Credit Control all operations

Table of content

- Table of content
- 1. Introduction
  - Scope
  - ERP
  - References
  - Attachments
- 2. Process Overview
- 3. Detailed Process Description
  - 3.1 Risk Categories
  - 3.3 Management of Letters of Credit
  - 3.3. Activities
  - 3.4 (Un)confirmed quantity
  - 3.5 Goods shortage
  - 3.6 Order confirmation
  - 3.7 Incomplete orders
  - 3.8 ZPVK transaction
  - 3.9 Automatic program to unblock orders
  - 3.10 KPI on blocked orders
  - 3.11 Automatic e-mail at order release
  - 3.12 LOG

Scope

APAC EMEA LAM NAM

Wise

ERP

PI1 PF1 WP1

References

Attachments

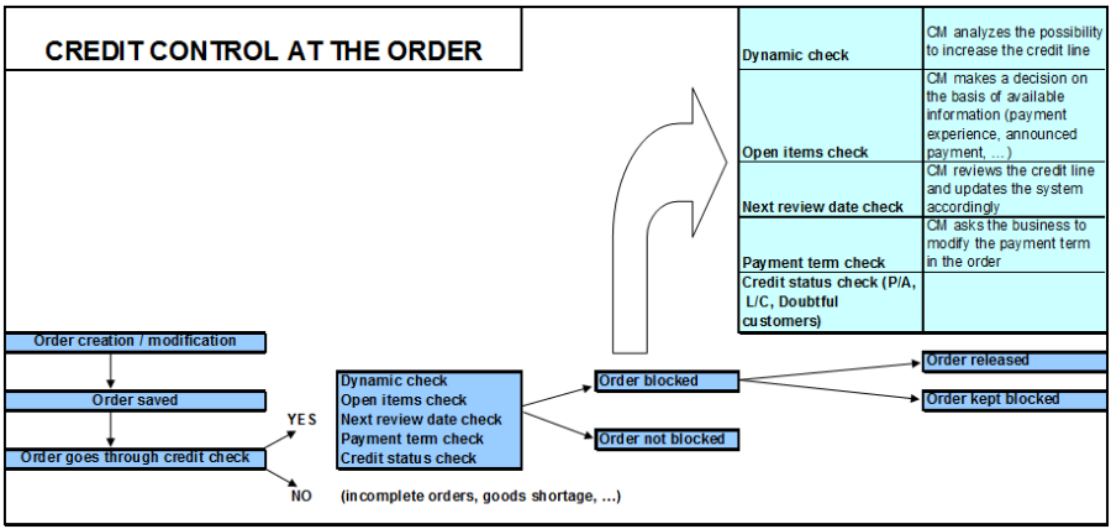
Transaction Z1F_CM_CHECK_SO Documentation

1. Introduction

This document describes the process for Credit Control.

2. Process Overview

- **High-level flow-chart**



- **High-level process**

As a general rule, Credit Control is performed at **order level**. A few exceptions exist, where it is executed at the delivery level or good issue level.

Both at Order and Delivery level

- 6859 Solvay (Shanghai) International Trading Co Ltd - trading company sales org CN04 - CN16
- 7499 Rhodia Hong-Kong sales org HK01 - HK02=> since some year ago there isn't any more commercial activity

At Delivery level only

- 6526 Solvay (Zhangjiagang) Specialty Chemicals Ltd sales org CN19. The purpose behind that request is to be able to manage the customer that pay in advance (70% among 1800 active customers per year)
- 6577 Zhuhai Solvay Specialty Chemicals Co Ltd - sales org CN18
-

At Delivery and Good issue:

- 7523 Rhodia Poliamida e especialidades S.A. for Fibras business sales org BR15 - BR16 - BR17 => used just for "payment in advance" in order to have the correct weight and value of the load matching with the payment received: this is linked to the product - the credit control at the delivery enables an adjustment of the quantity to the paid amount in case of payment in advance. Before, a credit control at the order was performed and customer often didn't pay the balance.

The credit check is made on the payer. If the sales order is created without payer, there is no credit control.

The credit control depends on the sales document type. For each sales document type, a customization is needed : 'no credit check', 'simple credit control' or 'automatic credit check'.

Automatic credit check was implemented and various checks are available.

The credit control takes place during a sales order creation, as well as at sales order changes, when the sales order is saved. If the customer data does not comply with the credit control conditions, the order is blocked.

In some cases, till conditions are met, credit check is not executed (order not complete, …).

If an order is blocked for credit, it can be automatically or manually unblocked. Once the order is released, it can follow the normal sale flow: order, delivery, billing, factoring ,…

Each night, a program runs to unblock the previously blocked orders: if the conditions are met (because a payment was received, credit line was increased, …), orders are automatically unblocked.

The ZPVK transaction is used to help the Credit Management identify the orders blocked for credit reasons. Blocked orders can be manually released via this transaction at any time.

The credit control needs data from SD and data from FI to perform the credit checks. As customer FI account data are dispatched between PI1 (factoring company accounting) and PF1 / WP1, we will use the SAP technique called "A/R summary" and an automatic running program to merge all useful FI & SD data in one table.

The credit check is made **only on the "confirmed" quantity.** This means that an order for which the quantity has not been confirmed is not included in the credit check and in the credit "outstanding items". It is only when the quantity is confirmed that the order undergoes this credit check, and can thus be blocked for credit.

