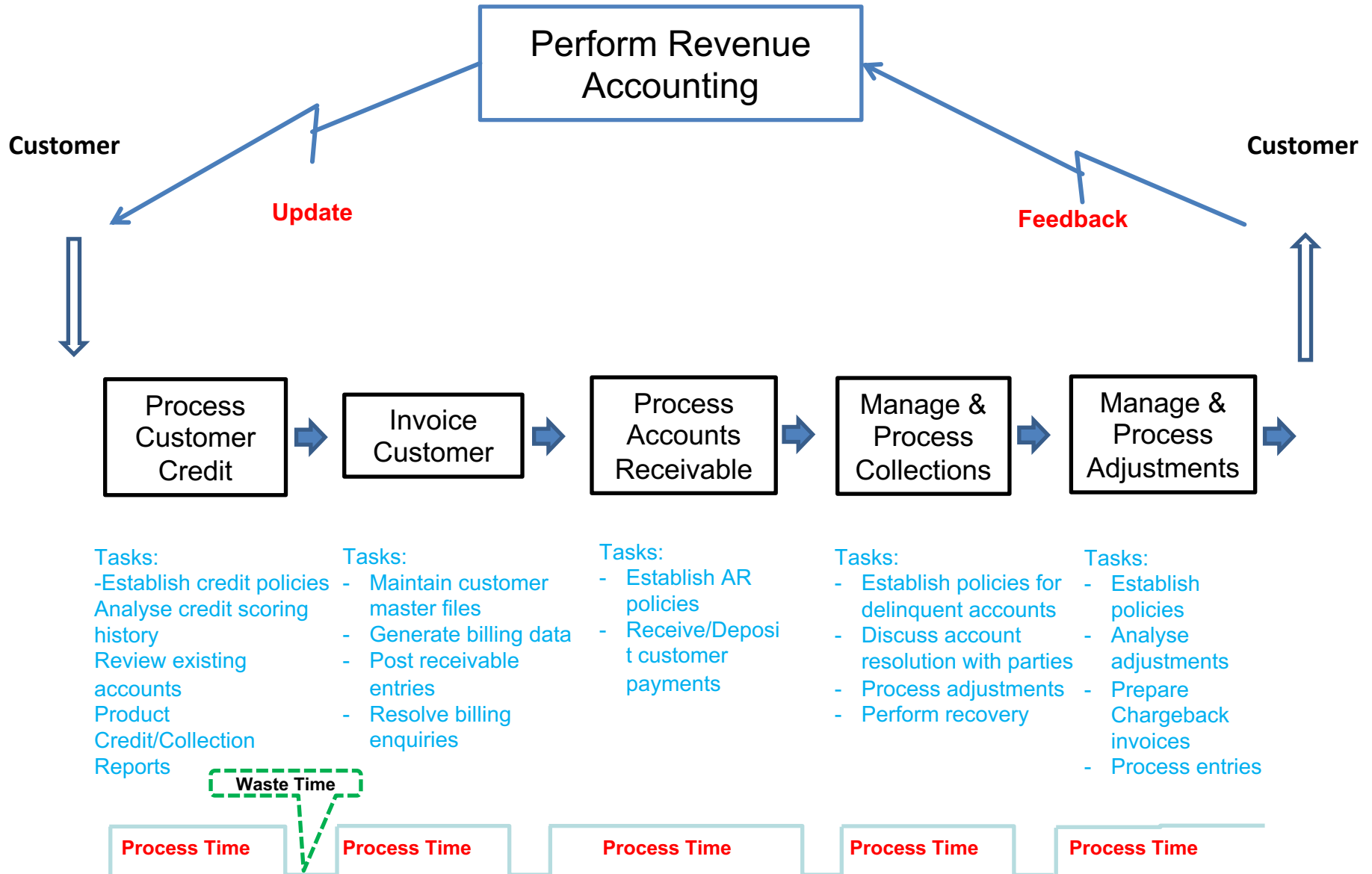# business analysis

think differently

Value Stream Mapping

Value Stream Mapping

- Stream of activities required to deliver the product or service.

- Basis for business process re-engineering to deliver on market needs or customer expectations.

- Helps identify non-value steps in the process.

- Each step in VSM is usually mapped to underlying processes (or sub processes), this depends on how much granularity is required.

- Time mapping against process time and wait time helps identify the time-consuming steps (i.e. processes).

VSM Template

Perform Revenue Accounting

Customer

Customer

Update

Feedback

Process Customer Credit	Invoice Customer	Process Accounts Receivable	Manage & Process Collections	Manage & Process Adjustments

Tasks:
-Establish credit policies
Analyse credit scoring history
Review existing accounts
Product Credit/Collection Reports

Tasks:
- Maintain customer master files
- Generate billing data
- Post receivable entries
- Resolve billing enquiries

Tasks:
- Establish AR policies
- Receive/Deposit customer payments

Tasks:
- Establish policies for delinquent accounts
- Discuss account resolution with parties
- Process adjustments
- Perform recovery

Tasks:
- Establish policies
- Analyse adjustments
- Prepare Chargeback invoices
- Process entries

Waste Time

Process Time   **Process Time**   **Process Time**   **Process Time**   **Process Time**

Value Stream Step	Data and Metrics	Pain Points/Issues
Process Customer Credit	• Customer Account • Collection Report	• Missing data from accounts
Invoice Customer	• Customer master file • Receivables	• Missing data from master file • Bounce back from invoicing
Process Accounts Receivable (AR)	• Payment • Receipt	• Incorrect payment amount
Manage and Process Collections	• etc.	• etc.
Manage and Process Adjustments	• etc.	• etc.

Usage Considerations

Strengths

• Clear picture of waste emerges as a result of VSM of product delivery or business process.
• Visual and helps stakeholders understand the end to end picture.

Limitations

• Information captured can be too large, sometimes making simple visual representation difficult.
• Does not capture the dependencies in the process optimization – this is required later.