

BUSINESS NEED SPECIFICATION

INFORMATION ABOUT THE DOCUMENT

Name of business need	<p><i>Name explaining the essence of the need, with an indication of what opportunity the need relates to, who is requesting it, what change is expected</i></p> <p><i>[Sales Department] Information on the production capacity of [the production department].</i></p>
Author	
Version	<i>1.0</i>
Status	<i>E.g. reported, in analysis, accepted for implementation</i>
Date of last change	
Compliance with strategic objectives	<p><i>Identifier of the business objective whose realization is supported by this business need</i></p> <p><i>BG 01</i></p> <p><i>BG 05</i></p>
Type of change	<p><i>Identify the type of change, which influences its analysis and decision-making regarding implementation. E.g. regulatory, maintenance, improvement, new business function</i></p> <p><i>Improvement</i></p>
Priority	<p><i>Definition of the scale in which we express the priority, or urgency, of a business need. E.g. high, medium, low</i></p> <p><i>High</i></p>

1. BUSINESS NEED

Define business need as the definition of business change desired from the perspective of the business.

Specify:

- Who needs change and how often will they use it*

- *What should be changed and what is the expected outcome of the change*
- *Conditions / restrictions / exceptions*

Use SMART to ensure completeness of description

The sales department needs information about the capabilities of the production department for products [defined as the company's main products].

The company's main products: ABC line products for the European market.

2. CURRENT STATE

Description of the current process / solution with an indication of the problem we want to solve.

Currently, the sales department has no information about what the capabilities of the production department are. The sales department is informed after the fact about the completion of the production of certain products, while there is no way to check the production capacity before accepting an order from a customer.

As a result, it often (on average 10 times per quarter) happens that a product is sold that production is unable to deliver in the time declared to the customer at the time the order is accepted.

4 TARGET STATE

Describe the desired target state of the process / solution - what results would you like to achieve to improve the area? If possible, define options.

Variant I

The production department is involved in the process of evaluating the feasibility of the order. The sales department and the production department analyze the possibility of delivering the product within the time defined in the terms of service. If the order cannot be delivered within the defined time, the customer is informed of the extended lead time. This may result in cancellation of the order.

Variant II

The production department keeps the sales department informed on a monthly basis of current production capacity by product of specific lines. On this basis, the sales department can take orders from customers with lead times adjusted to real production capacity. As a result, the customer will already be aware of the actual lead time when placing an order.

3. ACCEPTANCE CRITERIA

Conditions that must be met in order to consider that a business need is fulfilled as expected.

The sales department receives monthly information on the capabilities of the production department, broken down by product line.

The information makes it possible to determine how many products from a particular line we are able to deliver to customers in a given sales period [quarter].

Based on the information provided, the sales department is able to determine the realistic lead time of the customer's order.

4. BUSINESS BENEFITS

Provide a rationale for implementing and executing the change from a business perspective. How the implementation of the change will bring tangible business benefits to the organization.

Identify both quantitative benefits (increased profits, reduced costs) and qualitative benefits - the company's reputation in the market, ensuring regulatory compliance.

Preventing situations in which the sales department accepts a customer order for fulfillment that the production department is unable to deliver within the agreed timeframe - supporting the achievement of the business objective of customer satisfaction (BG 01) and reducing the cost of lack of quality (BG05).

5. RISK ANALYSIS OF THE STATUS QUO

Identify the risks and threats associated with maintaining the status quo of existing processes or solutions. Determine the risk criticality of anticipated consequences on a scale: low, medium, high, critical.

<i>Criticality</i>	<i>Example effect</i>
<i>Low</i>	<i>Minor inconveniences in the execution of the company's internal processes that do not affect the ability to deliver products and services. . Potential impact on employee motivation. Possible consequences for the process of serving customers through specific channels, not affecting satisfaction with the use of products and services provided by the company.</i>
<i>Average</i>	<i>A specific segment of non-key customers may be affected by the change. The efficiency of business process execution may be disrupted and less important performance parameters may be affected.</i>
<i>High</i>	<i>Significant impact on key customer segment. Disrupted ability to deliver products and services in accordance with business service delivery terms.</i>
<i>Critical</i>	<i>The functioning of the organization or a specific department is threatened. It is impossible to continue core business operations and provide product service to</i>

	<p><i>customers. The effects are noticeable in the market and affect the company's reputation.</i></p>
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Risks: Decline in sales value

Criticality: high

The consequence of not being able to deliver products on time may be an exodus of customers discouraged by prolonged lead times and a strengthening negative reputation in the market, which will result in a further exodus of customers and a decline in sales over time

Risk: Order cancellation costs

Criticality: high

Failure to deliver the product of the time can cause customers to start cancelling orders. This will cause financial losses both in production (material costs, labor) and in the storage space, as well as losses related to the cost of handling canceled orders.

6. IMPACT OF CHANGE - PRELIMINARY ANALYSIS

Determine, to the best of your knowledge, what other areas of the process departments will be affected by the change. If you have no knowledge of what the change may affect - write "Impact unknown. Requires additional analysis."

BUSINESS PROCESSES OR BUSINESS OPPORTUNITIES

Production planning

STAKEHOLDERS

Who will be affected by the change

Identify the stakeholders, individual or entire departments, who will be affected by the implementation of the change.

Production department

Procurement department

Involved in implementing change

Identify the stakeholders who will need to be involved in implementing the change – that is, the likely participants in the business project.

Production process owner

Procurement and sales process owner

Customer service process owner

7. ADDITIONAL DOCUMENTATION

Include or provide links to additional documentation that explains the rationale for the proposed change and helps inform the decision on its implementation .

Report of cancelled orders from 2020 - 2023

Report of overdue orders from the period 2018 - 2023