



DATASTREAM OMS⁺

The Order Management Imperative: How Outdated Order Management Is Holding You Back and What You Can Do About It

Not too long ago, minor inconveniences were just a fact of life while shopping. The occasional stockout or a discrepancy between physical and digital stores were tolerated by the average customer. But that level of tolerance is getting harder and harder to find.

Today's customers have been conditioned by hyper-convenient retailers, such as Amazon and its imitators, to expect speed and simplicity at every step of the shopping experience. They're accustomed to knowing exactly what's in stock at any given moment, quickly finding the best prices, and receiving their orders near-immediately.

This trend is expected to continue. New frontiers in retail, such as AI purchasing and ecommerce chatbots, are expected to only cement customers' beliefs that simple, immediate service is the normal.

But what feels simple to the customer tends to be difficult to achieve for the business. Speed and convenience are underpinned by delicate technical capabilities like real-time inventory

accuracy, visibility across all sales channels, and streamlined ordering. These capabilities can only be achieved with exceptional order management. Unfortunately, the order management systems at many organizations aren't up to the task.

This is especially true for businesses running on large legacy ERP systems bogged down with bolt-on solutions.

These tech stacks were built for the business needs of years past and haven't been adequately updated since. Streamlining these tools enough to support modern order management is a challenge that many organizations struggle to take on.

However, failing to tackle this challenge will only cause more problems in the future. In fact, if you can't provide the level of convenience modern customers expect, you're already creating problems for yourself, whether you know it or not: you're losing sales and damaging your reputation.

Organizations face an imperative to update their order management system to avoid these problems. Only with modern order management tools and technologies can they meet twenty-first century customers' demands.

Signs You Have an Order Management Problem

Most organizations are entirely unaware that they have an order management



problem. They assume that their order management system is, if not perfect, at least good enough. But if you haven't taken a close look at your order management capabilities recently, you may be suffering from one or all of these order management problems.

You can't provide every omnichannel feature customers expect

It used to be that omnichannel commerce, or the ability to synchronize online and in-person shopping into one experience, was a novelty. Today, it's a baseline.

The growth of ecommerce and, in particular, the demand for flexible shopping that arose during the COVID-19 pandemic spurred retailers to provide multiple options for making and receiving orders. This means many organizations offer 'buy online, pickup in store' (BOPIS), shipping from a store to a customer's home, special ordering from a store, and other omnichannel features. As an example of how prevalent these features now are, half of all US shoppers use either BOPIS or curbside pickup.

To make these offerings work, you need access to real-time ERP data so you can get instant visibility into your inventory numbers across all sales channels. In many cases, your sales associates need to access this information while serving customers so they can place complex orders in minutes. Data exchanges between in-store and online systems need to be automated, instantaneous, and completely in sync; they need to draw

from the same ERP data so when inventory is deducted in-store, the numbers change online, too.

If your technology doesn't support these capabilities, you risk frustrating or disappointing customers, potentially causing them to shop with other brands that provide the flexibility they want. Nominally supporting these capabilities but experiencing delays or errors due to outdated software and siloed systems is arguably even worse, as it erodes customer trust.

The only way to avoid these problems is with streamlined order management that makes it possible to provide every customer with the exact omnichannel service they want.

There are discrepancies between online and in-store information

More than two-thirds of customers check inventory levels online before driving to a store, and many confirm prices online, too. If the numbers they saw online don't match what they experience in-person, it creates frustration and ill will.

From the retailer's side, price and inventory information for different sales channels is scattered across a variety of applications connected through convoluted integrations. But from the customer's perspective, all your channels are part of one entity. Discrepancies make you appear sloppy or, to a particularly cynical subset of customers, untrustworthy.

More importantly, they make the customer's life just a little bit more difficult. Customers who experience these discrepancies will have to change their purchasing plans, either getting the item they wanted at another time or paying more than they planned to. With every one of these inconveniences, dissatisfaction grows and loyalty erodes.

Retailers who want to cultivate trustworthiness and reliability need real-time inventory data and seamless connectivity between all sales channels so the customer never feels tricked.

Employees are frustrated with the technologies they use

Often overlooked in this conversation are the employees who use your order management system every day. Sales associates and customer service agents want to make things easy for the customer. But if they're using outdated technologies, they're going to struggle to meet that goal.

Your associates and agents need information at the tips of their fingers to instantly answer customer questions, find the products they need, and build orders. But too often, these employees need to force customers to wait as they reconcile contradicting information or follow complex, multi-step processes just to put together an order.

It's true that a great employee has the customer service skills to keep the customer happy even as technology fails



them. But it's equally true that if technology fails them again and again, it will become increasingly difficult for an employee to hide their frustration. And when an employee is frustrated, the customer picks up on it and associates that sentiment with your brand.

A simple employee experience is important for all retailers, but it's especially important for those that specialize in high-touch, multi-part orders, like home remodeling. In these situations, customers are trusting their service agent or sales associate to simplify an inherently complicated process. If they can't do that, customers will leave disappointed.

