

Transactional P2P – a case study on business partnering and getting finance out of its vacuum!



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September 2019

Background: FCMA, after usual 'stuff' (budgeting, planning, reporting) moved into Change (systems, offshoring, shared services, integration) with Aviva, Friends Life, Astellas and now running/expanding GBS for Ultra (FTSE 250 specialist electronics engineering co. Operates mainly in defence and other highly-regulated markets, providing mission-specific, bespoke solutions and capability)

Agenda

1. P2P Finance v Business (to end-to-end process)
2. Business Partners
3. P2P Case Study
4. Process Excellence
5. Summary



1. P2P

- Senior Finance people engage with 'the business' but often only with leaders and managers (budgets, pricing, reporting et al).
 - Transactional (AP) tend to deal with buyers, approvers, suppliers and sometimes business managers.
 - P2P (defined here as covering expense claims and PRs/POs/Invoices) is the one part of Finance that touches many colleagues across business lines and other functions.
 - Policies, data quality, compliance, end-to-end process.
 - New system/upgrade involves 'mass' communications/training.
 - Data, systems, processes only get you so far.
 - It's relationships that take you to the next level.
- Because influence = data + relationships



1. Finance/Business objectives may differ

Invoices: Finance wants

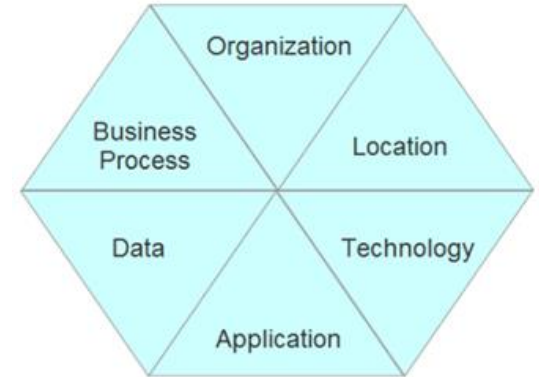
- Straight Through Processing
- GRN/receipts
- PO lines to match 'e' Invoice
- Sign-off within in DOA, delegation within policy
- Few small invoices, few One Time Vendors
- To manage cash (Prompt Payment Code)

T&E: Finance wants

- VAT receipts
- Compliance (claim within policy)
- Details (who was at the meal), Co Credit Card transaction detail

Business wants

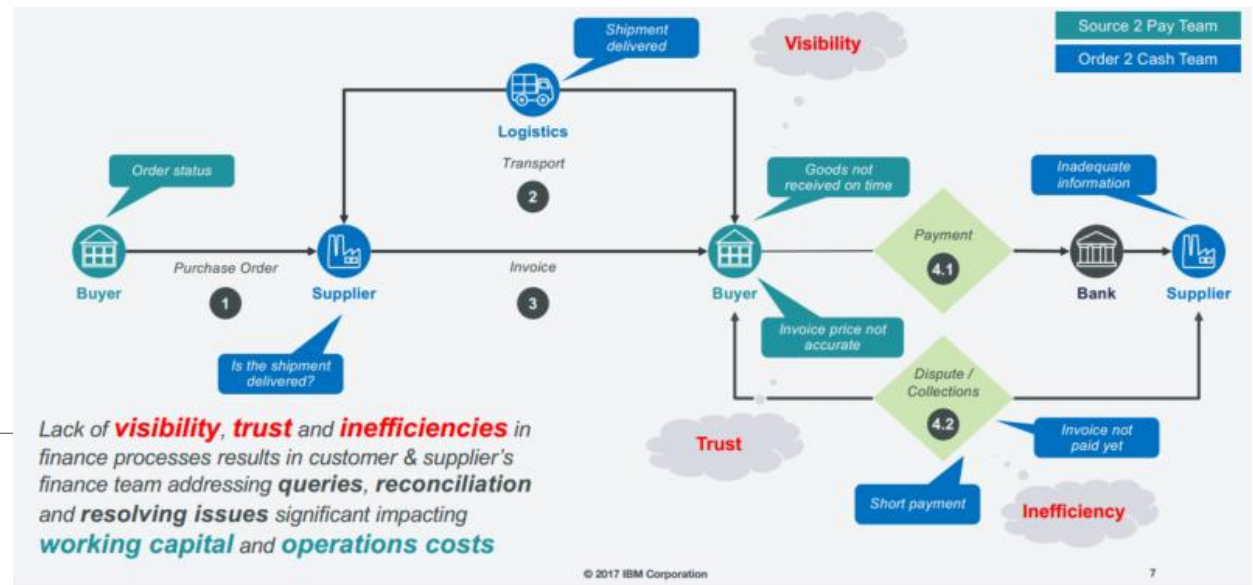
- Flexibility (OTV, PO exceptions)
- To force through urgent items
- Judgement (pay early for emergency delivery)
- Pragmatism (e.g. weekend working expenses)
- To make it easy to do business



