, and corporate branding must be supported across all channels and all scenarios.
4. **Provide both product and service selection.** Stakeholders must be able to select the right product or service. Service offerings could include offerings such as warranty plans, service agreements, or training. Offerings should be presented in a common product and services catalog.

5. **Propose configuration and quantity.** The correct quantity and configuration must be offered. Constraint-based configurators must align key parameters with stakeholder requests. Business rules must be supported to enforce appropriate policies and contractual obligations.
6. **Guarantee quality.** Offers must deliver on acceptable levels of quality. Quality attributes must be presented as options to stakeholders for selection. Stakeholders must be able to select from different levels of quality.
7. **Enforce pricing policy.** Entitled pricing policies must be available to each type of stakeholder. Systems must support contractual requirements and obligations. Pricing options must support time zone variations, taxation requirements, and service-based pricing.
8. **Recommend sourcing options.** Products and services must be supplied from agreed-upon sources. Stakeholders must have the ability to follow their procurement guidelines and gauge availability.
9. **Offer delivery and/or installation options.** Order completion must account for delivery and installation requirements. Stakeholders must be able to specify key attributes such as logistics provider or installation company.
10. **Incorporate a period of time.** An agreed-upon period of time must be provided. Stakeholders must have visibility into estimate completion times. Provisions to support on-time delivery and offer concessions for late deliveries must be incorporated.
11. **Identify final locations.** Stakeholders must be able to specify the delivery and installation points. Physical and virtual locations must be supported. Multiple locations must be supported.
12. **Suggest packaging options.** Appropriate packaging must be provided. Common requirements include support for unit, bulk, and kits. Packaging must accommodate appropriate regulatory requirements.
13. **Include documentation.** Correct documentation must be included with each order. Documentation may include trade compliance, regulatory reporting, and related accompaniments. Optional items may include installation manuals, advertisements, and marketing materials.
14. **Determine order frequency.** Stakeholders must be able to determine the right frequency and intervals. Standard intervals must include milliseconds, seconds, minutes, hours, days, weeks, months, and years. Repeat orders and event-driven triggers must be provided.

15. **Present accurate and timely invoicing.** Accurate invoices must be provided with each order. Stakeholders must be able to clearly identify charges by line item. Invoicing must support both product and service requirements, including time and materials tracking by project.
16. **Facilitate returns.** Stakeholders must be able to return products via any channel. Services must be able to be disputed via any channel. Billing systems must be able to support returns across the entire perfect order value chain.
17. **Allow warranty claims.** Stakeholders must be provided with access to applicable warranty policies. Instructions for completing a warranty claim must be made publicly available. Warranty claims against defects must be aligned with existing programs.
18. **Manage service agreements.** Service agreements must be offered and provided to stakeholders. Enterprises must enforce entitlements within service agreements. Service agreements must support third-party solutions.
19. **Address repairs.** Availability to manage repairs must be provided to stakeholders. Repairs must adhere to entitlements and caveats from service agreements and warranty claims.
20. **Finalize settlement processes.** Enterprises should be able to efficiently collect and settle invoices. Settlement must support returns, service agreements, repairs, and warranty claims.

Use Forrester's perfect order self-assessment tool to see how your organization rates in achieving a perfect order (see Figure 2).

Figure 1 Subprocesses Of A Perfect Order



| Subprocess | Description |
|---------------------------------------|---|
| Opportunity to order capture | The actions required to capture information for the order and send it on to the next step |
| Order capture to order fulfillment | The guts and logistics of fulfilling an order from pick, pack, ship to the transportation management solution (TMS) and warehouse management system (WMS) |
| Order fulfillment to order completion | The processes that may occur before an order is satisfied, such as returns, after-market service, installation scheduling, and warranty claims |
| Order completion to order settlement | Invoicing, accounts payable (AP)/account receivable (AR), financial tasks, etc. |

Figure 2 Forrester’s Perfect Order Self-Assessment Tool Can Be Used To Monitor Progress

 The online spreadsheet for this graphic is interactive.

