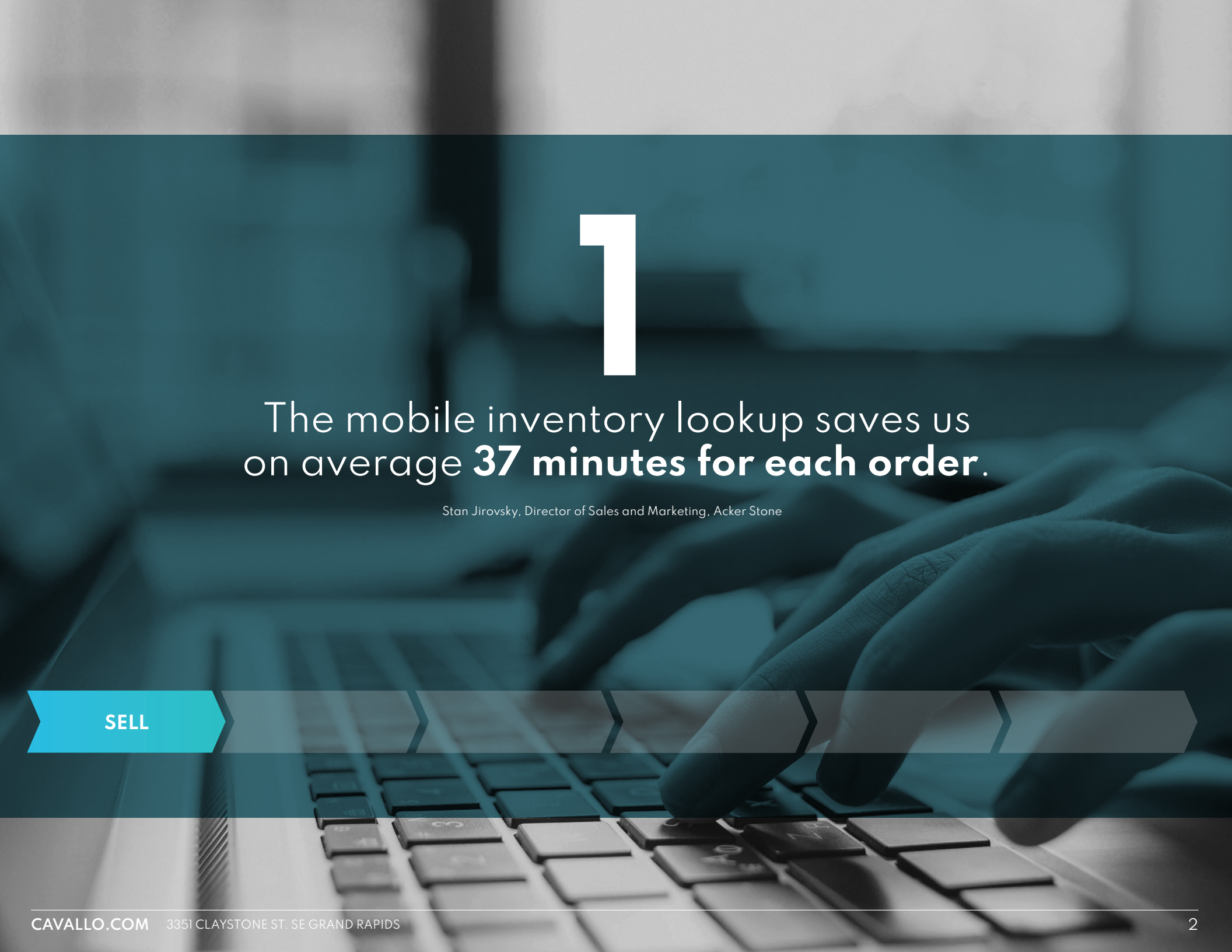
CAVALLO

CUSTOMER-TO-CASH

BEST PRACTICES

SELL | ORDER | WAREHOUSE | REPLENISH | SHIP | COLLECT

BASED ON YEARS OF EXPERIENCE OPTIMIZING DISTRIBUTION OPERATIONS



1

The mobile inventory lookup saves us on average **37 minutes for each order**.

Stan Jirovsky, Director of Sales and Marketing, Acker Stone

SELL

1.1 Managing Customers

Strength (Best Practice)

Managing customers is seamless.

Customer and prospect lists are well-organized and easy to access. Customer data, such as interactions, sales history, and outstanding receivables, is easy to access. Sales planning, pricing, and ordering are supported by automation.

Moderate Gap

Time is wasted. Customers are annoyed at times.

Customer and prospect data is generally complete and of adequate quality, but the data is spread across multiple systems. The user experience and workflow isn't as optimized as it could be. Labor efficiency tends to lag.

Significant Gap

Sales are lost and customers are unhappy.

Processes are inconsistent and siloed. Redundant data entry and/or poor user experiences waste time. Sales are likely being lost.

1.2 Configuring Products

Strength (Best Practice)

Configuration operates like a well-oiled machine.

Developing customized or configured products is nearly as easy as selecting from catalog products. Mistake-proofing prevents incompatible combinations from being sold.

Moderate Gap

Configured products cause some slowdowns.

Developing custom or configured products is more time consuming than developing catalog products. Some challenges are faced, but not so often that it significantly hampers business.

Significant Gap

The configuration process is error prone.

Creating custom or configured products requires manual processes and one-off cost estimates. Pricing is often an issue. Tools are labor intensive and frequently require dual entry.

1.3 Generating Quotes

Strength (Best Practice)

Quote creation is quick and easy.

Historical data is easily referenced. Multiple users can access historical quotes to ensure continuity and repeatability. Automated reminder emails are sent to customers as quotes age beyond estimated close dates.

Moderate Gap

Quote development tools are inefficient.

Quoting functionality is basic, but generally works with a few inefficiencies. Quote history is sometimes difficult to access, and flexibility is limited.

Significant Gap

Gross margin and revenue suffer.

Most quotes are paper based "one-offs." Quotes can't be copied and historical quotes are often lost. Gross margin and revenue likely suffer as a result.

1.4 Managing the Pipeline

Strength (Best Practice)

Sales pipeline reliably predicts revenues and guides sales priorities.

All prospects and related opportunities, including details such as products and prices, are accurately captured. Stages and probabilities fairly represent the opportunity lifecycle. Pipeline data is widely accessible and easily understood as a single source of truth.

