

P2P Factsheet: 10 challenges – 10 Solutions

1 P2P Challenge 1: Lack of data visibility

Data is one of the most important aspects of your procure to pay transactions. But if you don't have full visibility of your processing data or if that data is spread across disparate systems, you'll lack the insights needed to do things such as create unity in your supply chain, increase collaboration, pay to terms and efficiently and predict challenges.

Solution:

Get a good picture of where you are now

Before starting on any new process or technology implementation, take some time to stop and ask yourself – what do we have and what do we need.

Preparing to implement a new solution presents a perfect opportunity to take stock of what data you now have and where it is coming from. Once you've developed that baseline, look for gaps in the current data and work with stakeholders throughout the P2P cycle to decide what data is missing.

Design your new P2P cycle to maximise cash flow

Poor data is responsible for as much as 70% of all payment delays in the P2P cycle. Bad information can cause invoices or payments to come to a standstill, costing time, money and resources to fix. But despite these problems, companies can still be reluctant to channel enough effort into solving these bottlenecks. Invest in technology to maximise visibility across the extended supply networks, and the ability to act on those in real time.

2 P2P Challenge 2: Poor Communication

Often, the biggest problem facing any company's P2P process flow is a lack of communication and cooperation between different departments. Preparing to implement a new solution is a great opportunity to get everyone involved in the steps needed to provide all departments with the data and information they need and begin a regular habit of communicating on the areas that impact them all.

Solution:

Get executive-level buy-in

Without the buy-in of the C-Suite, true change will be impossible.

But nothing focuses the minds of the senior management team than having the CFO and CPO aligned with the new process. With a good understanding of the time and efficiency savings a new solution can bring, managers from all departments will feel better about devoting the time needed to implement any new solution or process change. It also provides a good opportunity for future communication.

Engage all Stakeholders

But it's not just about senior management buy-in, all the stakeholders in the process, including those who will be responsible for using the new solution, should be involved in the process from the beginning. Encourage open communication channels where individuals feel that their voices can be heard, and ideas acted upon.

3 P2P Challenge 3: Manual input and Paper Invoices

Although P2P and AP departments have come a long way in the past 5 – 8 years, the pandemic has highlighted that there is still some way to go. With manual approvals and too many paper invoices coming into the office by post, any chance of visibility is lost. Unreliable and manual processes create internal or supplier queries and complaints compounding inefficiencies and potential issues. On top of that, manual keying of data is a process that can be fraught with errors and even fraud.

Solution:

Work with your suppliers to ensure adequate onboarding of a new technology solution. Make sure that it's going to be used in the best way to maximise ROI.

Accounts Payable automation with invoice integration can guarantee that supplier invoices are received and managed on time, including invoice exceptions, which builds trust and increases suppliers' confidence.

4 P2P Challenge 4: Suppliers Chasing Unpaid Invoices

Around 13% of small businesses have invoices that go unpaid each year. Not only is that unethical, but late payment can also cause severe cracks in the supply chain and cause risks that can remain hidden until too late. Usually, late payment is caused by a breakdown in communications and a disjointed system, rather than something systemic in the way that organisations want to treat their suppliers. However, in situations where payments are being delayed by as much as 200 days or more, buyers are at serious risk of losing that supplier, and will miss out on possible supplier-led innovations.

Solution:

Make use of solutions such as supplier portals to take the pressure off AP dealing with supplier queries

Sign up to the Prompt Payment Code – ensure that you as an organisation are signatories to best payment practice policy. The Office of the Small Business Commissioner also gives advice on how to work best with small businesses and acts as a go-between between the two. Providing an invoice deposit portal for your suppliers ensures all invoices are tracked. By automating inbound invoice workflows, all required invoice fields can be directly sent to your AP System for validation and further processing. This action removes the risks associated with missing invoices, allowing you to capitalise on discount deadlines, while limiting the need for repeated manual updates.

5 P2P Challenge 5: Lack of Accountability

A good P2P system is only ever going to be as efficient as the people managing it.

Unless you appoint specific people to be accountable for the proper implementation of your P2P system, or to the KPIs that you set up to measure its success, you will end up with poor implementation and finger pointing when things go wrong. Any issues will always be someone else's problem.

Solution:

Identify specific stakeholders and involve them at every step of the process. Set up a task force, with clear goals and objectives. Deliver your plan to a senior management team and ensure their buy-in to the process. Set up a clear segregation of duties where necessary, with specific team members responsible.

