

The AP & Procurement Performance Playbook:

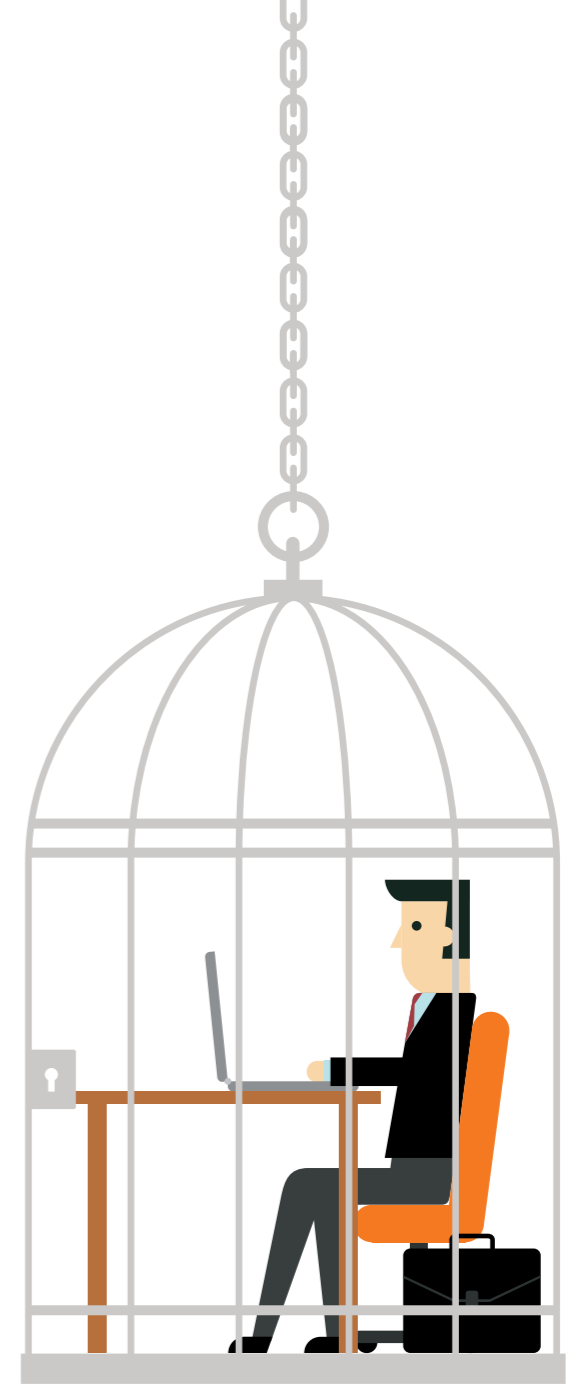
Breaking Out of Perception Prison

You're not just a finance professional.
You're a strategic player.

A forward-thinking
problem solver.



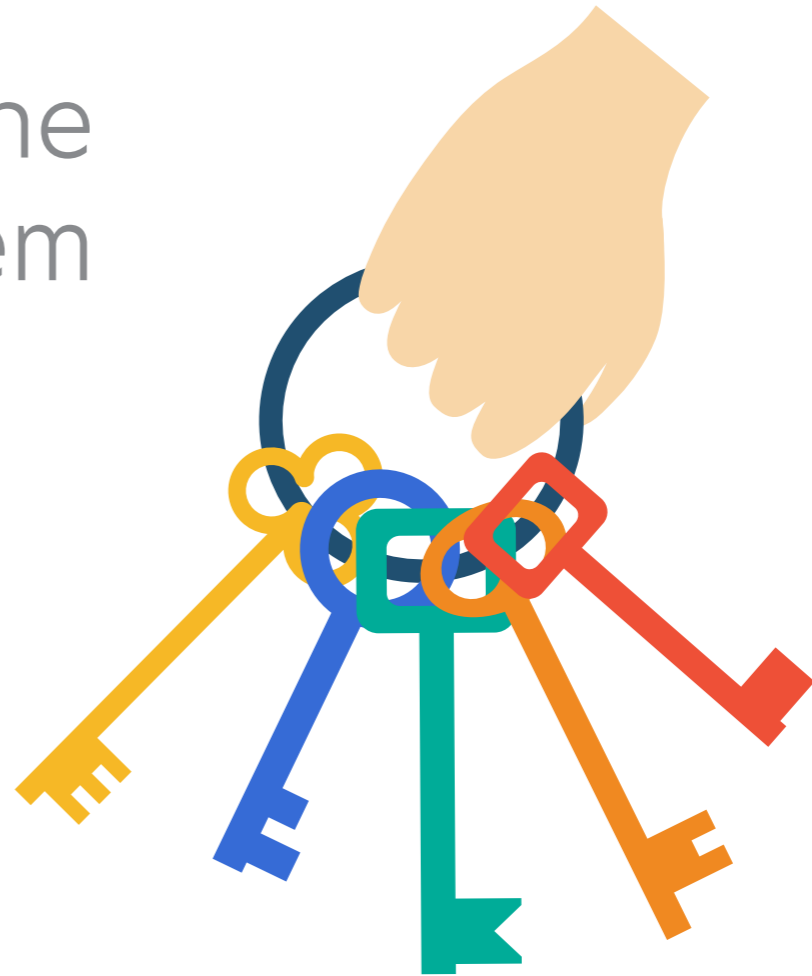
But you've been imprisoned by perceptions about AP & Procurement that are keeping you from **growing professionally.**