3. Detailed Process Description

3.1 Risk Categories

3.1.1 Description

3.1.1.1 Introduction

- The Credit Control on an order is based on a Risk Category which will determine the rules that will be applied.
- The Risk Category is used to internally manage the Credit Control on the Order. It is not communicated to the business.
- For every customer, one Risk Category is assigned, with linked parameters. Those parameters will be used at credit control level to automatically block or not an order.

3.1.1.2 Determination of the Risk Category

The Risk Category results from the combination of 2 elements :

- the scoring rating;
- and the payment index.

The combination of those 2 elements give a two-entry table of risk category.

3.1.1.2.1 Scoring Rating

- The scoring rating is defined via the tool FSCM by the Credit Management Team, on the basis of a customer, business and financial analysis.
- It gives an assessment of the risk associated to a customer.
- The possible values for the Scoring rating are the following :

Scoring Rating	Description
1	No risk
2	Lower than average risk
3	Average risk
4	High risk
5	Credit against security

3.1.1.2.1 Payment index

- Each customer is granted automatically a payment index.
- The introduction of a payment index Good / Bad enables to 'reward' customers with good payment experiences and penalize customers with bad payment experiences.
- The payment experience is defined as the weighted average delay over the 6 last months. It is expressed in days.
- Limit between a **good and a bad payer is set at 3 =>** Bad payer > 3 days
- The possible payment index values are:

Payment Index	Description	Days
100	Good payment experience	< or = to 3
200	Bad payment experience	> than 3

- A NEW customer gets, by default, a value at blank, meaning a good payment experience.

'**Rounding**' method:

IF < 0,5 => previous unit

IF > or = to 0,5 => next unit

Example: 2,19 => 2 ; 2,65 => 3

- **Exceptions :**
  - **Internal Customers** will automatically receive a risk category **S or SP** (Solvay). The determination of the rating S or SP is based on the consolidation method:

SBS - Delivery Management - List of Companies
-Rating S is for entity fully consolidated
-Rating SP is for entity proportionally consolidated
-Rating between 1 to 5 for entity on Equity method or not consolidated => consider as external customers

- **New customers** will automatically receive a risk category **NEW**.

3.1.1.3 Table of the Risk category

- The Risk category is the result of the combination of the Scoring Rating and the Payment Index:

Risk Category	Payment Index	
FSCM Scoring Rating	Good	Bad
1	1G	1B
2	2G	2B
3	3G	3B
4	4G	4B
5	5G	5B

How to read this table?

- If a customer :
  - gets a scoring rating 2;
  - and is a bad payer

Then a Risk Category 2B will be automatically assigned to the customer by the system.

Important remarks:

- "1G / 1B": "G" stands for 'Good' and "B" stands for 'Bad'.
- Communication with business: Only the FSCM Scoring Rating will be communicated (rating 1 -> 5) to the business. The Risk category will only be used to manage internally the credit control.

3.1.1.4 Credit Checks

5 different credit checks are performed :

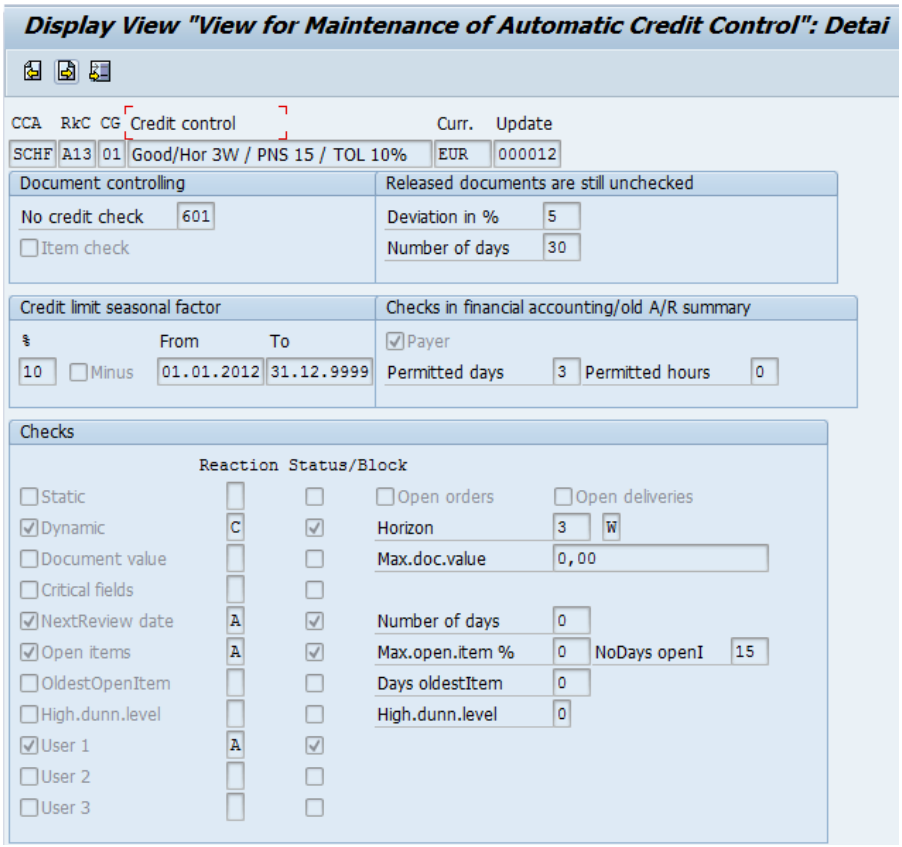
- **Dynamic check**
- **Open items check**

- **Next review date check**
- **Payment term check**
- **Credit status check**

For each Risk Category, levels of tolerance are defined in terms of excess of credit limit, overdue, next review date and payment term.The Credit Control on an order is based on these levels of tolerance and an order will get blocked above the defined corresponding levels.