Moderate Gap

Sales pipeline is directionally correct, but gaps hinder decision-making.

Most prospects and related opportunities are captured. Detailed data such as products and prices are often incomplete. Stages and probabilities are no more than reasonable guides. Stakeholders spend significant time questioning and validating opportunity-specific and aggregate data.

Significant Gap

Sales pipeline provides no value to the organization.

Prospect and opportunity data is sparsely populated and rarely accurate. Stages and probabilities do not represent the business. Pipeline is no more than a partial list of opportunities and cannot be relied upon for forecasting, prioritization, or decision-making.

1.5 Analyzing Sales

Strength (Best Practice)

Data is reliable and easy to retrieve.

Flexible reporting options allow for real-time analysis of sales, cost, and profit margin. Sales data is real-time. Users are empowered to make decisions quickly based on reliable reporting data.

Moderate Gap

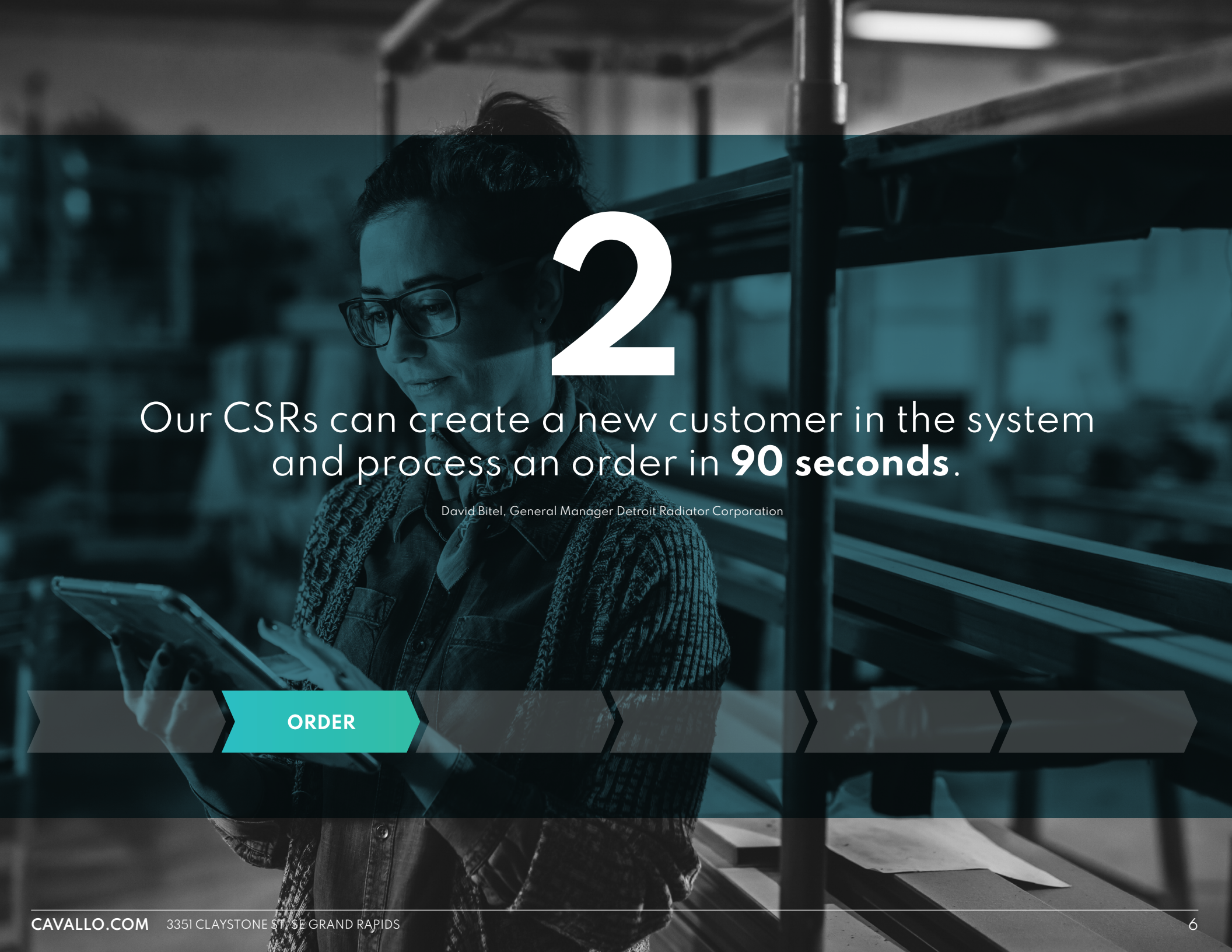
Analyzing sales data requires extra effort.

Data is available but siloed. Making decisions based on the available info requires third-party analysis. System or process constraints often delay data.

Significant Gap

Retrieving good data isn't currently possible.

Data is fragmented, difficult to acquire, and delayed. Real-time decisions can't be made based on available data.



2

Our CSRs can create a new customer in the system and process an order in **90 seconds**.

David Bitel, General Manager Detroit Radiator Corporation

ORDER

2.1 Nurturing Customers

Strength (Best Practice)

Maximizing share of customer wallet is a core strength.

Users leverage a comprehensive view of historical sales volumes all the way down to specific orders for each account. Actionable insights regarding customer white space (e.g., products, volumes) inform cross-sell/up-sell conversations. Account-specific, full-potential estimates guide resource and time allocations.

Moderate Gap

Sales team is largely focused on maintaining share of wallet.

Users are hampered by incomplete historical data and order information. Attempts at cross-sell/up-sell are generic and see limited success. Resources are prioritized based on historical success, doubling down on the same accounts with limited growth outside of known areas.

Significant Gap

Poor customer intelligence restricts sales team to glorified order-taking.

Users are flying blind without historical customer sales volumes or order-level details. Cross-sell/up-sell opportunities are limited to ad hoc situations. Sales reps and CSRs are only reacting to customer requests and concerns rather than taking the initiative.

2.2 Generating Orders

Strength (Best Practice)

Order entry is highly efficient.

The order entry process uses tools such as flexible item lookup that accelerate order development. Pricing options and margin visibility increase understanding of profitability before an order is completed.

Moderate Gap

Labor efficiency is negatively impacted.

Order entry is mostly tool-enabled, but some siloed processes are needed. Inventory visibility is limited, requiring frequent inquiries about availability. Bloated processes waste time and effort.