AP Team

- Put our newest and cheapest staff on the front line
- Outsource/Offshore
- Starve the team of knowledge (HMRC rules, new Travel Provider)
- Plot to replace them via Bots, AI and Blockchain

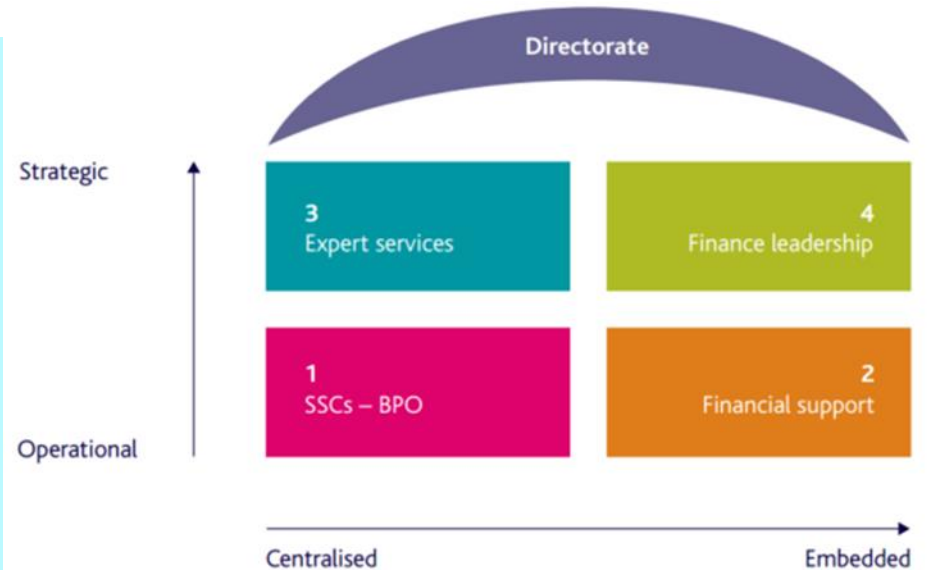
- Make it hard to buy something at work (as compared to Amazon)
- Fail to explain Modern Slavery, TCO, scale economies, duty of care
- Sprag to Managers when a staff member has a flexible interpretation of policy
- Hire guard dogs (Global Policy Owners)
- Become hard to reach (Option 2 for AP, self service)



2. Business Partners

Tend to think of BP as colleagues who look after budgets/forecasts, decision support and commercials

'We're all business partners now'. This was a comment from a tax colleague who used to be invisible to the business but is now involved sales and purchasing decisions by advising on VAT, transfer pricing and other complex items. CFOs need to be business partners as does everyone in finance/finance shared services.