Parameters will also be defined to manage order reblockings (released documents are still unchecked) and information transfers between systems (A /R summary).

Parameters are entered at the Risk Category level. Please find here below a print screen of all the possible parameters for a Risk Category.



3.1.1.4.1 Dynamic check

a.Introduction

The dynamic check is used to check whether the engagement towards a customer exceeds the authorized credit line.

The engagement is always linked to a date, called horizon.

The horizon, expressed in days, is the period taken into consideration to calculate the whole engagement of the group towards a customer. The engagement will then be compared to the credit line.

- If the engagement value in the defined horizon exceeds the credit limit, the order will automatically be blocked by the system (credit line is not sufficient to cover the new order).
- If the engagement is smaller than the credit line, the order won't be blocked (provided that all other credit checks are OK).

! Only orders within the credit horizon update the credit exposure.

The material availability date is taken into account to check whether an order is within or beyond horizon.

BUT:

IF the order is in the horizon, the value of engagement in this horizon increases; the order can thus be blocked though the previous ones weren't blocked.

IF the order is beyond this horizon, the value of engagement doesn't increase in this horizon; it will only be blocked if the credit limit is already reached.

All the risk categories go through the dynamic check, except S (Solvay companies).

b.Calculated exposure

The Credit Exposure is always linked to a date, called horizon. The horizon is defined for the credit limit check.

- Engagement / Credit Exposure = commercial value + receivables

The Commercial Value at a given horizon date includes:

- Sales orders value not yet or only partially delivered (dynamic part)
  - With confirmed quantities
  - With a material availability date within the horizon
- Open deliveries (static part)
- Open/not yet accounted billings (static part)

The order gets out of the Commercial Value of the Engagement when the delivery is done and the invoice issued. It enters then in the Receivables Part of the Engagement.

Remark : Sales orders with a financial document (under a payment guarantee procedure like for instance letter of credit, bank guarantee...) are excluded from the commercial value.

c. Horizon

The horizon, expressed in days, is the period taken into consideration to calculate the whole engagement of the group towards a customer. The engagement will then be compared to the credit line.

If the engagement is greater than the credit line, the order will be blocked by the system.

If the engagement is smaller than the credit line, the order won't be blocked (provided that all other credit checks are OK).

The riskier a customer is, the more of its future orders are taken into account.

The material availability date is taken into account to check whether an order is within or beyond horizon.

Horizon is set between 0 and 360 days, depending on the Risk Category.

d.Dynamic check parameters

Parameters were defined, per risk category, as follows:

Dynamic Check				
	Yes/No	Tolerance (%)	Max Amount (€)	Horizon (days)
1G	No	N/A	N/A	N/A
1B	No	N/A	N/A	N/A
2G	Yes	20%	250000	1
2B	Yes	20%	250000	1
3G	Yes	10%	100000	30
3B	Yes	10%	100000	30
4G	Yes	N/A	N/A	60
4B	Yes	N/A	N/A	60
5G	Yes	N/A	N/A	60
5B	Yes	N/A	N/A	60
NEW	Yes	N/A	N/A	360
S	No	N/A	N/A	N/A
SP	No	N/A	N/A	N/A

How to read the previous table?

Risk category '2G'

An order will get blocked by the system in case the credit line is exceeded by more than 20% (with a max of 250K€).

e.Tolerance

For 4 risk categories (2G, 2B, 3G, 3B), a tolerance in terms of credit line excess is implemented via the credit limit seasonal factor, with a maximum of 100K € to 250K€.

This means that, for instance, a customer with risk category 3G can overpass its credit line by 10%, but with a maximum of 100K€.

3.1.1.4.2 Open items check

a.Introduction

This credit check is a combination of two criterias:

- The number of days which open items are overdue

- Overdue open items may not exceed a certain percentage of the total receivables.

All the risk categories go through the open items check, except 1G, 1B, S and SP.

b.Open items check parameters

Parameters were defined, per risk category, as follows:

Open Items Check			
	Yes/No	Numbers of day	Max Open Item %
1G	No	N/A	N/A
1B	No	N/A	N/A
2G	Yes	90	20%
2B	Yes	90	20%
3G	Yes	10	15%
3B	Yes	5	10%
4G	Yes	5	1%
4B	Yes	0	1%
5G	Yes	0	0
5B	Yes	0	0
NEW	Yes	0	0
S	No	N/A	N/A
SP	No	N/A	N/A

c.Blocking codes (dunning blocks)

- 1. No blocking in case of overdue if invoice is flagged for one of those reasons:
  - A – Commercial dispute
  - B - Proof of payment received
  - D – Misdirected payment
  - G – Extra documentation needed
  - I – Cheque received
- 2. Creation of a blocking code Y enabling to bypass the credit check on overdues for specific reasons. Y enables to bypass the overdue check on an invoice.

d.Cash against document

- Implementation of an automatic 30-day tolerance in terms of overdue if payment method is Cash Against Document.

e.Creditor amounts

- No blocking for overdue reason in case of overdue credit note
- No blocking for overdue reason if global overdue balance = 0 or shows a credit amount
- No blocking for overdue reason if global balance of the account = 0 or shows a credit amount

3.1.1.4.3 Next Review Date check

a.Introduction

- Credit check based on the credit limit next review date: in case the credit limit of a customer has expired, its new orders will automatically be blocked.
- The next credit review date is stored in the credit data in the customer master record. When you process a document, the next credit review date must not be beyond the current date.
- A time buffer (number of days added to the next review date) has been defined for each risk category.

b.Next Review Date Check Parameters

Next review date check is activated for all the risk categories, except 1G, 1B, S and SP. Tolerance varies from 0 to 360 day. Affiliates are not checked, as they don't get a credit line.