Today's your lucky day, because...

We're breaking you out.

We've stolen the keys from the guard. And we're tossing them to you one by one.



Ready?

Key #1:

Examine common
perceptions.



Only 15% of enterprises view AP as an exceptionally valuable collaborator.

18%: Very valuable; heavily involved in financial operations

33%: Somewhat valuable; occasional collaborator

33%: Not strategic; tactical processor

Only 13% of senior management say “they are real strategic partners who are constantly adding.”

24.1% say, “They are on my radar only when there’s a problem.”

3.7%: “I’m not familiar with that group.”

9.3%: “They are a really strong team.”

20.4%: “They are efficient and accurate.”

29.6%: “They get the work done.”

Breakout strategy:

Acknowledge problematic perceptions and look for clues as to which ones might be prevalent in your organization



Key #2:

Know how your
department's performance
is actually measured.



The top 3 metrics AP & Procurement departments say are important:

1. Invoices paid on time

33.3% of survey respondents

2. AP processing time and backlog

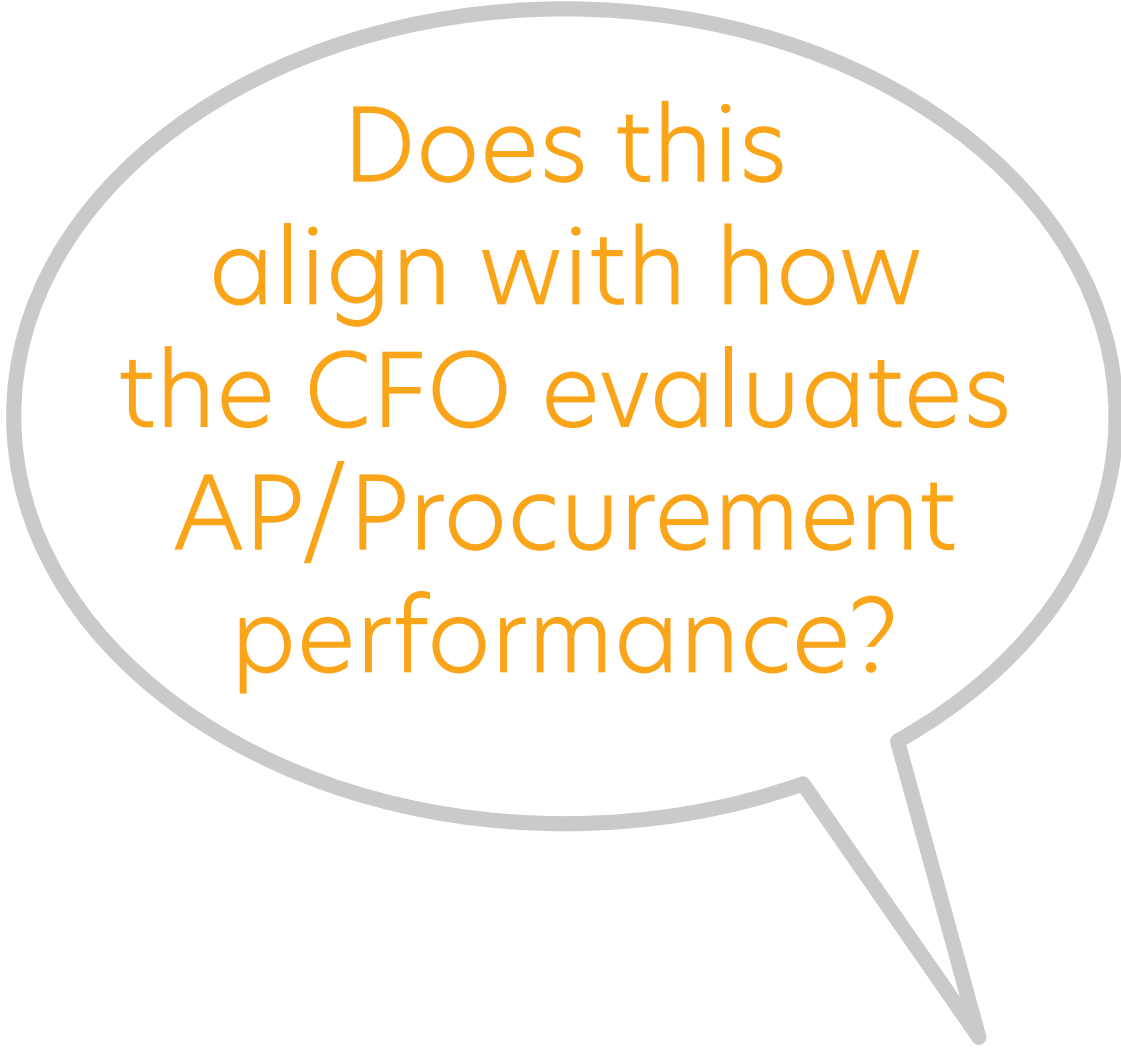
33.3% of survey respondents

3. Days payable outstanding (DPO)

13% of respondents

Other important metrics for AP & Procurement:

- Invoice processing costs
- Percentage of automated transactions
- Number of duplicate or erroneous payments
- Cash flow analysis
- Percentage of invoices that require modifications
- Number or dollar amount of invoices processed