Source: CIMA, September 2007

Figure 5 Ulrich diagram



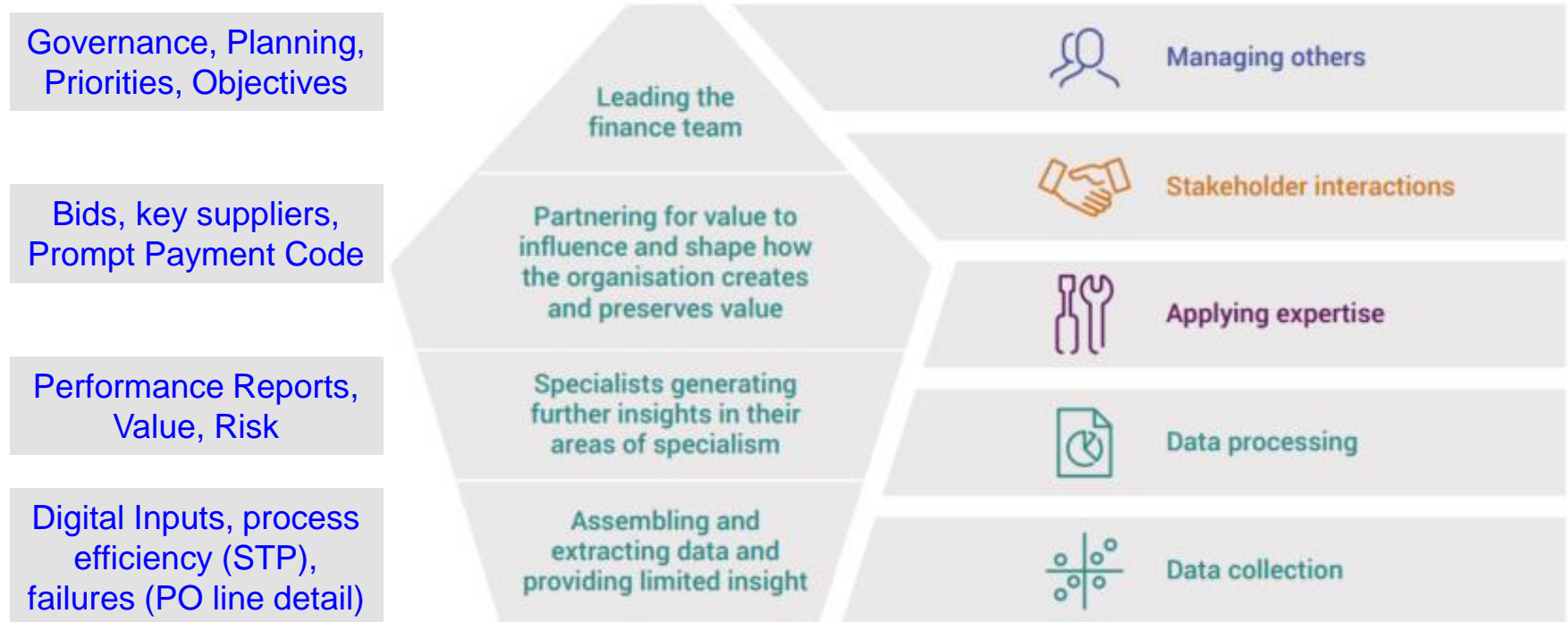
2. P2P is thought of as foundational/baseline, but it touches all levels of the finance function



2. We're all Business Partners

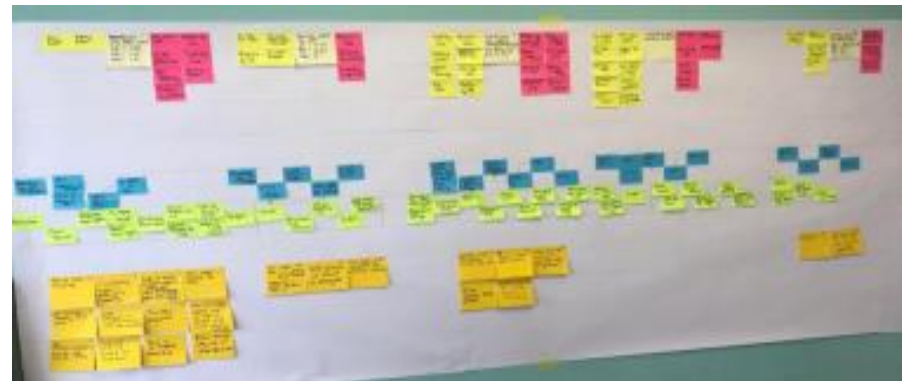
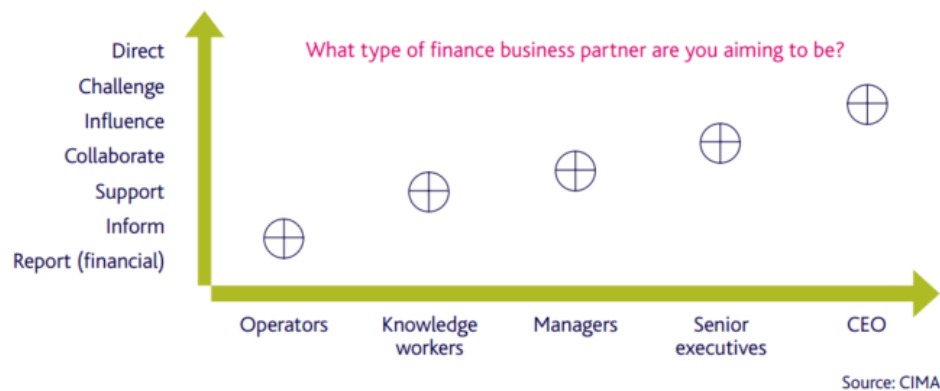
- P2P is an opportunity to influence

All of the activities on the right apply to people in Procurement and AP
We need to ensure those involved in P2P are outward looking, empowered, supported and engage at all levels with all parties



