

ACCOUNTS PAYABLE  
**FIELD GUIDE**  
FOR THE BUILDING MATERIALS INDUSTRY



**HOW TO TREAT THE TOP 5 PAINS IN YOUR AP TEAM**



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# INTRODUCTION

## WHO IS THIS GUIDE FOR?

This field guide is for anyone who holds a leadership or management position within accounts payable (AP) at a buildings materials company. If your decisions impact how the AP team performs, we suggest keeping this puppy within arm's reach. Use as needed.

## WHAT WILL I GET OUT OF IT?

You know how to run an effective AP operation — we're not here to lecture you. This field guide is simply a handy resource for pinpointing the pains in your AP process and exploring potential solutions to fix them. And don't worry, we get that the building materials industry has unique needs — we'll address those.

### **Expect to take home some best practices on how to:**

- Secure AP invoicing cost savings of up to 80%
- Gain significantly more early-payment discounts
- Improve your supplier relationships
- Drastically reduce your rate of invoice exceptions

## DO I NEED ANYTHING?

Just you and your undivided attention. No backpack or walking stick required for this adventure. Ready to go?

**LET'S START BY IDENTIFYING THE TOP FIVE PAINS AILING YOUR AP TEAM.**



# MANUAL DATA ENTRY

## THAT LITTLE TASK WITH HUGE IMPLICATIONS



You know the drill. A supplier invoice arrives and your dedicated team of AP specialists spring into action like a NASCAR pit crew — entering invoice data into the accounting system before passing it on for approval.

Nothing to it, right? If only it was that easy ...

There's a reason **labor costs make up 62% of total AP expenses**.<sup>1</sup> Even with more companies using e-invoicing tools, manual data entry tasks are still common in "receive" processes. Not only does it waste the time of your college-educated staff, the potential for errors has awfully expensive consequences for an industry like building materials with small margins.

### FIELD NOTES

#### *Known Side Effects*

- Increased risk of errors
- Payment cycle slowdowns
- Higher operational costs
- Unhappy suppliers
- Lower staff productivity
- Unfulfilling work environment

#### *Related Research*

A 2015 Ardent Partners study found that automated AP invoicing led to **cost savings of 60-80%** compared to manual and paper-based methods.<sup>2</sup>

<sup>1</sup> Driscoll, M. (June 24, 2015). Metric of the Month: Accounts Payable Process Cost. Retrieved from <http://ww2.cfo.com/expense-management/2015/06/metric-month-accounts-payable-process-cost/>

<sup>2</sup> Bartolini, A., Dwyer, C. (June 2015). ePayables 2015: Higher Ground. Ardent Partners Ltd. PDF file.



# GETTING APPROVAL

## A WAITING GAME THAT SETS YOU BACK



Slow and steady wins the race, as the old saying goes. Unfortunately, when it comes to getting paid, your suppliers expect you to be a hare not a tortoise.

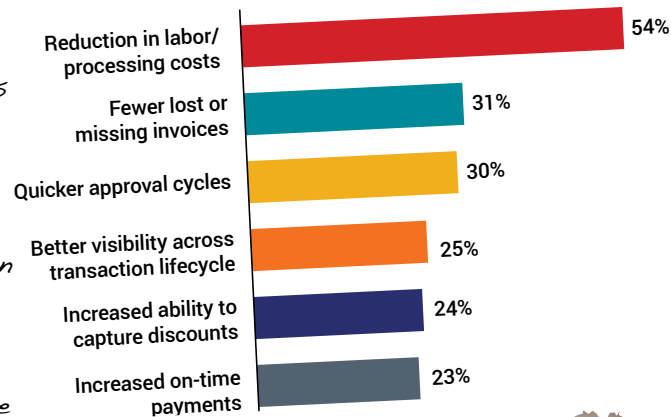
Manual sign-off procedures are one of the root causes of payment delays. Invoices are routed only to sit in a state of limbo on someone's desk or email inbox waiting for final approval.

It's easy to see how these lapses can slow the payment cycle down to a crawl. With **competition in the building materials industry getting tougher**, crawling is not how you pass adversaries.

### FIELD NOTES

#### Interesting Trends

A 2015 PayStream Advisors survey asked a group of AP professionals what factors drove them to consider e-invoicing.<sup>3</sup> The top six responses (shown in the chart on the right) are either directly or indirectly **tied to invoice approval**. Coincidence? We think not.