Significant Gap

Sales volume and customer satisfaction suffer.

Order entry requires redundant data entry, generating frequent errors. Inefficient user experience and workflow decrease sales volume and customer satisfaction.

2.3 Receiving Orders

Strength (Best Practice)

Functionality is seamless to users.

Ecommerce and EDI order processing accelerate the order-to-cash cycle. Orders flow seamlessly into the order queue. Integrations easily handle orders from third-party applications. Functionality does not appear siloed to users.

Moderate Gap

Processes are somewhat siloed.

Ecommerce orders flow into the order queue, but errors or data gaps exist, often due to incomplete integration. Processes are somewhat siloed. Short delays are common.

Significant Gap

Orders are lost.

Ecommerce orders are treated as one-offs. Integrations are very limited or nonexistent, and orders are sometimes lost as a result.

2.4 Managing & Approving Orders

Strength (Best Practice)

Management reviews orders without delays.

Flexible workflow routes orders using business logic, keeping orders visible as they go through the fulfillment process. Notifications, print jobs, emails, and other business processes are triggered as documents move through workflow.

Moderate Gap

Order review and approval are siloed and slow.

Management review of orders causes bottlenecks in productivity. Applying management oversight limits transaction speed and volume, forcing efficiency concessions.

Significant Gap

Order review causes extreme slowdowns.

Real-time order review and approval workflow is non-existent. Only post-mortem reviews can be conducted.

2.5 Tracking Orders

Strength (Best Practice)

Orders are easy to access and track.

CSRs can quickly track orders without issue, increasing customer satisfaction. Information needed for addressing customer questions is readily accessible.

Moderate Gap

Order tracking causes delays.

Scattered order tracking information requires significant time and effort to address customer questions.

Significant Gap

Order tracking is nearly impossible.

Order tracking information is absent or requires a lot of manual work to access. Addressing customer inquiries with specificity is nearly impossible and relies on guesswork.

2.6 Managing Returns

Strength (Best Practice)

CSRs easily process customer returns.

CSRs can easily process returns for customers. Workflow supports returns and reverse logistics as well as restocking and vendor returns. Issue, cause, and resolution information for each return drives continuous improvement.

Moderate Gap

Inefficient returns cost time.

Limited support for returns covers only bare-bones functionality, such as refunds.

Significant Gap

Returns cause significant frustration.

The return process is standalone and manual, causing significant labor inefficiencies and inventory shrinkage.

2.7 Analyzing Processes

Strength (Best Practice)

Data-driven order visibility and process insights are a competitive advantage.

Managers have complete real-time and historical visibility across their order-management processes. Performance is easily evaluated across channels, customer types, sales reps, and more. Users can easily recognize inefficiencies and are alerted to bottlenecks, yielding rapid improvements.

Moderate Gap

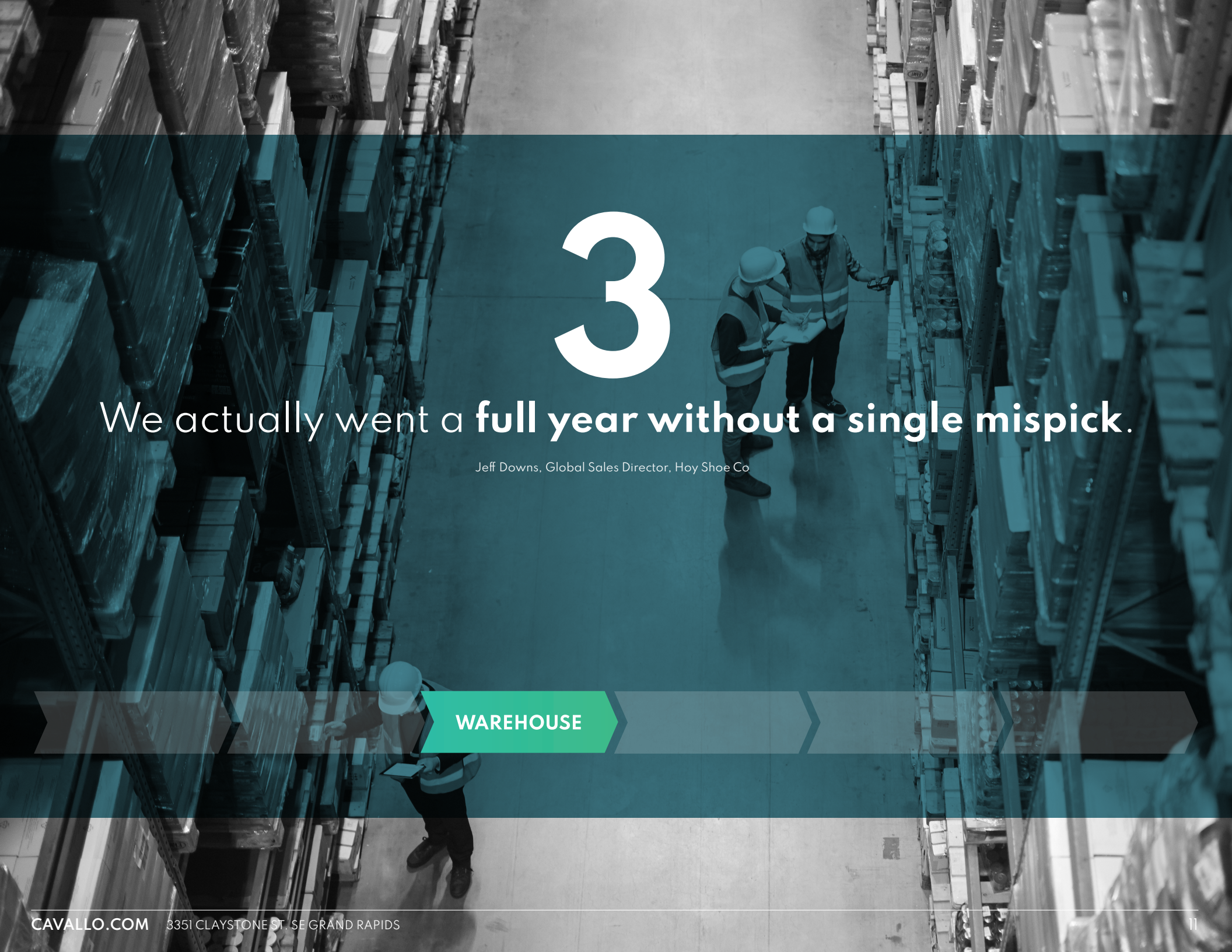
Sales managers understand high-level metrics, but miss actionable details.