Next Review Date		
	Yes/No	Number of days
1G	Yes	360
1B	Yes	360
2G	Yes	360
2B	Yes	360
3G	Yes	180
3B	Yes	180
4G	Yes	90
4B	Yes	90
5G	Yes	90
5B	Yes	90
NEW	Yes	0
S	No	0
SP	No	0

3.1.1.4.4 Payment term check

a.Introduction

- The system controls the 'payment term' critical field. The check is carried out between the payment term in the sales document and the payment term default value in the customer master data. In case it is different, the order gets blocked.
- Condition to this implementation : Credit Management is responsible for payment term registering in the system.

b.Payment term check parameters

- It was decided to implement a payment term check for all the risk categories, except for Risk Category S, SP.

Payment Term	
	Yes/No
1G	Yes
1B	Yes
2G	Yes
2B	Yes
3G	Yes
3B	Yes
4G	Yes
4B	Yes
5G	Yes
5B	Yes
NEW	Yes
S	No
SP	No

3.1.1.4.5 Credit status check

- Activation of 'Credit status check (user 2)' at Risk Category level to systematically block all the orders of :
- Customers paying in advance - **Credit status flagged at 0005** (= Payment in Advance) at Master Data level (FD 33)
- Customers paying via letter of credit - **Credit status flagged at 0004** (= Letter of credit) at Master Data level (FD 33)
- Doubtful customers - **Credit status flagged at 0003** (= Doubtful customers) at Master Data level (FD 33)

3.1.1.4.6 Check of released documents

a.Introduction

This function is used for checking documents that have already been released (approved for credit) by a credit representative, but that have subsequently been changed. The system does not carry out another credit check if the following conditions are met:

1. Deviation in %

You can use a deviation factor for documents that have already been approved for credit. As long as you change the document and you keep the sales document deviation in the percentage, there is no new credit check. If the change in the document causes the deviation factor that exceed the percentage, the system carries out another credit check

The new credit value may not be greater than the validated value plus the added percentage of the validated value.

2. Number of days

The field indicates the number of days after which a new credit check has to be carried out for a change document which was already approved for credit.

The date of the day must not be later than the release date plus the number of days in the field.

It concerns the documents released and not the documents with an OK result or the documents not controlled.

b.Released documents are still unchecked parameters

Parameters were defined, per Risk Category, as follows:

Released documents are still unchecked		
	Deviation in %	Number of days
1G	5%	60
1B	5%	60
2G	5%	60
2B	5%	60
3G	5%	60
3B	5%	60
4G	2%	10
4B	2%	10
5G	1%	30
5B	1%	30
NEW	N/A	N/A
S	N/A	N/A
SP	N/A	N/A

3.1.1.4.7 Checks in financial accounting / A/R summary

a.Introduction

- Enables to check if the A/R summary is still accepted for the credit control. If the existing data in the A/R summary exceeds the aging set in days, the system sets the status « A/R summary obsolete ».

b.Parameters

Parameters were set at 4 days for all the risk categories.

A/R summary	
	Number of days
1G	4
1B	4
2G	4
2B	4
3G	4
3B	4
4G	4
4B	4
5G	4
5B	4
NEW	4
S	4
SP	4

3.1.2 Credit checks parameters synthesis

	Dynamic				Open Items			Next Review Date		Payment Term	Released documents		A/R summary
	Yes/No	Tolerance (%)	Max Amount (€)	Horizon (days)	Yes/No	Numbers of day	Max Open Item %	Yes/No	Number of days	Yes/No	Deviation in %	Number of days	Number of days
1G	No	N/A	N/A	N/A	No	N/A	N/A	Yes	360	Yes	5%	60	4
1B	No	N/A	N/A	N/A	No	N/A	N/A	Yes	360	Yes	5%	60	4
2G	Yes	20%	250000	1	Yes	90	20%	Yes	360	Yes	5%	60	4
2B	Yes	20%	250000	1	Yes	90	20%	Yes	360	Yes	5%	60	4
3G	Yes	10%	100000	30	Yes	10	15%	Yes	180	Yes	5%	60	4
3B	Yes	10%	100000	30	Yes	5	10%	Yes	180	Yes	5%	60	4
4G	Yes	N/A	N/A	60	Yes	5	1%	Yes	90	Yes	2%	10	4
4B	Yes	N/A	N/A	60	Yes	0	1%	Yes	90	Yes	2%	10	4
5G	Yes	N/A	N/A	60	Yes	0	0	Yes	90	Yes	1%	30	4
5B	Yes	N/A	N/A	60	Yes	0	0	Yes	90	Yes	1%	30	4
NEW	Yes	N/A	N/A	360	Yes	0	0	Yes	0	Yes	N/A	N/A	4
S	No	N/A	N/A	N/A	No	N/A	N/A	No	0	No	N/A	N/A	4
SP	No	N/A	N/A	N/A	No	N/A	N/A	No	0	No	N/A	N/A	4

3.2 Manage blocked orders Payment in advance

This part describes how we handle orders from customers paying in advance on a credit control point of view.

- **Credit status flagged at 005** (= Payment in Advance) at Master Data level (FD33)

  This flag generates :
  - An automatic credit line of 1 €
  - An automatic rating at 5
  - A next review date at blank

Activation of 'Credit status check (user 2)' at Risk Category level to systematically block all orders.