<sup>3</sup> 2015 Invoice Workflow Automation Report: Exploring the Efficiency and Value of IWA Technology. PayStream Advisors. PDF file.



# HANDLING EXCEPTIONS

## THE THORN IN YOUR AP DEPARTMENT'S SIDE



Just like every road has a pot hole or speed bump, every path to invoice payment is littered with exceptions.

In a typical company, **17.8% of supplier invoices cause exceptions<sup>4</sup>** — an astonishing number when you consider the amount of manual rework required to resolve them and the crippling effects those delays can have on other areas of the AP process.

It's worth remembering: One tiny hiccup in the invoicing process can be the difference between an early/late payment and accurate/inaccurate forecasting.

### FIELD NOTES

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#### *Top Causes of Exceptions*

- *Discrepancy in price and purchase order (PO)*
- *Lack of PO*
- *Bottlenecks in invoice approval process*
- *Invoices arriving before goods are received or services rendered*

#### *Related Research*

*According to Ardent Partners research, companies that fall into the "best-in-class" category have an **average exception rate of 9.8%** thanks to dedicated process improvements and the use of automated solutions.<sup>4</sup>*

<sup>4</sup> Bartolini, A., Dwyer, C. (June 2015). ePayables 2015: Higher Ground. Ardent Partners Ltd. PDF file.



# LATE PAYMENTS & MISSED DISCOUNTS

## A DOUBLE WHAMMY OF AP AGONY



Ouch ... this one hurts.

Once an AP department starts missing payment deadlines, it can have a potentially devastating ripple effect on an organization's profitability and reputation.

**The importance of healthy supplier relationships can't be overstated.** With the scarcity of some building materials, poor supplier relationships can put your business at risk for losing its connection to the goods it needs to operate — something not easily fixed, but easily avoidable by staying on top of payments.

### FIELD NOTES

#### *Identifying the Disconnect*

*IOFM's 2016 AP Key Performance Indicators Study found that a top AP concern of 25% of businesses is on-time payments.*

*Yet, most businesses capture less than 21% of all early-payment discount offers and 12% of businesses are unable to capture any.*



# LACK OF TRACKING & REPORTING

## THE CULPRIT CAUSING SO MUCH DISCONNECT



These days, “going with your gut” is a dwindling doctrine. Seriously, even sports teams are using advanced analytics to drive their decision making!

Accounts payable? Not so much. **Only 15% of AP departments currently track their metrics** with technology like dashboards that display KPIs.<sup>5</sup>

This lack of visibility can have drastic consequences. Accounts payable specialists have a harder time prioritizing tasks, managers don't get a clear picture of their team's performance, and finance executives fail to get the oversight they need into spend and finance/administration functions.

### FIELD NOTES

#### *Top 5 Key Performance Indicators (KPIs) to track*

- 1) Cost to process a single invoice*
- 2) Time to process a single invoice*
- 3) Number of invoices processed per day per AP specialist*
- 4) Percentage of invoices linked to a PO*
- 5) Invoice exception rate*

<sup>5</sup> Visibility into the Accounts Payable Process: Measuring and Reporting on KPIs and Metrics, 2015. The Institute of Finance & Management. PDF file.



# ADVANTAGES OF AP AUTOMATION

Managing an AP department at a building materials company is a tough gig (as if you needed a reminder). Fortunately, making real, positive changes is not as inconceivable as you might think. Consider what automated AP invoicing can help you do:



*Reduce operational costs*



*Accelerate payment cycle times*



*Improve supplier satisfaction*



*Eliminate duplicate payments*



*Increase early -payment discounts*



*Strengthen credit rating*



*Enhance reporting & analytics*



*Support regulatory compliance*



# HOW IT CURES YOUR PROCESSING PAINS



## FIELD NOTES

Many AP automation solutions work hand in hand with e-purchasing tools so that non-PO invoices can be **automatically converted** to PO-like invoices – making exception handling ... dare we say ... painless.



# HOW IT TRANSFORMS TRADITIONAL AP INVOICING

No more Excel spreadsheets. No more email trails. No more guesswork. Automation brings a new level of ease and efficiency to AP by enabling users to optimize their every decision and action via a customizable dashboard display.