On top of impacting customer sentiment, employee satisfaction has a major impact on how efficiently your organization

operates. It determines retention, productivity, and the time it takes for an employee to be trained in new skills. If the tools employees use every day are a burden or too complex to easily learn, all these factors become potential problems.

The Consequences of Ignoring Your Order Management Problem

If you let order management-related problems persist, you'll see significant downstream impacts on your organization's success. Some of the most common consequences of poor order management include:

- **Lost sales.** Approximately 77% of customers consider convenience to be important when choosing where to shop, and many will even pay a premium for a more convenient experience. Meanwhile, as many as 97% of shoppers will abandon ecommerce purchases when faced with an inconvenience.

When you lose these sales, you don't just lose that single purchase; you likely lose all of that customer's potential future purchases, too. Consider your customers' average lifetime value and multiply that by the volume of customers who may be abandoning your business when they encounter friction. That's how much money you're likely losing by using outdated order management.

- **Reputational damage.** Not only do potential customers leave in frustration,

but many who hear stories of a poor customer experience don't even consider buying from your brand in the first place. Stories of your business being unaccommodating or unprofessional may spread on social media or within disappointed customers' social circles. If it does, it could deter up to 80% of potential customers.

- **Wasted time.** Customer or employee, no one likes having their time wasted. But that's just what an outdated order management system does. Time gets lost searching for information, making corrections, and even waiting for the software to load. This annoys the customer, and it makes your own team less productive. By some estimates, the average full-time employee wastes as many as 24 days of worktime a year struggling with slow technology.
- **Talent management issues.** If the technology employees need to use isn't up to par, it has the potential to impact morale. No one wants to spend the whole workday feeling frustrated or confused by software. Yet about 91% of employees report being frustrated with their workplace technology, and 49% say that inadequate technology can cause them to feel stressed at work.

If employees' stress levels get especially bad, they consider looking for other jobs. This could cost the business in lost institutional knowledge as well as the price of hiring, which can be three to four times that position's

salary. Complicated technology contributes to lengthy onboarding times for new hires, too, which means the organization waits longer before new hires reach full productivity.

- **Difficulty scaling and innovating.** It may be trite to say so, but retail is always changing, and the rate of change is only increasing. Whether it's AI shopping, a new omnichannel offering, or some innovation we can't even foresee yet, the next trend is around the corner, and you need to be ready capitalize on it.

But when your technology is outdated, it's unlikely you'll be able to move fast enough. Legacy tech makes you far less agile, especially considering that many retail trends depend on synchronized data and streamlined order management.