- For open account customers **Credit status flagged at 001** sometimes paying in advance, credit parameters are the following:
  - Systems automatically detects the payment term (payment in advance) and puts the corresponding delivery block code (CP / waiting payment in advance) at order header level
  - Scoring rating
  - Next review date

Remarks:

Orders of those customers might not be **credit** blocked:

- if credit line is not exceeded

- and / or if there is no overdue

- and / or next review date is OK.

In those cases, orders are only **blocked for delivery** because of the use of the **automatic** delivery block 'payment in advance' at header level.

So it is very important to check that the delivery block is present at header level.

3.2.3 Activities

At order creation :

- Corresponding payment method and payment term are introduced in the order by the CCS / CSO
- Systems automatically detects the payment term (payment in advance) and puts the corresponding delivery block code (waiting payment in advance) at order header level.

Order appears in the ZPVK transaction (list of blocked orders) :

- CM introduces a comment in the order : Awaiting funds + date

At payment reception:

- CM introduces a comment in the order : Funds received + date
- CM removes the delivery block
- Order is released

3.2.4 Roles and responsibilities

Customer : payment of the order on the basis of the proforma

CCS / CSO :

- Registers the order in the system with correct payment term & method
- Sends the proforma to the customer

CM :

- Puts the comments in the order
- Checks the arrival of the funds
- Removes the delivery block
- Releases the order

3.3 Management of Letters of Credit

3.3.1 Description

Preliminary remark: at Solvin, some tasks are decentralized (outsourced to an agent). This also concerns the L/C management. For each below mentioned action, the correct actor will thus be specified (CSR or agent).

3.3.1.1 Customer creation & modifications (CSR CSR = Customer Service Representative)

At customer creation, the correct payment method is chosen: **"Credit Letter".**

Customer status is flagged at "Credit Letter" this will automatically generate a 1€ credit line and a scoring at 5. (se referrer à Credit Settings)

The corresponding payment guarantee procedure ("schéma de couverture") is not filled in at this stage. If Payment guarantee procedure code is filled in at master data level, it automatically falls into each order. This is not what we want.

Customer is created at master data & sales organization level.

3.3.1.2 Order template creation & modifications (CSR)

3.3.1.3 Order creation

- At order creation, following CL parameters should be entered:

Delivery block	L/C	CSR / Agent
Payment method	L/C	CSR / Agent
Payment term	Payment term	CSR / Agent

- Creation of the proforma invoice — CSR / Agent
- Proforma sent to the customer for the L/C opening — CSR / Agent
- L/C swift received by mail (ideally not in pdf, to allow copy/paste) — CSR
- Check L/C terms (ideally the draft) — CSR
- In case of discrepancies, request for amendments — CSR

⚠ **Important remarks/requests**

- Ask to the different banks if it is possible to get the L/C content by mail
- Importance of having one (or several) EXPERT(S) to check the L/C, have contacts with the banks and reduce the number discrepancies. Modalities to be defined at a higher level: 1 expert for both legacies? , several experts?, at business side?, at CM side?
- 'Discount management' (escompte), performed at Rhodia legacy only, remains in the hands of the relevant credit manager (bank cotation)

3.3.14 ZPVK

In case of designed EXPERT(S), all those below listed actions can of course be performed by this (those) person(s).

- CM checks that all the above points are fulfilled & ask corrections if needed
- CSR sends a copy of the LC to CM and ask if confirmation is needed or not
- If the issuing bank is a first class bank or a subsidiary of an European first class bank, no need to request a confirmation, unless the bank is located in a risky country.
- If the issuing bank cannot be trusted or is unknown or is located in a risky country, we have to request a "Confirmed L/C".

- CM checks several points of the LC (issuing bank, issuing date, expiry date, latest date of shipment, amount, currency, conf/non conf)

Note that communication CM / CSR may occur exclusively in the order, in text from / to credit management area.

3.3.1.5 When L/C is OK

Create Financial document & fill in the number in the order	CSR / Agent
Adaptation of the order following the L /C requirements	CSR / Agent
Copy / Paste the L/C into the order	CSR / Agent
Payment guarantee procedure code filled in	CSR / Agent

When financial document & payment guarantee procedure code are filled in, credit check is by-passed. Only thing which keeps the order blocked is the delivery block.

L/C copy stored in SAP	CSR
Remove the delivery block when financial doc has a status D	CSR
Release the order	CM
Ships the goods to the customer in accordance with the export contract.	CSR
Issuance of the L/C required documents within the time limit, after the departure of the vessel	CSR
Sending of the documents to the negotiating bank (Bill of Lading, Packing list, Certificate of origin, Inspection certificate, Weight list, etc.)	CSR or EXPERT
Discrepancies scanned and stored in the order (At Solvin, discrepancies are shared with decentralized partner to improve the knowhow of LC)	CSR
Statement of costs sent to credit dept for audit purposes	CSR or EXPERT
Statement of costs stored into customer account at invoice level	CM

Important remark

In the future, all the documents related to the L/C will be stored in the order.