# HOW IT IMPACTS EACH STAKEHOLDER

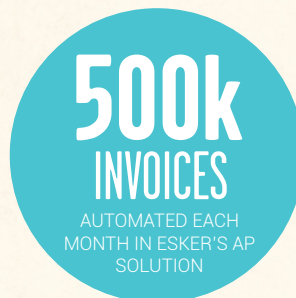
From automated workflow and real-time analytics to mobile approval capabilities and a collaborative supplier portal, the tools and technology offered to building materials organizations by AP automation solutions truly span the entire invoice settlement process.

					
AP SPECIALIST	AP MANAGER	MANAGER	CONTROLLER	CFO	SUPPLIER
<ul style="list-style-type: none"><li>▪ Prioritize daily workload</li><li>▪ Act on real-time metrics</li><li>▪ Have auto-reminders sent to approvers</li><li>▪ Easily identify early payment invoices</li></ul>	<ul style="list-style-type: none"><li>▪ Gain full spend visibility</li><li>▪ Run accrual reports</li><li>▪ Monitor team efficiency based on real-time metrics</li><li>▪ Access invoice audit trail</li></ul>	<ul style="list-style-type: none"><li>▪ Take advantage of negotiated discounts</li><li>▪ Spot issues early with large suppliers</li><li>▪ See which suppliers make up a majority of invoices</li><li>▪ Access/approve invoices from anywhere</li></ul>	<ul style="list-style-type: none"><li>▪ Access approval process history</li><li>▪ Easily retrieve invoices online</li><li>▪ Monitor spend budgets by cost center</li><li>▪ Give auditors self access to invoices and supporting documents</li></ul>	<ul style="list-style-type: none"><li>▪ Monitor budgets and spend overview</li><li>▪ Follow FTE versus number of invoices processed KPI</li><li>▪ Keep an eye on automation rate</li><li>▪ Get peace of mind regarding fraud prevention</li></ul>	<ul style="list-style-type: none"><li>▪ Get full visibility over your invoices via online portal</li><li>▪ Speed up invoice resolution</li><li>▪ Streamline the transition to e-invoicing</li></ul>



# ESKER'S FIELD EXPERTISE

There will come a time when talk surrounding AP automation turns to action. And since cloud-based AP automation is one of Esker's specialties, we thought you'd like to know a little more about us when that time comes.



**3**

WORLDWIDE  
DATA CENTERS

**24/7**

YEAR-ROUND  
AVAILABILITY

**HIPAA**  
**HITECH**

COMPLIANCE

**SSAE 16**  
**ISAE 3402**

COMPLIANCE

**\$**

PAY-PER-USE  
PRICING

SOME OF OUR SATISFIED CUSTOMERS INCLUDE:



maxim  
integrated™



**PENTAIR**



**uralita**



**ALBEMARLE**

*Culligan®*



# ABOUT OUR COMPANY

Esker is a worldwide leader in document process automation software. Building materials companies use our solutions to automate AP along with other critical areas of business communication, including: purchasing, order processing, accounts receivable and more.

We've been doing our thing for 30+ years now, helping over 11,000 companies around the world improve operational efficiency and boost profits. Our headquarters are in Lyon, France, but we're located just about everywhere paper needs quitting.



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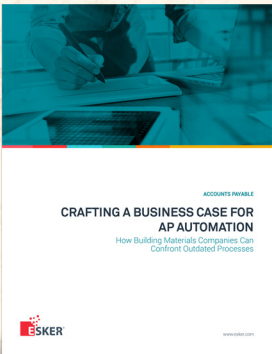
[twitter.com/eskerinc](https://twitter.com/eskerinc)

**MOST OF ALL ... WE LOVE WHEN YOU SHARE!**





# OTHER HANDY RESOURCES



## CRAFTING A BUSINESS CASE FOR AP AUTOMATION

You know AP automation is the best way to confront outdated processes in the building materials industry, but getting buy-in from key stakeholders can be a battle. Fortunately, this white paper is your secret weapon.

INSTANT DOWNLOAD >

## ACCOUNTS PAYABLE FAQ GUIDE

You have important questions. This guidebook has important answers. At this rate, you'll be an AP automation know-it-all in no time.

INSTANT DOWNLOAD >



## ACCOUNTS PAYABLE AUTOMATION DEMO CHECKLIST

Solution providers like to tout all their bells and whistles during an AP automation demo. Hear them out, but use this checklist to make sure what you *should* know was *made* known.

INSTANT DOWNLOAD >



