

File Processing

File processing is the activity of updating permanent files to thoroughly reflect any changes in data.

Files can be organized in several ways, **with** or **without** a computerized system. Without computers, files must be recorded on paper and updated manually. Some companies do not need their file system computerized in order to be efficient; perhaps the small amount of paperwork they have would not justify the cost of computer hardware and software. In other companies, however, a computerized system could increase efficiency and profits. For example, consider the case of American Sporting Goods, a small supplier of sports equipment. The company carries an inventory of 110 items, supplies equipment to thirty customers and maintains a staff of twenty employees. All of American Sporting Goods' records are kept on paper and transactions are recorded manually.

Every time a customer places an order, a clerk must prepare a sales order. The customer's file is checked to obtain all necessary data about the customer, such as billing address, shipping address, and credit status. The clerk fills in the type and quantity of item ordered, and the sales order is sent to the warehouse where the inventory is stored. At the warehouse, an employee determines if the requested items are available. To do this, the employee must actually count the number of items in stock. If the items are available, they can be packaged and prepared for shipping. If the order cannot be filled, the employee must prepare a back order. The sales order is sent on to the accounting department, where the customer's bill is prepared. In the accounting department, a clerk checks the company catalog to determine the current cost of each item on the order. The total bill is calculated, including tax and shipping charges. The total amount is recorded on the customer's record, and the order is then shipped.

Even this simplified transaction includes many time consuming activities. In addition to handling customer orders, the company must prepare monthly payrolls, sales reports, purchase orders to replenish inventory supplies, and many other types of records. The American Sporting Goods Company could save time and money by computerizing its activities.

Last Updated Jan.6/99