Does this align with how the CFO evaluates AP/Procurement performance?



Only partially.

CFO metrics that align:

75% of CFOs use volume-based metrics
(number of invoices processed, payments made, etc.)

63% of CFOs use payment metrics
(number of invoices processed, payments made, etc.)

36% of CFOs use financial metrics
(rebates earned, early pay discounts taken, etc.)

CFO metrics that DON'T align...

45% of CFOs use internal stakeholder feedback and surveys

44% of CFOs use department budget performance

31% of CFOs use compliance metrics

(process, regulatory or financial compliance)

Is there a gap between the metrics you think are important, and the ones your CFO is using to evaluate your performance?

Breakout strategy:

- Know the exact metrics used to measure your group
- Devise strategies for exceeding expectations
- Set firm targets for getting there



Key #3:

Know what “best-in-class”
invoice processing metrics
look like.

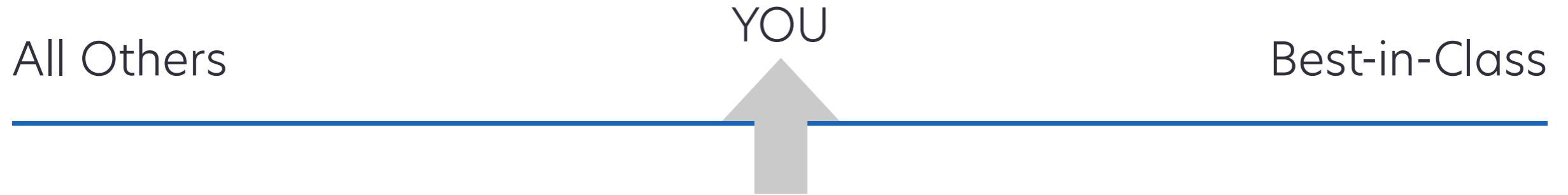


AP Performance Comparison

Metrics	Best-in-Class	All Others
Cost to process a single invoice (all-inclusive cost)	\$2.87	\$15.38
Time to process a single invoice	3.9 days	17.1 days
Invoice exception rate	11.2%	19.5%
Percentage of invoices processed "straight-through"	57.1%	16.1%
Percentage of suppliers that submit invoices electronically	47.3%	12.6%
Percentage of invoices linked to a Purchase Order (PO)	70.0%	12.6%

Source: Ardent Partners 2016

Where do your performance metrics put you?