3. P2P case study

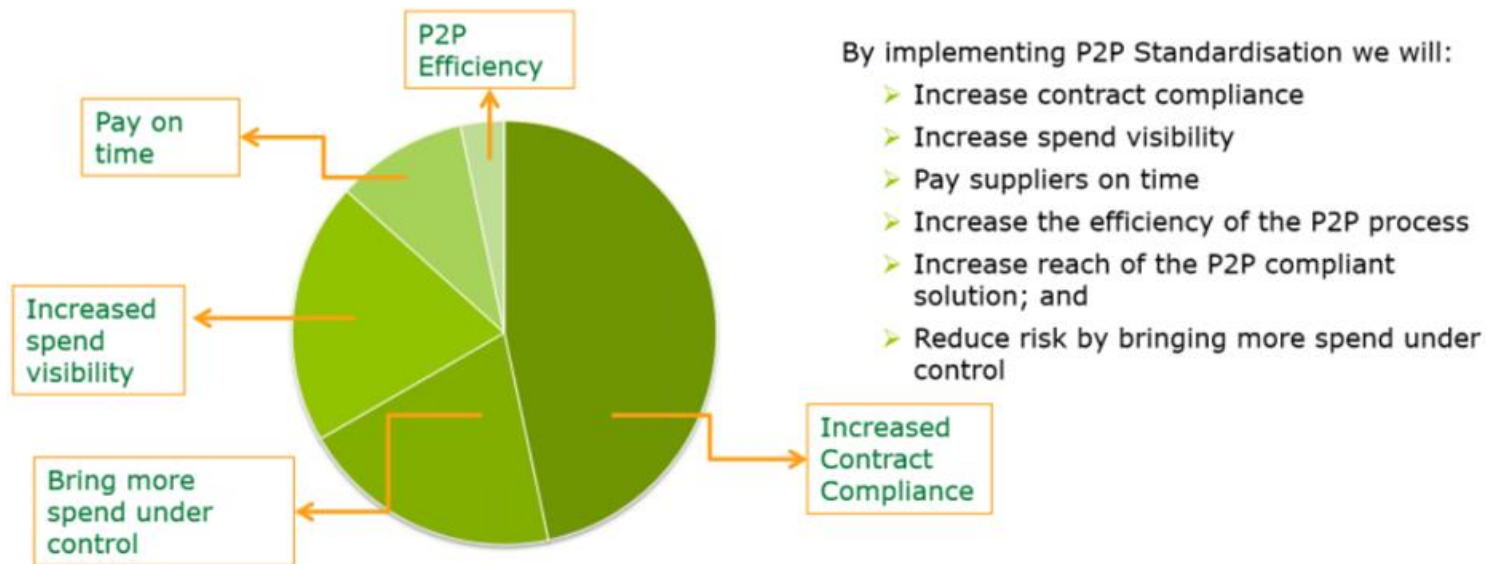
- Manage GBS (Procurement, AP, Payroll, Finance Services, HR, FM etc)
- Upon arrival, operated in Silos – e.g. Proc didn't understand new supplier cost, one time vendors, cost of low value invoice processing. Travel booking, T&E Policy, use of Company credit cards/PCards not joined-up. AP reactive, didn't know process time, data, root cause of failures/rework.
- No budget for a Process Owner! Started talking about end-to-end process, handoffs, made RACI clear (buyers deal with suppliers re technical matters, AP cover invalid invoices, discussions with business finance re payment terms).
- Listened, discussed, negotiated, provided clarity (role, rules).
- P2P as a showcase of helping business lines and functions to deliver via shared objectives, continuous improvement and joined-up measures.



