Getting More from Accounting

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From invoices to purchase orders and myriad supporting documentation, all manufacturing organizations rely on their accounting departments to keep business moving. After all, a manufacturer's success and profitability are ultimately defined by their ability to efficiently pay for what's needed to run their business and, in return, promptly receive payment for goods and services rendered.

While the task is simple, reality usually dictates otherwise. The environment is quite complex. As the average manufacturer's number of customers and suppliers continues to grow, accounting departments are increasingly challenged to not only manage the paper and process, but also drive added business value along the way. Achieving that value — mostly centered on creating conditions favorable to revenue growth — requires taking a critical look at the efficiency and visibility of the entire procure-to-pay process. By gaining a clear picture of the state of their process before investing in technology, accounting decision-makers can provide the C-suite with valuable information to make better business decisions.

Challenges Abound

The core challenges faced by accounting departments are markedly similar in all manufacturing organizations:

- *Efficiency*. An efficient procure-to-pay process means timely purchase orders, invoices, payments and satisfied customers.
- *Cost savings*. Savings opportunities, such as early-payment discounts and avoidance of late-payment fees, are benefits of an efficient procure-to-pay process.
- *Transparency and visibility*. Accounting leaders often struggle to determine, at any given moment, which employees are charged with which tasks, and what the status of each of those tasks might be.
- *Talent management*. Are your best employees matched with the right responsibilities in your department, or are less productive employees stifling their success?

At the center of all these challenges are paper and process. Information on massive quantities of paper can't be shared, understood or acted upon efficiently, and it is

this reality that stifles the process. Not knowing where invoices and purchase orders are located, when they're due and how much they're worth perpetuates accounting as a "black hole" of inefficiency.

Evaluating the Impact of Paper & Process

Determining if the accounting department is emphasizing efficiency, cost savings and transparency; promoting effective talent management; and driving real business value requires a critical look at the organization's contributors to an efficient procure-to-pay process, including:

- *Invoice processing time*. Take your department's processing pulse by tracking the progression of a single invoice as it winds its way through your department. How are invoices received and processed — in paper-based or electronic format? How long does the process take? At what points does the process hit bottlenecks?
- *Invoice processing priority*. Did you miss an early-payment incentive — or worse, get saddled with a late-payment fee? Is there a discernible priority when it comes to processing invoices or is it simply the luck of the draw?
- *Invoice processing costs*. Beyond potential overtime for your accounting staff, how much does your organization spend on postage, courier services and related elements to process an invoice? How long does it take to find a lost invoice?
- *Vendor involvement*. Compare the number of calls placed to and from suppliers and customers to the number of transactions actually processed. Multiple calls per invoice mean barriers to efficiency.
- *Vendor efficiency*. How efficiently are your vendors generating invoices, fulfilling orders and ensuring timely shipments? Repeated breakdowns in the process present roadblocks to efficiency — especially when they increase costs.

Armed with perspective surrounding the extent of the department's impact on the procure-to-pay process, organizations are best able to begin evaluating technology to address faults in the process.

Enabling Accounting Process Automation in Manufacturing

Migrating from a paper-based process to a computerized one is only part of the accounting solution in manufacturing. True automation results when accounting systems deliver built-in intelligence across the customer and supplier landscape so that, after the very first time information is entered at any point, the data will never have to be rekeyed. Instead, it will appear automatically as work and data flow. When new information is needed, it will simply be added to the process.

Document management and workflow automation technology is available to help manufacturing organizations introduce visibility into accounting processes, and identify and resolve paper- and process-based breakdowns. By tracking the flow of an invoice within, outside and among procure-to-pay stakeholders, accounting

leaders can identify and correct process breakdowns. They can also take steps to ensure the right talent is positioned in the right accounting roles to ensure efficiency. Technology can also help organizations easily identify the number and prioritization of invoices awaiting action.

These and other elements create the level of process visibility that accounting department leaders and C-level executives need to empower their own decision-making. By prioritizing integration with the organization's enterprise resource planning (ERP) solution, the accounting function can take steps to help upper management extract maximum return from the organization's ERP investment.

For example, technology can help organizations accomplish data sharing, indexing and searching between their document management solutions and their respective ERP systems. Indexed data and supporting documents can then be shared, so that searches in the ERP system will retrieve invoices stored in the document management solution. That means users key in information only once, whether using the document management solution or ERP. Users also can accomplish two- and three-way invoice matching and retrieve supporting information across disparate sources with just a few mouse clicks. Document management and workflow solutions are only as strong as their link to the systems supporting them. ERP integration is one of the best examples of the high levels of amalgamation and process efficiency that can be achieved throughout the manufacturing industry every day. Most important, this integration can boost the C-suite's confidence in its ERP investment — and the value it receives from the accounting function.

Accounting departments in all manufacturing organizations are constantly challenged to prioritize efficiency and cost savings when executing the procure-to-pay process — one of the most critical and visible contributors to the organization's success.

By taking a critical look at the efficiency and visibility of the procure-to-pay process before technology's implementation, accounting decision makers are in the best position to increase their own value and help the C-suite make impactful, informed and strategic business decisions.

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