Breakout strategy:

- Know the best-in-class stats
- Do research to find out how your AP/Procurement department compares
- Engage with stakeholders to discuss what your organization could achieve by empowering AP/Procurement



Key #4:

Stop working in
solitary confinement.



AP & Finance leaders know that collaboration is necessary to get to the next level.

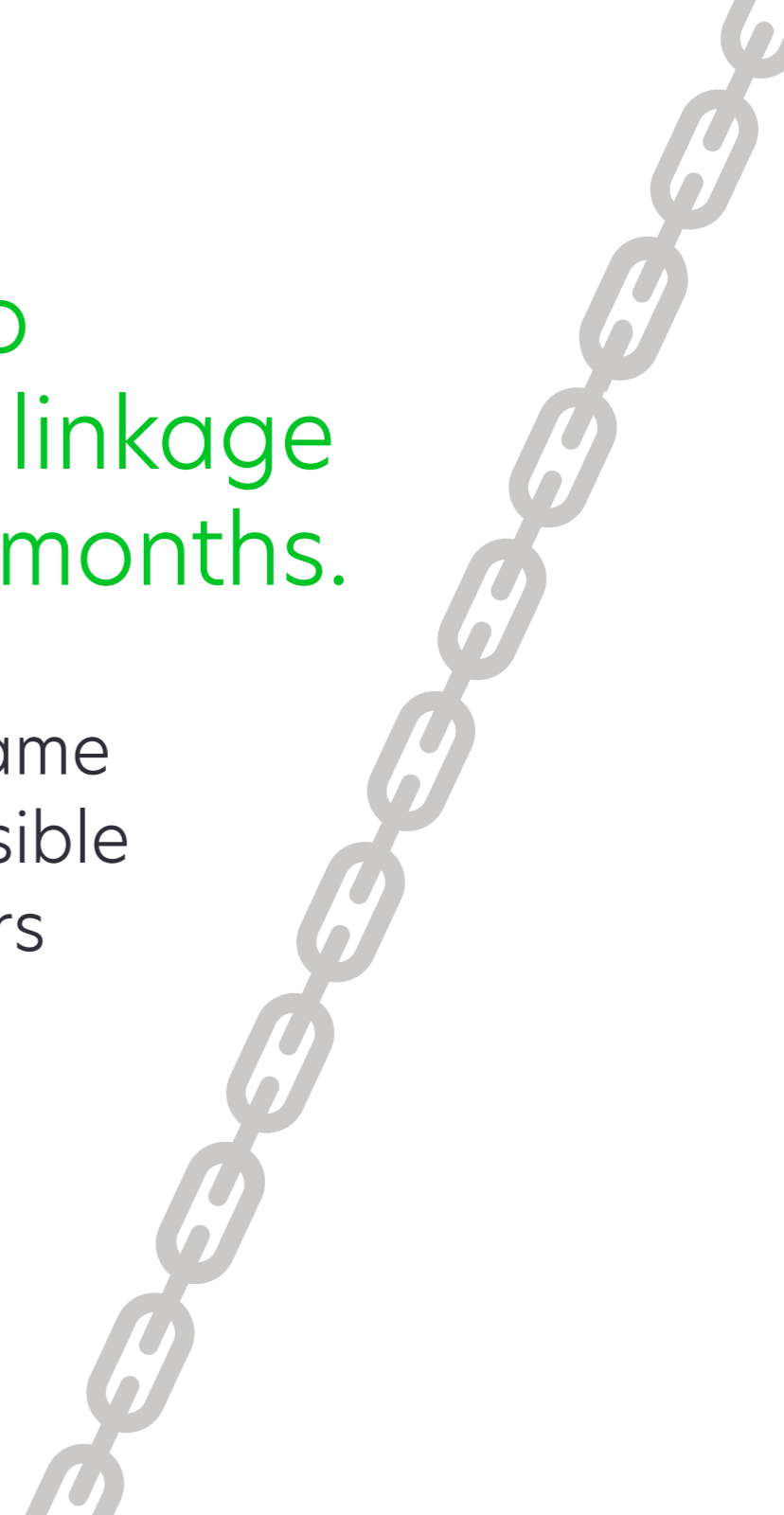
37% say the linkage to **procurement** needs to be stronger

31% say an improved “**enterprise-wide** communication plan” would be beneficial

25% say they need improved collaboration with **suppliers**

40% of AP & finance leaders plan to “improve collaboration and process linkage with procurement” over the next 24 months.