3. P2P case study

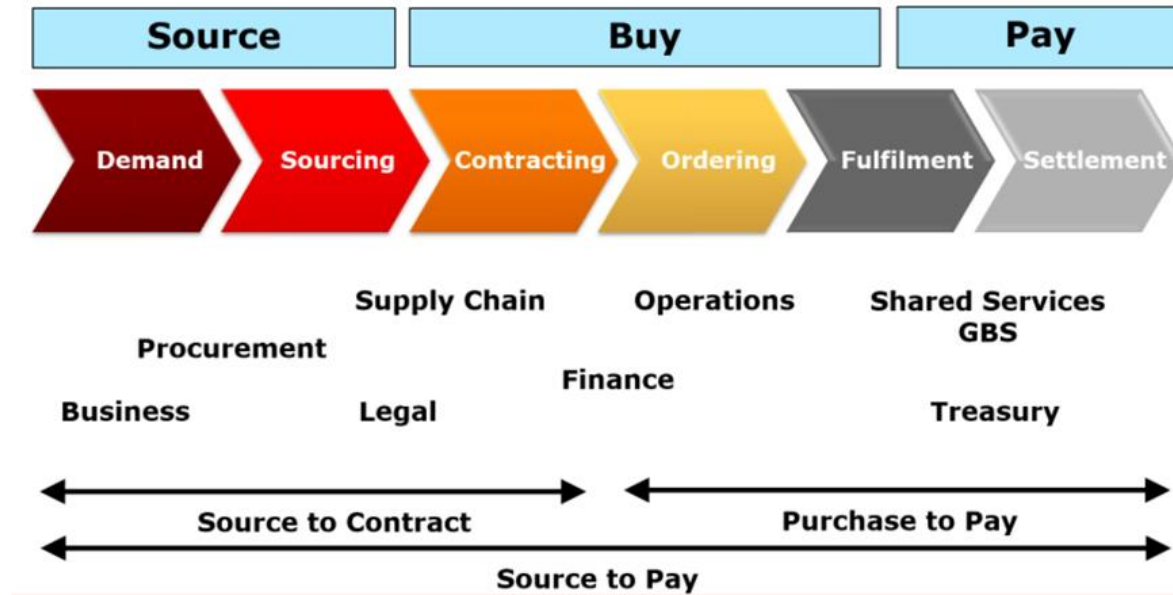
- All Finance parts of the P2P end-to-end process played a part in optimising – Procurement (Contracts, educating buyers), AP (engaging with approvers, suppliers), Finance Business Partners (FBP), Finance Management.
- Finance became proactive, e.g. to improve Straight Through Processing, use data to provide insights and agree actions.
- Involved all levels, Finance Directors/VPs re payments/cash flow, FBP.
- Outcomes, fewer suppliers, compliance with PSLs, more invoices paid on time.

Alignment - focus on Priority Business Outcomes:



3. P2P case study

Had to be careful to consider GBS plans by function, e.g. Finance needed to dovetail with Procurement, Goods in, Buyers/Requisitioners, Approvers, Legal to deliver overall P2P optimisation.



This meant getting out of the Finance vacuum to engage across the organisation and help others to take ownership, understand downstream consequences, roles of others, causes of failure and manage trade-offs.

= Listening, communicating and brokering agreements

4. P2P case study – Process Excellence



Strategic Objectives



Standardise Basic e2e
Processes



Drive step-change in
Performance by
Utilising technology



Improve controls,
Visibility and performance



Create & Embed Culture
Of Continuous Improvement

Desired Outcomes

- Standardise/simplify – one preferred, easy-to-use method
- Governance – establish via process owners
- Know what they need to do – transparent process documentation
- “Best in class” – know what it looks like

- Digital technologies – e.g. RPA, AI, Cognitive, Advanced Analytics
- Eliminate manual effort – dynamic workflow and online tools
- Improve performance – efficiency and effectiveness
- Easier to do business with – enhanced user/customer experience

- Underpin change – through clear process and change control
- Performance management – key performance metrics
- Benefits – built on sound footing
- Sustainable change – robust governance and ownership

- Incremental improvement – use Lean Six Sigma
- Reward – process & performance improvement
- Up-skill – relevant tools/techniques

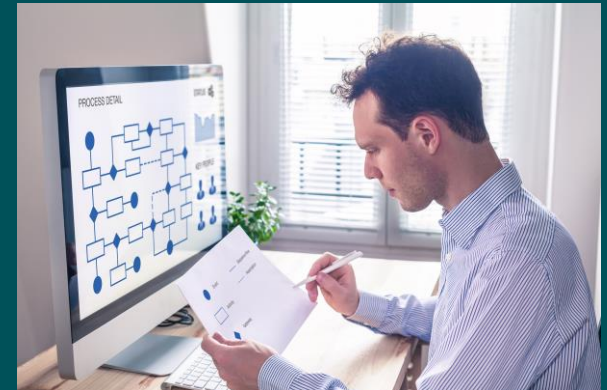
5. Summary

- Transactional P2P, a case study on business partnering and getting Finance out of its vacuum!

- Joint effort – internal customers, procurement, AP, FBP.
- Communication (e.g. Total Cost of Ownership, Modern Slavery)
- Agree Priorities and Objectives, ensure role clarity
- Process Excellence approach
- Review systems, often best practice slips a few years after implementation
- May need to involve IT, e.g. workflow, reporting of payment to terms

Essential to:

- Work with business lines and other functions
- Manage end-to-end process
- Use data to highlight opportunities
- Learn from weak spots



We're all Business Partners!

Need to equip AP and others to be able to build relationships and negotiate.