Sales leaders have partial visibility over the company's order workflow and how processes are performing. Obvious gaps are addressed, but many areas can't be improved because they aren't measured. The company improves, but only enough to keep up with the competition.

Significant Gap

Sales processes are a black hole.

Sales management has no visibility into the performance of the company's order processes. Order flow is slow and unpredictable, but the data does not exist to establish a true baseline. Tremendous amounts of time are wasted chasing orders. Customers are frustrated, as are employees. Even treading water is impossible.



3

We actually went a **full year without a single mispick**.

Jeff Downs, Global Sales Director, Hoy Shoe Co

WAREHOUSE

3.1 Managing Inventory

Strength (Best Practice)

Inventory numbers are accurate and real-time.

Inventory visibility is accurate, real-time, and uses barcoding for greater efficiency. Warehouse management tools are seamlessly integrated with order-to-cash processes.

Moderate Gap

Inventory values are fairly accurate.

Inventory values sometimes need to be manually checked before orders can be confirmed. There are only moderate levels of inventory shrinkage.

Significant Gap

Quantities and locations are inaccurate.

Inventory quantities and locations are often outdated and inaccurate. Placing orders requires manual checks to confirm availability. Inventory shrinkage is high.

3.2 Splitting Orders

Strength (Best Practice)

Order flexibility increases customer satisfaction.

Order splitting allows for the separating and combining of orders and invoices. Order splitting is often a differentiating capability that enhances customer satisfaction.

Moderate Gap

Inflexibility requires time-consuming workarounds.

Order splitting is partially supported within the system, but gaps remain in key functionally, such as invoice splitting.

Significant Gap

Time is wasted because of missing processes.

Splitting orders manually creates errors and frustrates customers. Invoice logic is not dynamic.

3.3 Picking Orders

Strength (Best Practice)

There are very few picking errors.

Picking sequence is guided by intelligent and dynamic order priority. Validation methods prevent the wrong items from being picked. Orders can't proceed to the next phase until picked accurately.

Moderate Gap

Picking sequence is intelligent, but not updated dynamically. Errors are common.

Picking sequence cannot be updated dynamically. Some time and effort is wasted, but warehouse operations can manage through most days and volume levels. Picking errors are fairly frequent.

Significant Gap

The picking process is paper-based, creating inefficiencies and errors.

Picking sequence can't be changed without manual intervention. Inefficient instructions and warehouse layouts cost significant time and energy. Picking errors are common.

3.4 Packing Orders

Strength (Best Practice)

Packing ensures 100% shipment accuracy.

Packing priority can be updated post-pick. Orders can be intercepted and updated while in pack. Product verification prevents items that were mis-picked from being packed.

Moderate Gap

Packing errors result in some inaccurate shipments.

The packing process includes some intelligence, such as product verification or order re-prioritization, but is incomplete and highly manual.

Significant Gap

Packing is not separated from picking.

No dynamic prioritization or updating of orders is possible. There is no additional confirmation or verification of product information during packing. Packing is purely a function of what has been picked.

3.5 Restocking

Strength (Best Practice)

Restocking is seamless and error free.

Automated alerts notify users to restock shelves/bins that fall below minimum thresholds. Inventory values are updated instantly and automatically. Items arrive with all necessary information required to be stocked quickly.

Moderate Gap

Restocking is overly manual but generally works.

Some intelligence is gathered regarding returns, allowing most viable products to be restocked and resold. The process is highly labor-intensive, but functional.

Significant Gap

Restocking causes significant challenges.

Restocking causes significant challenges as products arrive with little information, requiring triage and problem solving. Warehouse staff members waste time, and returned items are not resold or returned to vendors as frequently as they should be.

3.6 Analyzing Inventory

Strength (Best Practice)

Inventory data is accurate and detailed.

Reporting provides accurate and detailed inventory data across all warehouse locations. Information is easily turned into actionable insight by combining customer, vendor, sales, and margin information that informs investment decisions.

Moderate Gap

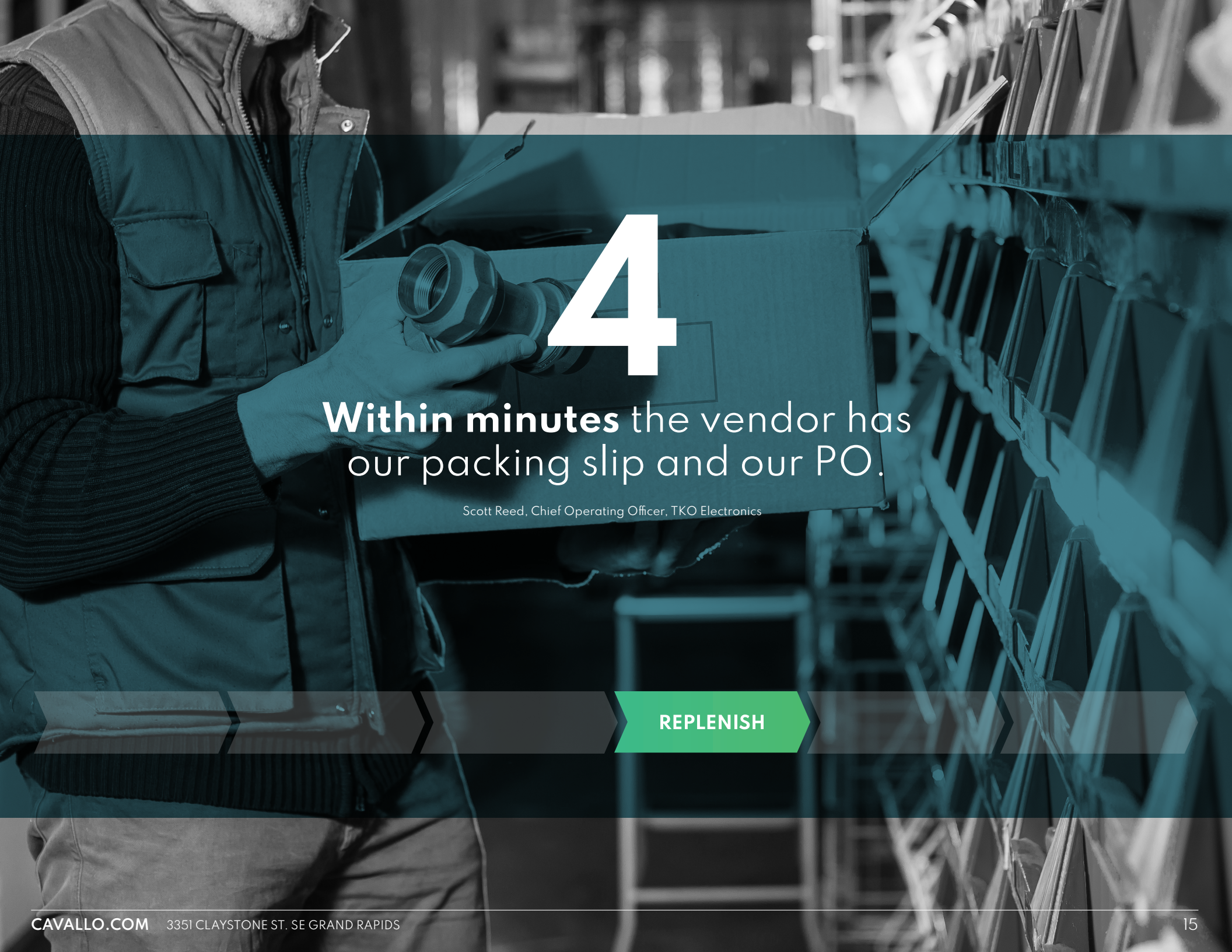
Inventory data is limited.