“AP and procurement operate two halves of the same P-2-P process, so linking the two as closely as possible can result in significant benefits.” – Ardent Partners



Breakout strategy:

- Identify the groups and stakeholders within your organization that would be good strategic partners for AP and procurement.



Key #5:

Evaluate your technology.



58% of AP and finance leaders say that new or improved technology is critical for AP to reach the “next level.”

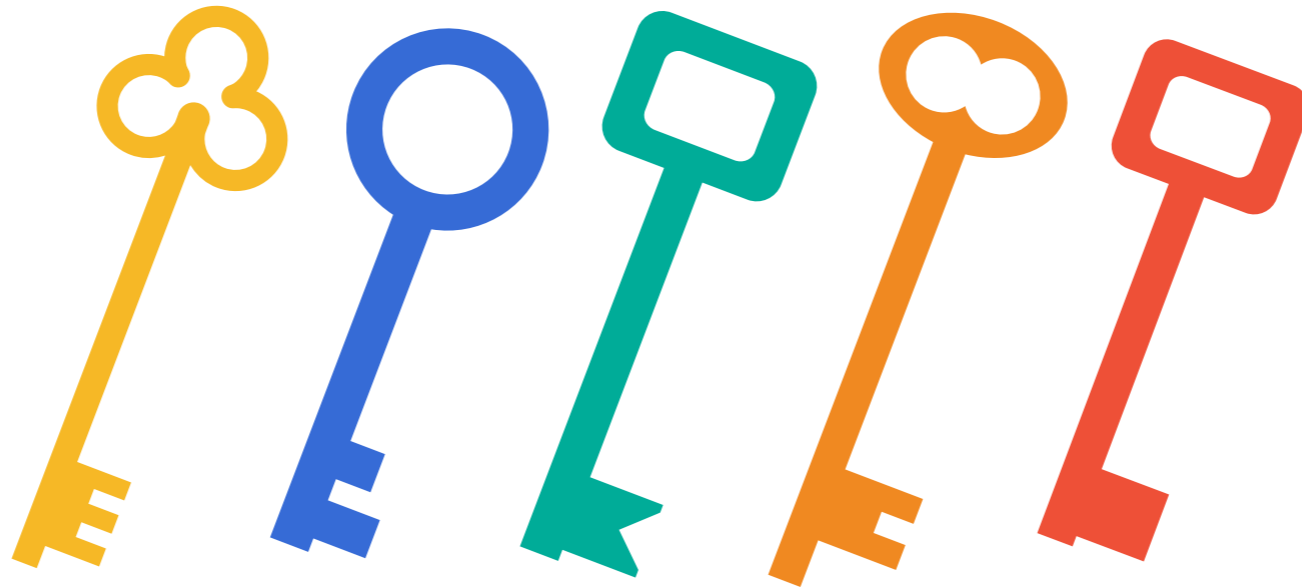
Breakout strategy:

Do an audit of your current technology and ask:

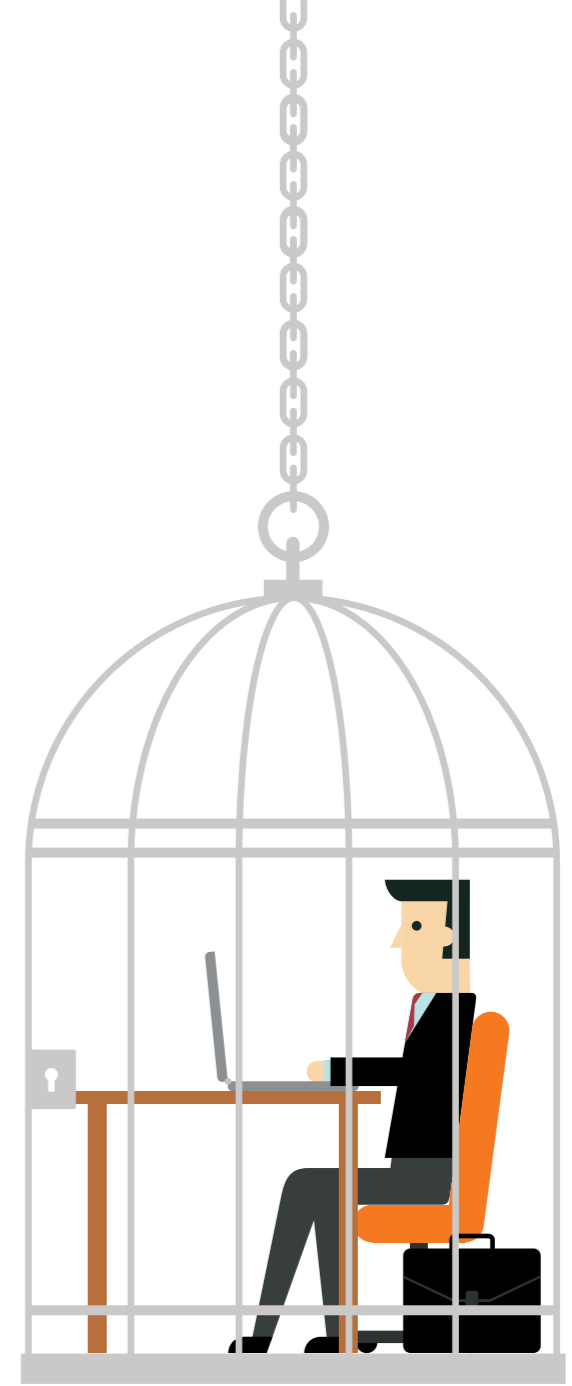
- Where are our processes under or outperforming expectations?
- Do the underperforming areas match up with old technology or manual routines that need to be upgraded replaced?



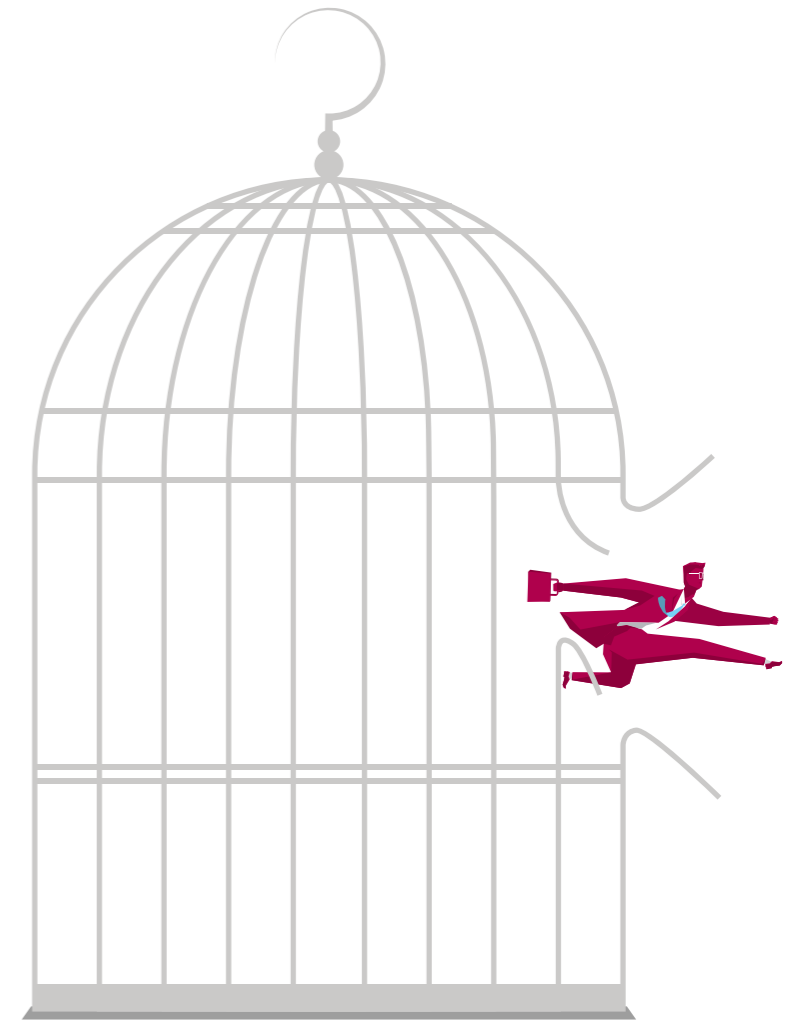
We've given you all our keys.



You don't have to stay in that cell.



