

Business Process Automation

Case Study

Purchase Order Generation Process

Purchase Order generation process in a manufacturing entity

1 Define why we plan to go for a BPA

- The entity has been facing problems of non-availability of critical raw-materials**
- It leads to production stoppage and delays in delivery to customers**
- Loss of customers and sales**

2 Understand the rules and regulations under which needs to comply with

- The item is not covered under any rules and regulations**
- The process to be automated only related to quantity to be ordered and stored**
- The entity needs to maintain minimum level of stocks**
- The entity maintains economic order quantity for which orders to be placed**

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3 Document the process, which we wish to automate

- Manual process to receive orders by purchase departments from stores**
- Stores generates the PO based on a manual stock register and on re-order level**
- The reorder level was decided 5 years ago**
- Store records are not updated in a timely manner**

4 Define the objectives/goals to be achieved implementing BPA

- No production losses due to non-availability of critical items of inventory**
- Timely delivery of goods to customer**

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5 Engage the business process consultant

- Experience and knowledge about the business

6 Calculate the ROI for project

- Opportunity loss of the project is 100 Lakhs per year
- Cost to implement BPA is 50 Lakhs
- Opportunity loss after BPA shall reduce 50 Lakhs in year one and 25 Lakhs in the next 5 years

? Is the project worth going ahead with?

? What is the ROI and Payback period?

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7 Developing the BPA

- The BPA is to generate Purchase Orders as soon as an item of inventory reaches the re-order level**
- Checking and validating the data**
- Inventory counting, re-order level**
- Consumption updating in system**
- Purchase Order generation**

8 Testing the BPA

- Pre-implementation run**

Thanks