Inventory data is available but limited. Analysis typically leads to an understanding of returns and some understanding of investment by vendor, but the full linkage to customers is not possible, nor is an understanding of return by category/product/vendor.

Significant Gap

Inventory data is incomplete.

Inventory data is incomplete and analytics do not yield any insight that would allow for better allocation of inventory investments.



4

Within minutes the vendor has our packing slip and our PO.

Scott Reed, Chief Operating Officer, TKO Electronics

REPLENISH

4.1 Planning Inventory

Strength (Best Practice)

Stockouts are very rare.

Inventory planning incorporates straightforward business rules, such as min/max thresholds, as well as advanced approaches, such as dynamic reorder points that update based on sales trends. Stockouts are extremely rare.

Moderate Gap

Stockouts happen but are infrequent.

Inventory planning incorporates straightforward measures but does not leverage advanced approaches. Stockouts occur but are not common. Inventory shrinkage is common but not terribly expensive.

Significant Gap

There are frequent stockouts.

Inventory planning is inconsistent and requires significant manual effort. Stockouts occur frequently. Inventory shrinkage is common and expensive.

4.2 Reordering

Strength (Best Practice)

Reordering takes place without issue.

Reordering is automated based on predefined business rules and workflow, incorporating reorder points, backorders, and drop shipments. Approval workflows ensure management review of reorders in excess of predefined dollar thresholds.

Moderate Gap

Reordering causes some delays.

Reordering is supported by data and some technology-enabled processes, but is only automated for some categories/vendors.

Significant Gap

Reordering wastes too many resources.

Reordering is a standalone process requiring manual intervention. Significant time is lost to inefficient manual processes.

4.3 Generating Purchase Orders

Strength (Best Practice)

Purchase order entry is flexible and easy-to-use.

Purchase orders are entered quickly and with high accuracy. PO entry is automated where appropriate. Manual purchase order entry, when needed, is sent electronically to vendors with no errors.

Moderate Gap

Purchase order entry is functional but inflexible.

Purchase order generation is supported by some technology-enabled processes, but it is only automated for some categories/vendors.

Significant Gap

Purchase order entry is completely manual and time-consuming.

Purchase order generation is very time consuming. Previous purchase orders can't be duplicated, making each purchase order a one-off.

4.4 Generating Work Orders

Strength (Best Practice)

Work orders are generated quickly and painlessly.

Work orders are created automatically for light made-to-order or kitting operations. Make-to-stock operations allow for ad-hoc work orders to satisfy reorder point demand.

Moderate Gap

Generating work orders causes some stress.

Work order generation is technology-enabled but requires additional efforts to ensure light manufacturing operations are receiving accurate demand numbers.

Significant Gap

Work orders are extremely difficult to create.

Creating work orders is a highly manual process that is difficult to repeat, leading to lost time and resources. Work orders are sometimes lost completely.

4.5 Receiving Inventory

Strength (Best Practice)

Inventory is received and stocked quickly and efficiently.

Inventory is received and stocked quickly and efficiently. Inventory data is updated automatically with location information. Three-way matching ensures consistency between purchase order, receipt, and vendor bill.

Moderate Gap

Receiving gaps limit inventory visibility.

Inventory is received electronically to enable total inventory counts, but location information is not captured immediately, leaving gaps in inventory visibility and inefficiencies in picking activities.

Significant Gap

Receiving is time-consuming and hinders inventory visibility.

Receiving inventory is not well-choreographed. Inventory values/counts are not captured electronically. Inventory locations are not recorded.

4.6 Managing Vendors

Strength (Best Practice)

Vendors are managed strategically.

Vendor data is readily accessible, supporting both vendor management and negotiations. In addition to contact information, historical data can be aggregated, analyzed, and compared to other vendors.

Moderate Gap

Vendor management is tactical.

Vendor contact information is readily accessible, but spend data is more difficult to access. Insightful data aggregation and analysis cannot be performed directly in the system and is therefore rarely performed.

Significant Gap

Vendor management is purely reactive.

Vendor data is incomplete and disparate. Identifying the right contact for each vendor is often a challenge. Vendors are not managed strategically, as the data is not available to develop insight to feed negotiations.

4.7 Analyzing Supply Chain

Strength (Best Practice)

Supply chain insights support strategic decisions.

Spend data can be aggregated and analyzed over time by category, product, and vendor to support supply chain planning and strategic decision making.