6 P2P Challenge 6: Mismanaged Master Supplier File Solution:

With a lax approach to managing the master supplier file, the door is thrown open to the chances of duplicate or fraudulent payments. This can have serious consequences, and as we move into a more compliance-led world, the onus for failure to effectively monitor and maintain files will fall on the organisation involved. But despite the daunting nature of the task where a mismanaged system may have been in place for many years - the implementation of a new process can be relatively simple if some key principles are followed:

Restrict access to the master supplier file so that only one person (and a back-up) can set up or change supplier records. Insist on adherence to strict guidelines on how information is input and provide guidelines on how to enter invoice numbers. This can help to eliminate duplicate invoicing. Build in guidelines for regular culling of inactive vendors. If inactive vendors are kept indefinitely, they can become a breeding ground for fraudulent activity and inadvertent accounting errors.

7 P2P Challenge 7: Disparate and legacy Technology Solution:

In many large organisations, different departments and external suppliers have independent operating systems and tools in place. Processes such as requisition, sourcing, procurement, and accounts payable are all managed by different departments. On top of that, departments might be working with different suppliers that use their own independent systems. Where that's the case, when a solution is introduced, some departments, vendors, and suppliers will insist on sticking to their established processes. It's a situation that's exacerbated by the continued use of paper invoices and manual systems. Disjointed solutions run the risk of damaging the whole purpose of purchase-to-pay solutions, which is to make processing more efficient, visible, and accountable, because they create room for confusion, delays, and loss of data.

Look at the existing solutions and see where they might be effectively centralised or streamline processes and use one unified automated system across all business units. Establishing a structured methodology within the Accounts Payable function to prevent workflow breakdowns is key. Consider a solution that recognises structured formats and embedded metadata on electronic documents and can automate your inbound invoice data. This technological leap allows you to ensure complete accuracy on the indexing of inbound invoices - no character recognition error, no typing mistakes, and no impact on the existing Accounts Payable chain. Moreover, delivering secure inbound invoice indexing into your ERP/AP System through a sophisticated document process automation results in significant time and cost reductions to your Accounts Payable function.

8 P2P Challenge 8: Bad User Interface Solution:

When something is hard to understand, it won't be used. The reason why our B2C life is dominated by the likes of Amazon, Uber and Deliveroo is that we understand the platform and can use it with ease. In the B2B world, there's still a way to go. With a bad user experience, mistakes happen or users fail to take full advantage of the system.

Engage with solution providers at an early stage and ensure that the interface is demonstrated with a hands-on approach in a live environment. Make sure that a variety of platforms are investigated and that those who'll be using the solution are part of the process, not just those in charge of procuring it.

9 P2P Challenge 9: Poor Change Management Solution:

Implementing a new P2P solution and new cultural practices involves people. And people are often resistant to change, especially if they think it might adversely affect them. One of the challenges of effective change management is to make sure that any concerns are addressed directly and honestly. Effective change management underpins any successful P2P implementation. With a lot of moving pieces, users from multiple departments, communication requirements and processes that affect operations across the entire enterprise, it's not a change you can make by flipping a switch. Which means that change management should be the piece of the puzzle you consider first, and not as an add-on, or a manual that's emailed across to various team members. It will take deliberation and time.

You need a methodical approach - a change management plan provides the structure to help the business transform and drive maximum benefit from the implementation. Create a manual outlining the change, its objectives, and the outcomes necessary. Ensure that all stakeholders are involved at all stages and create team meetings where an open forum for discussion allows criticism and the flow of ideas. Too often businesses assume that stakeholders are onboard with change because they have remained silent, only to find out later that wasn't so.

10 P2P Challenge 10: KPIs as a Tickbox Exercise Solution:

The Procure to Pay department creates a mountain of data. Harnessing that data, analysing it, and understanding what to do with it can be challenging. Sometimes P2P departments fail because they use KPIs as a tickbox exercise without aligning the measurements against performance or the desired outcomes of the business. P2P departments should not get side-tracked by looking at metrics that no longer serve the purpose of the business. On top of that, if an employee is challenged to adhere to a certain metric, they should know the reason why. Productivity levels are increased if a team member feels that their contribution is worthwhile and traceable.

Create a series of KPIs that directly and measurably tie into the outcomes of the business. But make sure that they are manageable. There's no point measuring 10 KPIs if nothing is done with the data. Far better to only measure 5 and act on the information that they provide.