3.3.1.6 Credit control L/C specificities

3.3.1.6.1 Routine

By-pass of credit checks

If relevant payment guarantee procedure filled in

=> ZLCC*, ZLCN* at Solvay

=> Z0001 Crédoc at Rhodia

& financial document filled in

=> If those requirement are not fulfilled the automatic credit check will be carried out and the credit status "0004" letter of credit" will block the sales order

3.3.1.6.2 Credit line

Put by CM or automatic

- Customers exclusively paying by L/C : 1 (automatic if customer status is letter of credit - enables the systematic blocking of the order)
- Open account customers sometimes paying by L/C : Open account CL - orders are blocked because of the use of the delivery block

3.3.1.6.3 Rating

Put by CM or automatic

- Customers exclusively paying by L/C: 5 (automatic if customer status is letter of credit).
- Open account customers sometimes paying by L/C : Scoring rating

3.3.1.6.4 Next review date

Put by CM

- Customers exclusively paying by L/C : At blank
- Open account customers sometimes paying by L/C : Next review date

> **Remark**
>
> if customer is flagged at 'letter of credit', user 2 check is activated, leading to a systematic credit control.

3.3.1.6.5 Post delivery actions

Payment method (L/C) visible in customer account in order to allow a specific follow-up (no automatic reminders, because in case of overdue, or missing letter detailing the bank fees (cover letter) CM reverts to CSR, who contacts the bank to solve the issue).

3.3.2 Flowchart

N/A

3.3. Activities

- See description

3.3.4 Roles and responsibilities

- See description

3.3.5 Developments needs identified

- By-pass of credit checks

  If relevant payment guarantee procedure filled in

  => ZLCC*, ZLCN* at Solvay

  => Z0001 Crédoc at Rhodia

  & financial document filled in

- Automatic CL (1 €) & rating (5) when customer is flagged 'Credit Letter'
- Implement User 2 check.

3.3.6 Output docs

N/A

3.3.7 Reports

N/A

3.4 (Un)confirmed quantity

3.4.1 Description

CONFIRMED QUANTITY

- Orders with "confirmed" quantity are credit checked.
- When an order is confirmed at schedule line level, normal credit check applies an order can get blocked.

UNCONFIRMED QUANTITY

- In case of unconfirmed quantity, SAP standards lead to an endless loop:
    - Order with unconfirmed quantity is validated by the CM. Credit value = 0 because unconfirmed (standard SAP).
    - Logistics then confirms the quantity. But as confirmed value is > than validated value (0), the order gets blocked.
    - In standard SAP, when an order is blocked, the value of a blocked order is reset at 0 (suppression of the confirmed quantity).
    - CM validates again the order (with credit value = 0).
    - Logistics confirms the quantity, but as ….
    - And so on …

For this reason, we need to bypass the credit check: An order for which the quantity has not been confirmed is not included in the credit check and in the credit "outstanding items". It is only when the quantity is confirmed that the order undergoes this credit check, and can thus be blocked for credit. (Solvay way)

Other possible option is to implement the following: 'credit value validated' = 'order value' (not yet delivered). (Rhodia way) (and not 0 as in standard SAP)

3.4.2 Flowchart

N/A

3.4.3 Activities

- Quantity confirmation
- Order release

3.4.4 Roles and responsibilities

- IT implementation to avoid the endless loop
- Logistics confirm the quantities
- CM releases the order

3.4.5 Developments needs identified

- Suppress the credit check bypass at Solvay in case of unconfirmed quantities.
- Implement Rhodia's method: Normal credit check performed but credit value validated = order value (not yet delivered). This is different from standard SAP where credit value = 0

3.4.6 Output docs

N/A

3.4.7 Reports

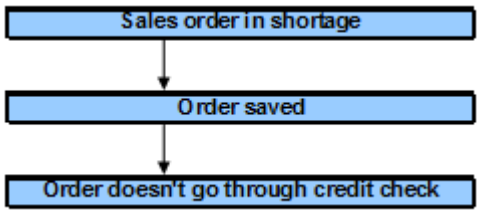
N/A

3.5 Goods shortage

3.5.1 Description

Automatic credit checks are by-passed for sales order in shortage (ZPEN SD item category).

3.5.2 Flowchart



3.5.3 Activities

Relevant item inserted in the system (ZPEN SD item category).

3.5.4 Roles and responsibilities

CCS/CSO inserts the correct/relevant delivery blocks in case of shortage.

3.5.5 Developments needs identified

Maintain the credit bypass in case of shortage (type de poste ZPEN) implemented via routine 901 at Rhodia.

3.5.6 Output docs

N/A

3.5.7 Reports

N/A

3.6 Order confirmation

3.6.1 Description

- When an order is saved, if there is no blocking and that quantity is confirmed, order is confirmed to the customer.
- It sometimes happens (with the orders beyond horizon) that an order gets credit blocked though already confirmed to the customer.
- In order to protect ourselves against potential claims from the customer, a sentence should be added to the order confirmations: 'subject to credit control'.

3.6.2 Flowchart

N/A

3.6.3 Activities

Send order confirmation

3.6.4 Roles and responsibilities

CCS/CSO sends the order confirmation

3.6.5 Developments needs identified

Add a sentence in the order confirmations : 'subject to credit control'.

3.6.6 Output docs

Usual order confirmation (nothing to be changed). Just add the proposed sentence or something equivalent.

3.6.7 Reports

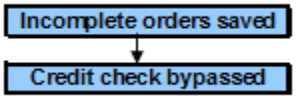
N/A

3.7 Incomplete orders

3.7.1 Description

Bypass the credit check in case of incomplete orders. Credit check should only be performed when order is complete.

3.7.2 Flowchart



3.7.3 Activities

- Order completion

3.7.4 Roles and responsibilities

- CCS : complete the orders (incompletion log automatically reminding if important data is missing when order is saved)
- CM : when order is complete and that it goes through credit check, validate or not the order.