| Step | Description | Subprocess | Score |
|------|--|---------------------------------------|----------------------|
| 1 | Through any channel, at any time ... | Campaign to opportunity | <input type="text"/> |
| 2 | ... multiple types of stakeholders ... | Campaign to opportunity | <input type="text"/> |
| 3 | ... engage in a consistent brand experience by ... | Campaign to opportunity | <input type="text"/> |
| 4 | ... selecting the right product or service with ... | Opportunity to order capture | <input type="text"/> |
| 5 | ... the correct quality and configuration that ... | Opportunity to order capture | <input type="text"/> |
| 6 | ... meets the acceptable levels of quality for ... | Opportunity to order capture | <input type="text"/> |
| 7 | ... the stakeholder’s entitled pricing policy ... | Opportunity to order capture | <input type="text"/> |
| 8 | ... supplied from the agreed-upon sources ... | Order capture to order fulfillment | <input type="text"/> |
| 9 | ... delivered to or installed with the right customer within ... | Order capture to order fulfillment | <input type="text"/> |
| 10 | ... an agreed-upon period of time to ... | Order capture to order fulfillment | <input type="text"/> |
| 11 | ... the correct locations in ... | Order capture to order fulfillment | <input type="text"/> |
| 12 | ... the most appropriate packaging that ... | Order capture to order fulfillment | <input type="text"/> |
| 13 | ... includes the right documentation over ... | Order capture to order fulfillment | <input type="text"/> |
| 14 | ... the right frequency with ... | Order capture to order fulfillment | <input type="text"/> |
| 15 | ... an accurate invoice/order that can be ... | Order completion to settlement | <input type="text"/> |
| 16 | ... returned via any channel for ... | Order fulfillment to order completion | <input type="text"/> |
| 17 | ... warranty claims against defects based on ... | Order fulfillment to order completion | <input type="text"/> |
| 18 | ... agreed-upon service contracts that ... | Order fulfillment to order completion | <input type="text"/> |
| 19 | ... address repairs and ... | Order fulfillment to order completion | <input type="text"/> |
| 20 | ... efficiently collect and settle invoices. | Order completion to settlement | <input type="text"/> |

 Each step can be scored on a 1 to 5 scale based on the user’s adoption of that best practice:
 1 = Piloting
 2 = Limited adoption
 3 = Full adoption for less than one year
 4 = Full adoption for one to three years
 5 = Full adoption for more than three years

RECOMMENDATIONS

APPLY PERFECT ORDER METRICS TO TRACK SUCCESS

Use explicit and quantifiable metrics to gauge success of your perfect order initiatives. One approach is to apply a perfect order index starting with five key metrics in five key categories:

- **Stakeholder satisfaction.** The percentage of satisfied stakeholders provides a general metric for a perfect order. In general, the higher the better.
- **Opportunity to order capture.** The percentage of accurate orders captured delivers a view on how well a stakeholder's requirements are met. Low values point out poor order capture support. High values show both sophistication and accuracy in order management.
- **Order capture to order fulfillment.** The percentage of orders fulfilled on time measures the efficiency of order fulfillment. Low values point toward inefficient fulfillment processes. High values demonstrate an ability to meet high-volume multichannel fulfillment.
- **Order fulfillment to order completion.** The percentage of orders completed on the first time reflects how well the order met the customer's initial requirement. Low values indicate dissatisfaction with order expectation. High values signify good expectation management.
- **Order completion to order settlement.** This is the percentage of invoices received within net time. Low values show inability to deliver accurate invoices. High values highlight good revenue cycle practices.

With the five key metrics, a perfect order index can be created by multiplying together the following metrics: 1) percentage of satisfied customers; 2) percentage of accurate orders captured; 3) percentage of orders fulfilled on time; 4) percentage of orders completed on the first attempt; and 5) percentage of invoices received within net time. For those organizations looking to enhance their corporate and social responsibility (CSR) standings, a sixth measure should be added to either track carbon footprint or other relevant industry-specific CSR metrics.

WHAT IT MEANS

INVESTMENT IN PERFECT ORDERS CAN FUEL YOUR POST-RECESSION RECOVERY

Enterprises must design more than a new road map to address process ownership, process optimization, technology support, and solution agility. Though technology will continue to be an important enabler to automate, simplify, and integrate end-to-end order processes, the enterprise must focus on far-reaching and deep business process transformation in order to address new business models, workplace dynamics, regulatory constraints, and stakeholder sentiment.⁴ Conventional wisdom suggests that companies retrench and hold off investment. However, those business process and applications professionals who successfully lead the achievement of a perfect order will set the stage for a significant competitive advantage. Perfect orders will move from being a concept to becoming the differentiator between survival and success.

ENDNOTES

- ¹ Enterprises that deliver perfect orders drive a direct correlation to positive stakeholder satisfaction scores. Despite the payoff, success in consistently delivering a perfect order eludes many enterprises because existing systems lack the flexibility to deftly move orders across the end-to-end order management cycle. See the November 14, 2008, "[The Forrester Wave™: Order Management Hubs, Q4 2008](#)" report.
- ² Source: Forrester estimates based on 40 user interviews conducted as part of the Q4 2008 Forrester Wave™ evaluation of order management hubs. See the November 14, 2008, "[The Forrester Wave™: Order Management Hubs, Q4 2008](#)" report.
- ³ The five components of the order management cycle include multichannel support, presentation framework, business process modules, core application foundation, and data and infrastructure. See the November 3, 2005, "[Designing The Order Management Cycle](#)" report.
- ⁴ Forrester recently spoke with 57 customers focused on order hub projects — those looking at opportunity to order capture, order capture to order fulfillment, order fulfillment to order completion, and order completion to order settlement. Most projects are driven by either the business or IT side of the house, and only one of our respondents identified a single business process owner for the complete order process. As a result, firms develop shortsighted innovations and inadequate process improvements. Forrester recommends that organizations rapidly assign a single process owner for the order management cycle or risk facing significant long-term challenges. See the May 31, 2007, "[The Order Management Missing Link: A Single Process Owner](#)" report.

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