

Purchase-to-Pay Automation Best Practices



The payment process of moving raw materials you need to produce your product or perform your service throughout the supply chain must flow smoothly. You start by ordering the materials you need and paying an amount that is fair to everyone involved. Unfortunately, that oversimplifies the reality of most cases.

Chances are your company recognizes the need for an effective procure-to-pay solution also known as purchase to pay solution. If you're not already using it, you are at high risk for being at the mercy of a supplier with more sophisticated means in place to negotiate contracts and use as leverage against you. You may also be dealing with resource waste and a lack of transparency that could harm your organization over the long-term.

When it comes to P2P process automation, your business should focus on automating five core parts of the procurement process: requisitioning, purchase order, invoicing, vendor management, and contract management.

While there are many e-procurement solutions on the market that allow for implementing it correctly for your business could make all of the difference and how well it works for you. Being aware of purchase-to-pay automation best practices ahead of time ensures that you are on the right track when it's time to

select and deploy your solution. With this approach, you can manage the P2P process in a way that helps your company successfully manage the supply chain while maximizing business efficiency.

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Standardize

Without standardization, there is a risk of treating every contract negotiation as a unique stand-alone event which loses consistency. Your standardization strategy must include:

- A clear definition of the duties and responsibilities of all parties involved in the process
- Standardized training with an emphasis on it how invoices and requests are processed
- Policies that clearly outline why deviating from the process is not acceptable and a list of potential consequences if deviations are discovered
- Simplified processes whenever and wherever possible to reduce ambiguity and complexity.

Collaborate

A truly optimized purchased a process must include and encourage collaboration across multiple levels and departments. To begin, all individuals and departments involved from purchasing to the finance department must be on the same page about roles and responsibilities as well as the previously mentioned standards. The only way you will create a successful process that improves efficiency and provides the most cost-savings is with close collaboration between direct stakeholders.

Multi departmental collaboration is not enough. it is also crucial to have any C-suite partners on board as the more support you have from company leadership, the easier it is to implement the new system and corresponding new policies.

And yet again, collaboration doesn't end there. It's also important to collaborate with your suppliers because your ultimate goal is not only to conduct efficient transactions but to foster long-lasting strong supplier relationships that are mutually beneficial for both you and your suppliers. An effective P2P process, therefore, must include transparency and communication components to allow our supplier limited and regulated input into the process.

Define Measurable Goals

Take time to determine exactly what you hope to accomplish from your procurement process. You may wish to have better accountability, better efficiency, cost savings, or faster delivery speeds. It's critical to identify and prioritize your goals as this can help you better manage and improve your purchase to pay capabilities.

no matter what your goals are, they must be measurable. Make a list of the key performance indicators (KPIs) such as time to finish contract to cost per unit that may play into your equation. Even though measurability matters, the data collection and analysis process is just as important. Your P2P software must be able to help you track your most important KPIs to increase transparency and data-based decision-making.

Without measurable goals in place and the necessary data collection and analysis tools, you won't be able to determine how your P2P process automation is improving your business.

Emphasize Control and Visibility

What is your current P2P process look like and how visible at is it right now? if you are unable to answer that question right now you may want to look a little closer. Ideally, all parts of the system should be easy to reconcile with your procurement staff daily work and operations. The more visible the processes, the more easily you can make adjustments when and where necessary.

Procurement solutions can help you improve your spending visibility and control. Spend analytics and process centralization ensures a transparent and highly visible process that can introduce Self Service opportunities within the set and limited parameters.

Accept Automation

It's hard to overstate how important automation is to the procure-to-pay process. Using electronic invoices and supplier portal help streamline the system and minimize manual error. Purchase orders and invoices can be filed automatically and electronically with all documents being routed directly to the relevant department. Automated workflows with three-way matching continue to move the process forward and if anything doesn't look right it is flagged for manual intervention.

What sounds like it may only be useful to large enterprises can actually benefit small businesses as well. When you find the right procurement software to build automated workflows, they can be integrated into your current processes fairly easily. When they are implemented correctly, procure-to-pay automation helps you accomplish all of the best practices we've mentioned from analyzing your procurement data to promoting collaboration across all elements of the supply chain.

That said, automation is not a best practice you can implement on your own. Instead, you must invest in P2P solutions to help you build the workflows that you need to streamline the purchasing process. That's where PLANERGY comes in. Our cloud-based automation solution handles everything from purchase requisition through invoice management so that your Procure-to-Pay cycle isn't just automated, but also improved. With AP automation, for instance, invoice processing moves faster, allowing you to leverage early pay discounts, better manage cash flow, and improve access to working capital. Data is updated in real-time for improved visibility throughout the entire process.

What's your goal today?

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