3.7.5 Developments needs identified

- Already implemented at Rhodia via the routine 901
- To be implemented at Solvay

3.7.6 Output docs

N/A

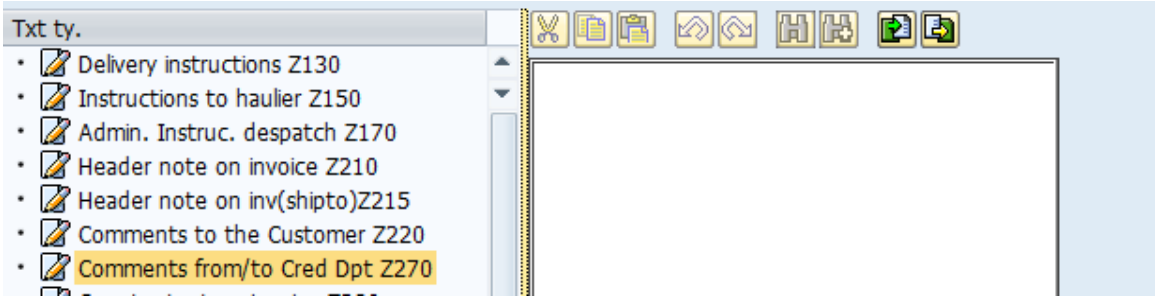
3.7.7 Reports

N/A

3.8 ZPVK transaction

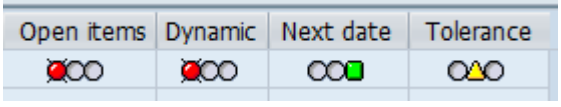
3.8.1 Description

- The ZPVK transaction will be used, in the frame of the credit control, to help the Credit Management identify and process orders blocked for credit reasons.
- The ZPVK transaction was specially created at Solvay to manage blocked orders. It is not an SAP standard transaction.
- It presents many advantages :
  - Possibility for the credit management to insert comments in the orders with the reasons of blocking, comments that can be seen immediately by the CCS representatives



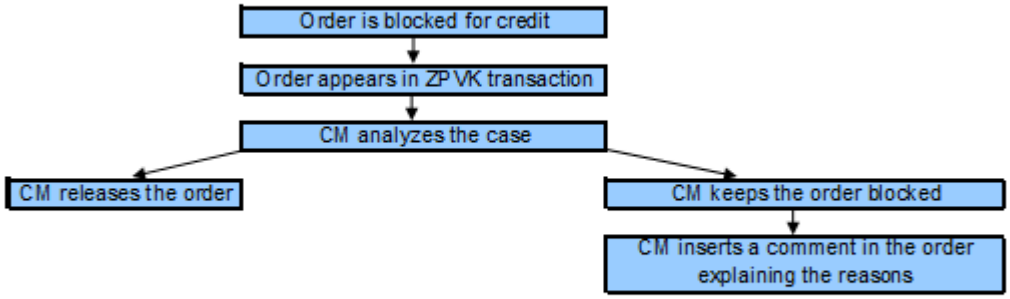
  - Direct access to the Credit Master Sheet by clicking on a specific icon

  - Possibility for business & credit management to display new columns in ZPVD (equivalent of ZPVK for business) & ZPVK transactions, showing where the credit problem lies (credit line?, overdues?, next review date?).



- Transportation planning date added to ZPVK to better meet the business needs in terms of order release (this is the maximum date at which orders have to be released to enable the transportation of the goods)

3.8.2 Flowchart



3.8.3 Activities

- Check on a regular basis (several times a day) the list of blocked orders.
- Release blocked orders
- Keep orders blocked & give justifications

3.8.4 Roles and responsibilities

- CM : checks the list of blocked orders, releases orders, puts comments in the order in case it is kept blocked
- ZPVK only available for CM

3.8.5 Developments needs identified

- Create ZPVK transaction at Rhodia.

3.8.6 Output docs

- N/A

3.8.7 Reports

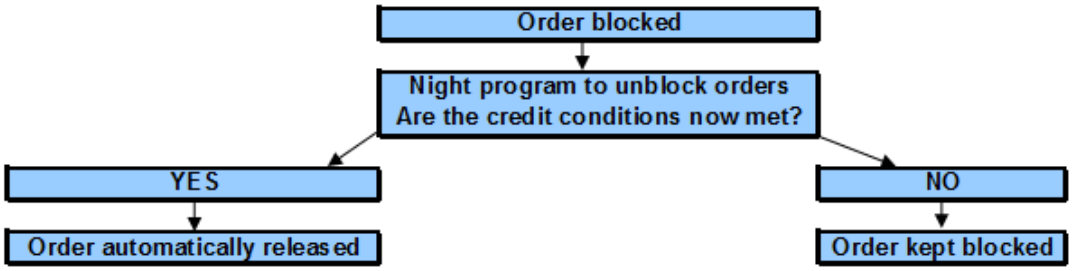
- N/A

3.9 Automatic program to unblock orders

3.9.1 Description

- At night, a special program runs to unblock the orders previously blocked.
- If conditions are met, orders are automatically unblocked by the program (example : payment received, credit line not exceeded anymore, …)

3.9.2 Flowchart



3.9.3 Activities

- Automatic program running each night to automatically release orders when credit conditions are met.

3.9.4 Roles and responsibilities

- IT implementation of this program

3.9.5 Developments needs identified

- Create this automatic program at Rhodia.
- At Solvay, it is already implemented.
- Have the program run more often than once a night.

