

TUTOR MARKED ASSIGNMENT

Order to Cash (O2C)

Maximum Marks : 100
Weightage : 30%

Course Code : BPOI - 004
Last Date of Submission : March 30, 2014

Note : This Assignment covers Course 4. All questions are compulsory. Marks assigned to the questions have been shown in the bracket

Section A

1. Why is it important to separate the credit and sales departments? Explain in brief. (5)
2. Differentiate between a purchase order and a sales order. (5)
3. How does the credit department assess the ability and willingness of the customer to pay the dues? (5)
4. Both accuracy and speed are important for the performance of cash application process. Support this statement with reasons and examples. (5)
5. What are the various telephony tools used in the O2C process? Provide examples of the situations where these tools are used. (5)
6. Explain the consequences of poorly managed Order to cash processes. (5)
7. When the order management team receives a customer's order, what does it do? List all the activities up to invoicing the customer. (5)
8. Describe the month end activities carried out by the O2C teams. (5)

Section B

1. Please provide the journal entries for the following transactions: (6*1 marks)
 - a. Sold goods on credit to Collieridge Partners (Rs 400)
 - b. Collieridge Partners returned goods (Rs 75)
 - c. Received Rs 300 as an advance for supply of material from Cohen and Company
 - d. Received a payment from a customer directly into bank account (Rs 1600). Remittance details not available yet.
 - e. Received a purchase order from Smith and Sons and confirmed the purchase order to them.
 - f. Received a payment of Rs 300 from Collieridge Partners as full settlement of the dues.
2. Explain what happens in the following stages: (3*2 marks)
 - a. Invoicing
 - b. Cash Application
 - c. Collection follow up

3. Why should we record the case history of all the collection related communication made with the customer? (6)
4. Explain the use of the following tools in the context of O2C cycle: (3*2 marks)
 - a. Call recording tool
 - b. CRM
 - c. Document management system
5. Name at least one accuracy and one productivity related metric tracked and reported in the following processes: (3*2 marks)
 - a. Credit review
 - b. Order management
 - c. Cash application
6. Briefly explain the structure of the collection pyramid. (6)
7. Explain the significance of the following source documents in the O2C cycle: (3*2 marks)
 - a. Sales order
 - b. Legal Notice
 - c. Remittance advice
8. If everything else has failed and the seller has not been able to receive the payment for his dues then he usually resorts to legal action. Explain in a step by step manner how does the legal recourse proceed. (6)
9. Briefly explain the customer refund process. (6)
10. Discuss the important quality criteria for the following processes and how the respective teams ensure that quality criteria are met. (3*2 marks)
 - a. Collection
 - b. Order Management