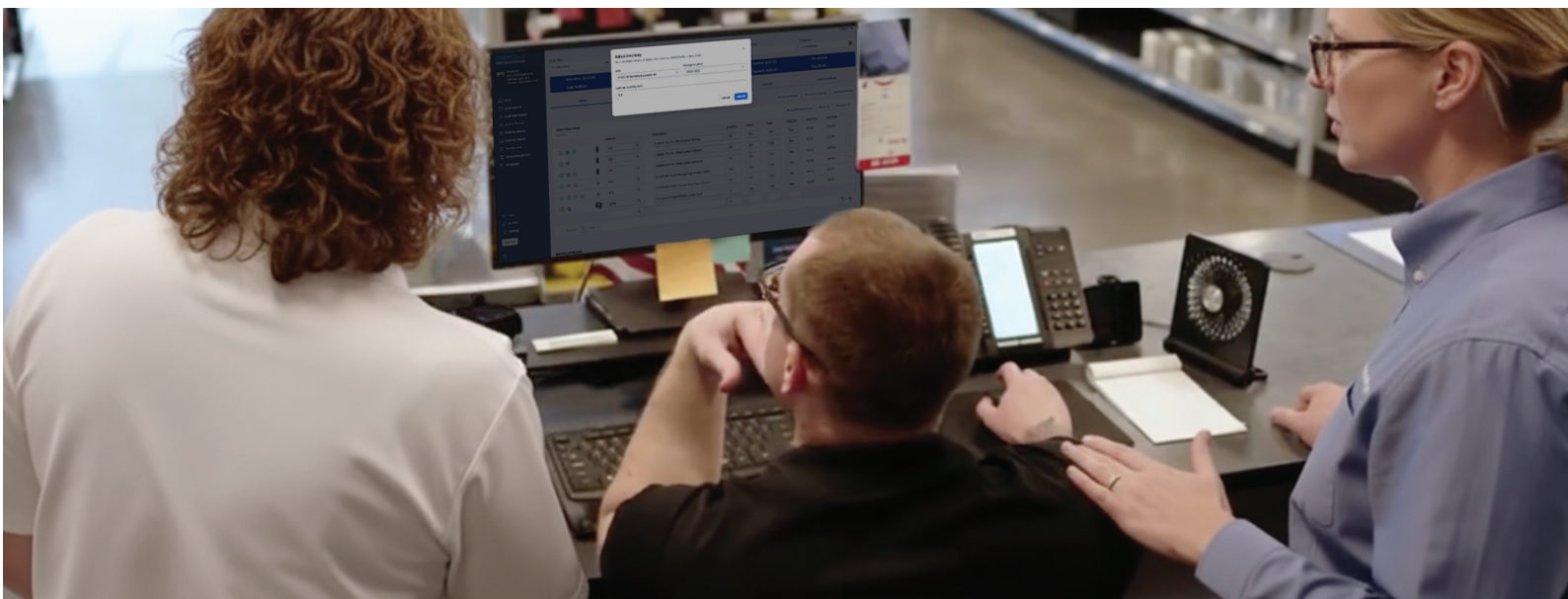
Even scaling to meet increased

demand, regardless of new trends, becomes challenging without optimized order management. So much time gets sunk into maintaining old systems, fixing mistakes, and reconciling data, you leave no time for growth or innovation. In short, if your order management system remains stuck in the same place, your business will, too.

How to Meet the Order Management Imperative

If you have an order management problem, you also have an imperative to fix it. This will likely involve some data cleaning, elimination of tech debt, and an investment in new technology that modernizes your order management processes.

Here are some tips for meeting today's order management imperative.



Evaluate New Order Management Systems

Your first step will likely be to look into adopting software that makes your order management processes simpler and more connected.

There's a fine line between adopting a comprehensive new order management system and adding another bolt-on solution, so evaluate your options carefully. You'll want to choose a solution that:

- **Connects all sales channels.** It's not enough to connect, for example, your ecommerce and physical store operations if it means using a separate solution and integration for wholesale. Every channel and all corresponding data should be accessible in one place.
- **Works with your existing ERP system.** Whatever ERP system you're currently running on, it's best to pick an order management solution designed to work with it out of the box. Not only is this easier to set up, but it minimizes the potential of new issues arising as a result of incompatible upgrades or integration problems.
- **Automates manual processes.** Look for a solution that automates all your rote, manual processes so employees can spend more time serving customers. Also evaluate solutions for AI features that are genuinely useful, as opposed to tacked on for the sake of following the AI trend.
- **An intuitive user interface.** An order management system is most impactful when everyone on your team finds it

easy to use. Prioritize solutions with simple user interfaces that are customizable and quick to learn.

Find Opportunities for Process Automation

It's not uncommon for organizations to perform processes manually long after technologies for automating them emerge simply because they're used to them and because tackling the tech debt needed to automate them seems daunting. But while you're already thinking about how to refine your approach to order management, it's the perfect time to look for opportunities to automate those processes.

The processes most ripe for automation are generally repetitive tasks that employees don't need to think particularly deeply about. These might include data entry or the minutia of submitting complex orders.

Also investigate where AI could be useful. For example, product search can be sped up with integrated AI that understands the context of what you're searching for, and call center agents can use AI to serve customers more quickly. The best order management systems have integrated AI into the processes where it has the greatest potential to be useful.

Clean Up Your Data and Your ERP Ecosystem

In addition to choosing new software, it's important to do some housekeeping in

your existing tech ecosystem. For one thing, you'll want clean data before you implement a new order management system. Take the time to make sure all data is reconciled and accurate, and that unnecessary duplications are removed.

Also examine your tech stack for unnecessary bolt-on solutions and other forms of technical debt. As technological needs change, solutions that were once lifesavers are now probably holding you back by keeping processes siloed and forcing employees to jump between systems. It may take a while to address every single customization made over the years, but by methodically removing anything that is no longer necessary, you clear the way for a new system to make a more positive impact.

Help Employees Adopt the New Order Management System

Your new system should ideally be intuitive and easy to learn, but you'll still have to provide some level of training to get everyone up to speed.

Moreover, it's helpful to configure your system according to each user's role or job description. An agent in a call center, for example, will need a different user experience than an in-store associate, who will need a different experience than a sales rep working with wholesale customers. The ideal solution can be customized according to how each individual employee uses it. It's also a great idea to provide in-store employees with handheld devices they

can use to access the order management system. This will empower them to answer customer questions in the moment, giving customers the quick convenience they expect.

Empower Business Growth and Customer Delight with Order Management

Once a customer experiences perfect convenience somewhere, they're going to want to experience it everywhere. It's commonly said that the last best experience a shopper has becomes their minimum expectation for everywhere they shop in the future.

These high expectations mean that if you're still doing business as usual with an order management system that's a few years old and a few steps behind the latest developments, you're going to lose customers. Delays and data discrepancies that would have been standard in the past are reason to shop elsewhere today.

As a result, all retailers face an imperative to assess their order management system, make sure it can do everything their customers want it to do, and upgrade it if it can't. If they don't, they'll only continue to fall behind.

Order management is the backbone of a retail organization. When you have met the order management imperative, your organization will be able to improve and scale. And this, in turn, paves the way for business growth, innovation, and consistently satisfied customers.