Moderate Gap

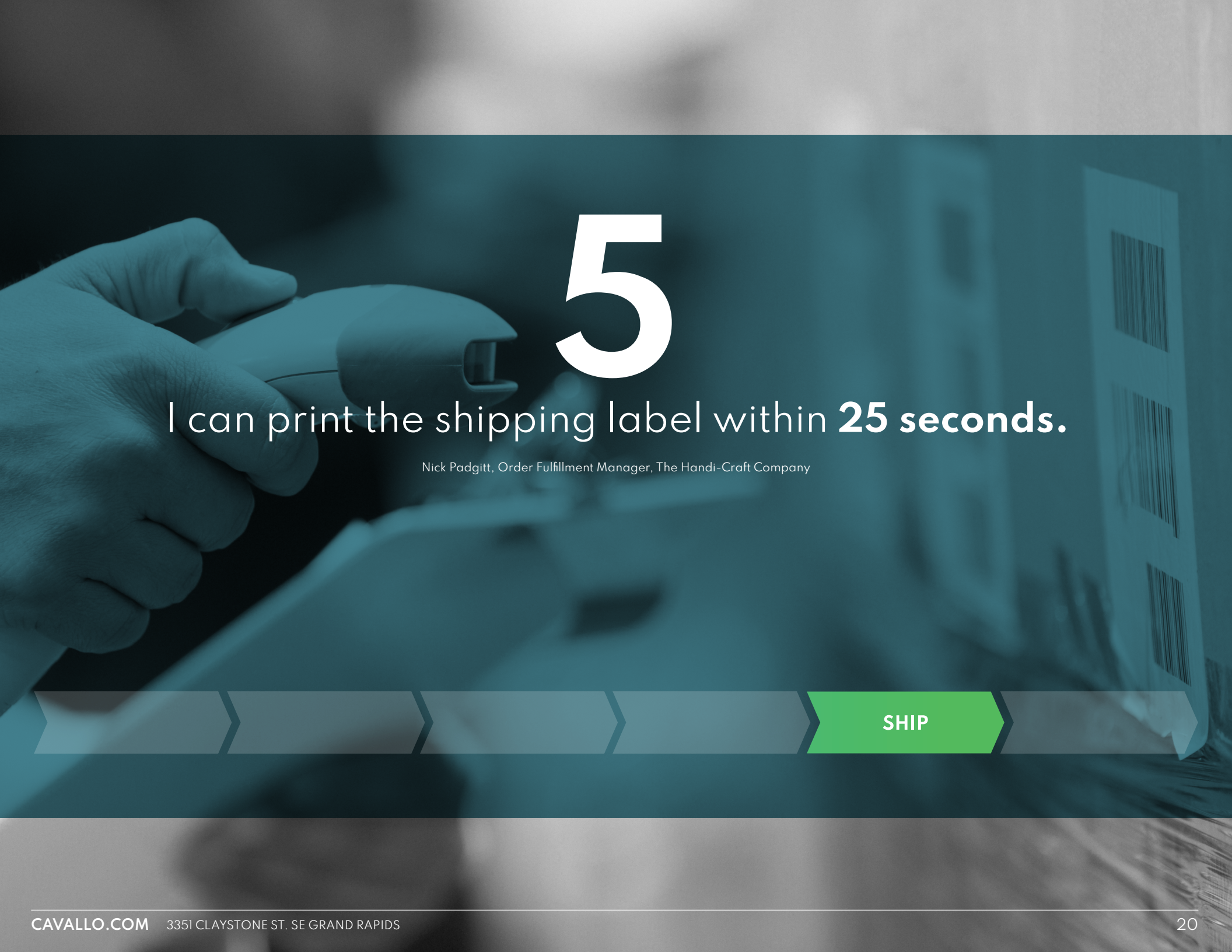
Proactive decisions are limited.

Spend data can be aggregated and analyzed for most categories, products, and vendors. Planning and analytics are limited to a subset of the business.

Significant Gap

Supply chain economics are a blind spot.

Supply chain analysis cannot be performed without significant manual effort. Vendors cannot be managed strategically, resulting in higher costs.



5

I can print the shipping label within **25 seconds.**

Nick Padgitt, Order Fulfillment Manager, The Handi-Craft Company

5.1 Creating Labels

Strength (Best Practice)

Shipping labels are created automatically.

Tracking information is automatically added to orders. Notifications are sent to customers via email upon label creation. Shipping labels print automatically when an order is ready to ship.

Moderate Gap

Creating shipping labels requires some extra effort.

Shipping labels are system-generated but are not printed automatically. Processes are not as efficient and scalable as they could be, and errors occur occasionally.

Significant Gap

Creating shipping labels takes far too long.

Shipping labels are created and printed with significant manual effort. Errors occur with some frequency, and shipments are often delivered to the wrong address.

5.2 Scheduling Shipping

Strength (Best Practice)

Shipping timelines are easily met and maintained.

Shipping schedules are practical and predictable, and they integrate with document workflow to immediately recognize when an order is picked, packed, and ready to ship. Order management processes recognize shipping timelines and prioritize accordingly.

Moderate Gap

Shipments are sometimes delayed.

Shipping schedules are relatively consistent but may not always be favorable. Packed orders sometimes sit an extra day in the warehouse.

Significant Gap

Shipments are frequently late.

Shipping schedules are inconsistent and unpredictable. Packed orders face regular delays in the warehouse before being shipped. Loading docks become crowded and confusing.

5.3 Optimizing Routes

Strength (Best Practice)

Route optimization is intelligent and real-time.

Routes are optimized, leveraging real-time traffic, historical data, and route efficiency. Routes update dynamically based on changes in traffic and order/return schedules. Route optimization also incorporates driver/manager input.

Moderate Gap

Routes cannot be dynamically updated.

Routes are planned based on point-in-time traffic information and limited historical data. Routes cannot be dynamically updated.

Significant Gap

Routes are poorly optimized.

Routes are not optimized but are instead planned based on driver preferences.

5.4 Dispatching for Delivery

Strength (Best Practice)

The dispatch process is proactive and well-planned.

Drivers have a clear understanding of their expectations, assignments, and routes. Drivers do not spend excess time in the warehouse prior to departure.

Moderate Gap

Dispatch is partially technology-enabled.

Dispatch is assisted by technology-enhanced processes such as load planning and sequencing. Drivers are required to do some manual work and spend some excess time in the warehouse prior to departure.

Significant Gap

Dispatching drivers can be chaotic.

Drivers are heavily involved in the dispatch process as it requires manual, paper-based planning. Drivers spend significant time in the warehouse prior to departure.

5.5 Confirming Delivery

Strength (Best Practice)

Delivery confirmations are available and accurate.

Delivery confirmations are generated automatically and transmitted to all interested parties. Delivery confirmation is available in relevant customer/order screens.