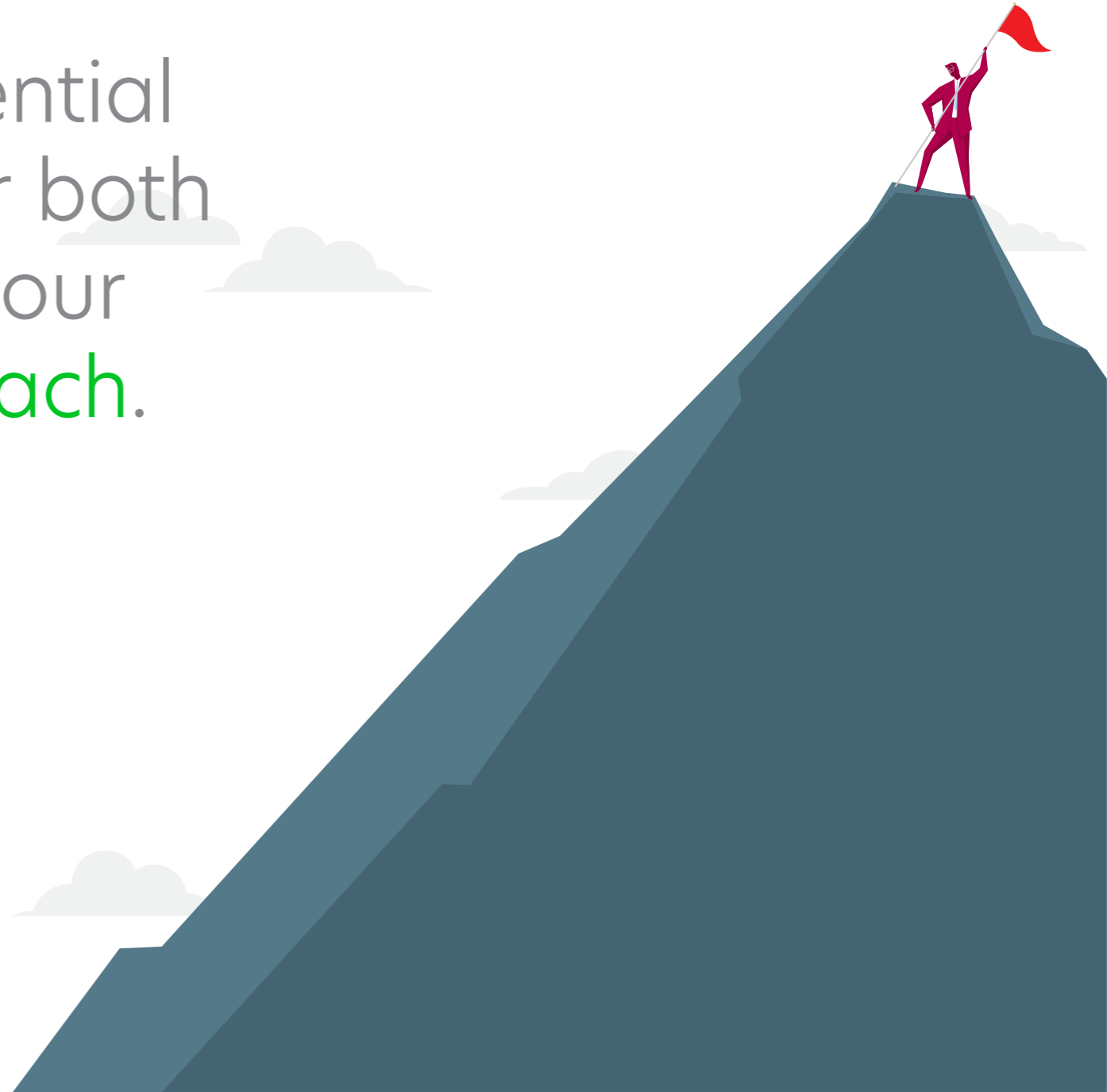
But if **breaking free** of perceptions and becoming a force of change in your organization seems a little overwhelming, consider this...



“AP is poised on the precipice of
new importance; now it needs to
work in order to capture it.”

- Ardent Partners

In other words, the potential for **profound change** for both your organization and your career are **just within reach**.



With some sound strategies, an understanding of tried and true best practices, and a lot of collaboration, you can leave problematic perceptions behind and find the freedom to outperform expectations.

Get a clearer picture of how automation can help you and your team outperform.



[Download the whitepaper now](#)