3.9.6 Output docs

- N/A

3.9.7 Reports

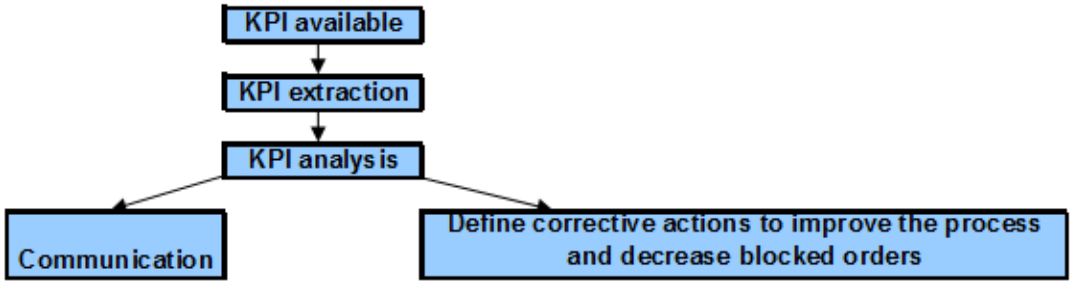
N/A

3.10 KPI on blocked orders

3.10.1 Description

- Development of KPI related to blocked orders in order to improve the order blocking process, identify existing problems and work on solutions when possible, try to decrease the number of blocked orders.

3.10.2 Flowchart



3.10.3 Activities

- KPI extraction
- KPI analysis
- KPI communicated
- KPI used as a 'tool' to improve the process

3.10.4 Roles and responsibilities

- IT : to develop KPI
- CM : KPI extraction, analysis, communication

3.10.5 Developments needs identified

- Create following KPI (in BW) in both organizations (some of them already exist) :

Orders M-1 open
Orders M-1 blocked
Orders created
Orders reopen
Credit relev. orders
Orders blocked (/AR)
% Order relev. block
Credit block: nber
Credit block: Limit
Credit block: OI due
Credit block : NRD
Credit block : Pmt term
Credit block: Findoc
Credit block: AR sum
Credit block: Mix
% Block: Limit
% Block: OI due
% Block: NRD
% Block: Pmt term
% Block: Findoc
% Block: AR sum
% Block: Mix

Credit unblock: nber
Credit unblock: Manu
Credit unblock: Auto
Credit unblock: %
Credit unblock: Manu %
Credit unblock: Auto %
Credit unblock % Limit
Credit unblock % OI due
Credit unblock % NRD
Credit unblock % Pmt term
Credit unblock % Findoc
Credit unblock % AR sum
Credit unblock % Mix
Total blocking

3.10.6 Output docs

- N/A

3.10.7 Reports

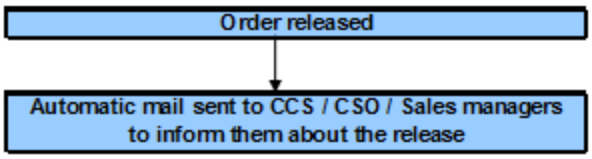
- KPI report available each month (in BW)

3.11 Automatic e-mail at order release

3.11.1 Description

- When an order is released by the credit management, the CCS / CSO / Sales managers receive an automatic e-mail.
- This will be implemented for those who want it only (some sales organizations do no want this service). So no 'default' implementation.
- Automatic e-mail to CCS / CSO with order confirmation

3.11.2 Flowchart



3.11.3 Activities

- Automatic mail sent by the system to the business
- List the sales organizations that are wanting this service
- Update the existing Solvay list

3.11.4 Roles and responsibilities

- CM releases the order
- CCS / CSO / Sales manager gets an automatic message informing him / her about the release

3.11.5 Developments needs identified

- Develop automatic e-mail at order release at Rhodia
- Already exists at Solvay (so just check and update the list of sales organizations)

3.11.6 Output docs

- Mail sent to CCS / CSO / Sales manager informing about the release

3.11.7 Reports

- N/A

3.12 LOG

3.12.1 Description

- The purpose of this log is to give information to the user on the reason why a document is blocked or not.
- It also enables a good track of the order modifications.
- IT was developed at Solvay at the request of the IT, in the frame of the Phoenix Project. It was a sine qua non condition to the change implementation.

3.12.2 Flowchart

- N/A

3.12.3 Activities

- Determine why an order was automatically released
- Determine why an order was blocked by the system
- Track order modifications

3.12.4 Roles and responsibilities

- LOG available for IT department & CM only

3.12.5 Developments needs identified

- Finish the LOG creation at Solvay & adapt it to new changes
- Create the LOG at Rhodia

3.12.6 Output docs

- N/A

3.12.7 Reports

- N/A

Delivery block		
Payment method	L/C	
Payment term	Payment term	
• Creation of the proforma invoice		CSR / Agent
• Proforma sent to the customer for the L/C opening		CSR / Agent
• L/C swift received by mail (ideally not in pdf, to allow copy/paste)		CSR
• Check L/C terms (ideally the draft)		CSR
• In case of discrepancies, request for amendments		CSR

Ada

Copy / Paste the L/C into the order	CSR / Agent
Payment guarantee procedure code filled in	CSR / Agent
L/C copy stored in SAP	CSR
Remove the delivery block when financial doc has a status D	CSR
Release the order	CM
Ships the goods to the customer in accordance with the export contract.	CSR
Issuance of the L/C required documents within the time limit, after the departure of the vessel	CSR
Sending of the documents to the negotiating bank (Bill of Lading, Packing list, Certificate of origin, Inspection certificate, Weight list, etc.)	CSR or EXPERT
Discrepancies scanned and stored in the order (At Solvin, discrepancies are shared with decentralized partner to improve the knowhow of LC)	CSR
Statement of costs sent to credit dept for audit purposes	CSR or EXPERT
Statement of costs stored into customer account at invoice level	CM