Moderate Gap

Delivery confirmations are limited.

Delivery confirmations are available for only some orders, creating situations for labor-intensive order tracking.

Significant Gap

Delivery confirmations are not received.

Phone calls are often placed to track down "missing" orders. Tracking down these orders is time-consuming and labor-intensive. Customers are often frustrated.

5.6 Managing Reverse Logistics

Strength (Best Practice)

Isolated pickups are rare.

Returns are easily flagged/scheduled for pickup on existing routes. Little to no time is wasted making one-off "return runs."

Moderate Gap

Isolated pickups are more common.

Returns are supported by existing routes, but coordination to make them happen is complicated.

Significant Gap

Isolated pickups occur frequently.

Returns require significant manual coordination and often lead to costly one-off trips.

5.7 Analyzing Logistics

Strength (Best Practice)

Shipping and delivery is managed as a profit center.

Detailed data is kept and analyzed to maximize profits. Spend data is used to negotiate for better rates with vendors such as UPS/FedEx. Business decisions are made based on robust data.

Moderate Gap

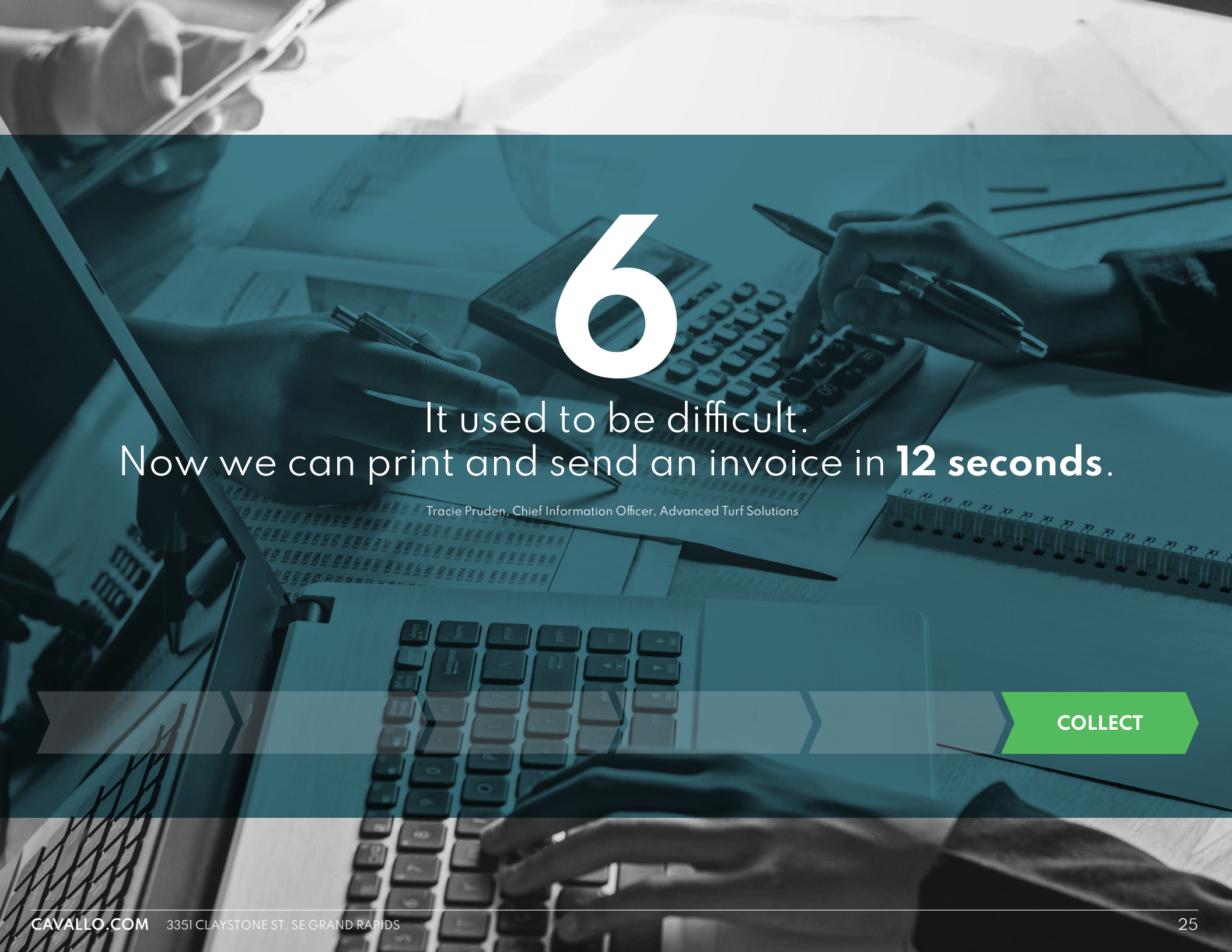
Shipping and delivery data provides an incomplete picture.

Cost data is relatively well-known but not managed to generate profit. Spend data may be used to tightly manage some logistics providers, but negotiations are not strategic.

Significant Gap

Shipping and delivery economics are a blind spot.

Cost data is disparate and not actively managed. It is rarely known if costs are recovered. Vendor pricing/service levels are not well-managed. Overspending is a likely result.



6

It used to be difficult.
Now we can print and send an invoice in **12 seconds**.

Tracie Pruden, Chief Information Officer, Advanced Turf Solutions

COLLECT

6.1 Generating Invoices

Strength (Best Practice)

Invoices are generated like clockwork.

Invoices are automatically generated and sent electronically to customers with no errors.

Moderate Gap

Invoice generation is labor-intensive.

Invoice generation is supported by some technology-enabled processes with some manual input. Errors occur on occasion.

Significant Gap

Invoice errors are common and payments are hampered.

Invoice generation is a standalone process requiring manual intervention. Paper invoices are common, and errors occur frequently, leading to customer frustration.

6.2 Receiving Payments

Strength (Best Practice)

Payment capabilities are a competitive weapon.

Payments are received electronically and are fully integrated with the core financial software solution. Payment rates are market-competitive.

Moderate Gap

Payments capabilities are limiting growth.

Payments are received electronically but require some workarounds to be managed. Some payment technology (such as card-not-present transactions) has not been implemented. Payments rates are higher than the market average.

Significant Gap

Capturing payments presents a huge challenge.

Electronic payment infrastructure is limited and siloed. Credit card payments are taken over the phone. Receivables efficiency is poor, and mistakes are made.

6.3 Tracking Receivables

Strength (Best Practice)

Tracking receivables is quick and easy.

Receivable data is available to relevant users, and it can easily be used in real-time as part of the order approval process. This data can also be used to manage receivables and follow up with customers.

Moderate Gap

Tracking receivables takes extra time and effort.

Receivable data is available to many users but requires extra effort, such as the use of multiple screens, to access the information. Receivable data can be used as part of order approvals with some effort and on a limited scale.

Significant Gap

Receivable data is difficult to access.

Receivable data is siloed and difficult to access for most users. As such, receivables are not used in the order approval process, and managing receivable levels, such as DSO, is nearly impossible.

6.4 Managing Refunds

Strength (Best Practice)

Refunds are seamless and customers are happy.

Generating and paying refunds is facilitated electronically in a fully integrated manner. This process is error-free and increases customer satisfaction.

Moderate Gap

Friction is felt by customers.

Refunds are generated and paid electronically but require somewhat siloed processes. Labor efficiency is impacted, and friction is felt by customers.

Significant Gap

Refunds cause significant delays and frustration.

Generating and paying out refunds is extremely difficult and frustrating for customers. Processes are standalone and inefficient.

6.5 Managing Taxes

Strength (Best Practice)

Tax errors are rare and easily fixed.

Tax calculation and reporting tools are automated and fully integrated with core financial software applications. Any infrequent tax errors that occur can be easily fixed.

Moderate Gap

Semi-frequent tax errors cause frustration.

Tax calculation and reporting have dedicated tools but are not fully integrated, requiring duplicate data entry and limiting efficiency.

Significant Gap

Tax calculation errors are commonplace.

Tax calculation and reporting is supported by standalone processes that require manual intervention. Errors occur frequently and customers become frustrated.

6.6 Analyzing Receivables

Strength (Best Practice)

Receivables are well-understood and managed systematically.

Receivable data and trends are easy to aggregate and analyze. Receivable levels, such as DSO, are well-managed, and bad debt levels are very low.

Moderate Gap

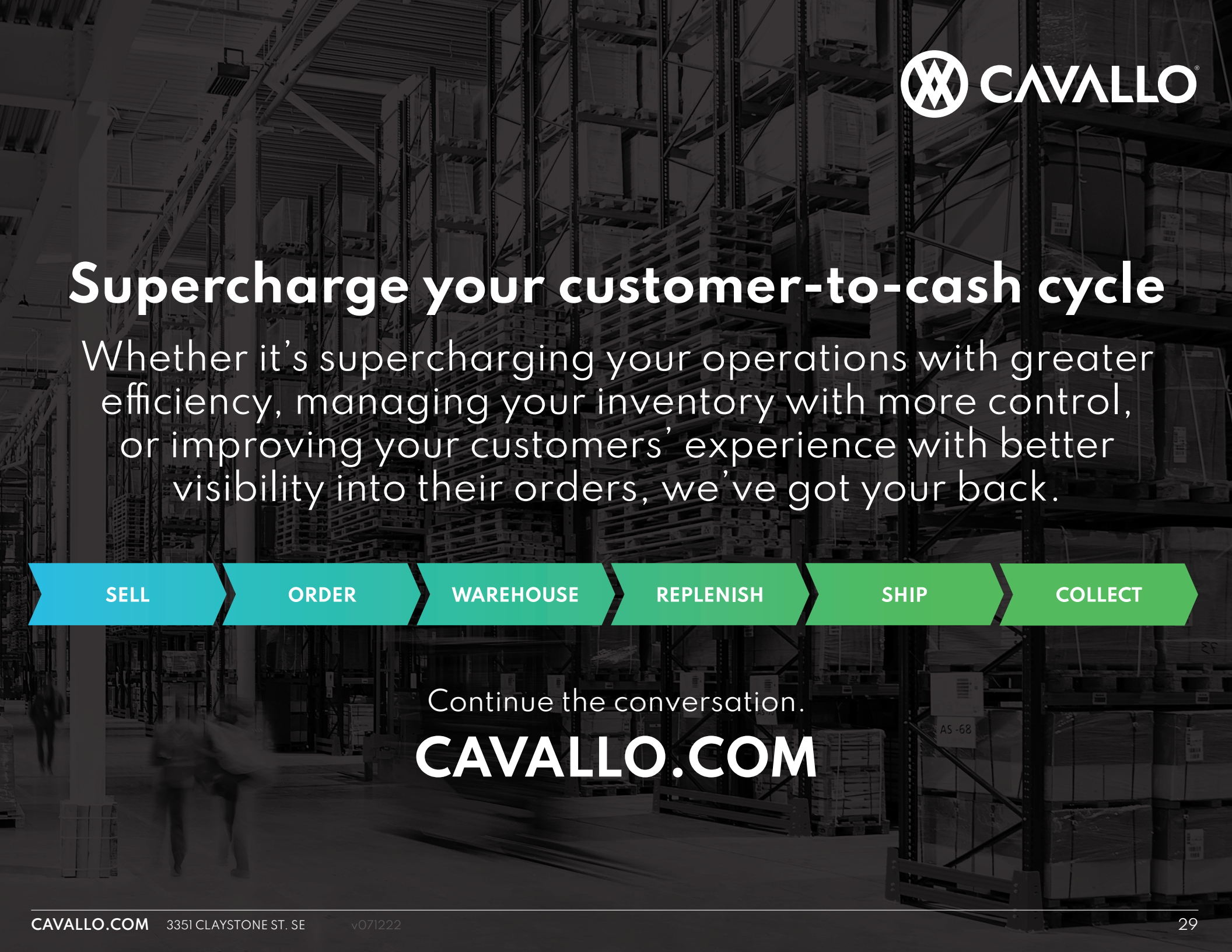
Receivable data is incomplete.

Aggregate receivables data can be developed, with effort, to help manage DSO. There is some bad debt.

Significant Gap

Receivable data is a blind spot.

Receivable data is difficult to aggregate and analyze. DSO and bad debt levels are much higher than desired.



Supercharge your customer-to-cash cycle

Whether it's supercharging your operations with greater efficiency, managing your inventory with more control, or improving your customers' experience with better visibility into their orders, we've got your back.

SELL → ORDER → WAREHOUSE → REPLENISH → SHIP → COLLECT

Continue the conversation.

CAVALLO.COM