

Achieving Significant Savings and Performance Improvements in Procure-to-Pay at a Major Global Technology Company

Summary

We helped a global technology company accomplish an exceptional feat by slashing their Procure-to-Pay expenses by over \$8 million in less than 6 months while increasing the payment-on-time to suppliers significantly. While going through this 8-week process improvement, we also established the required process management and governance capabilities to keep the process on track and enable future similar initiatives.

Organization Background

The technology company took a strategic leap forward with the creation of a dedicated Business Process Management (BPM) center of excellence as part of its enterprise-wide digital transformation initiatives. The primary focus was on process improvement and standardization, including procure-

to-pay, supply-chain planning, and customer ordermanagement. By successfully improving the procure-to-pay process, the process organization established a solid foundation for future transformations, empowering the organization to achieve the desired productivity and performance enhancements.

Business Challenge

Several initiatives to improve supplier on-time-payment and reduce cost of the procurement process failed, including multiple Kaizen events. The enabling SAP software seems to work fine. A more effective and fast improvement approach is required.

The new process transformation unit is looking for a systematic process management approach leveraging appropriate software tool. Signavio was selected for process modelling and mining and should now be used to support the procure-to-pay initiative.

The Solution

The pragmatic "Rapid Process Improvement" (RPI) approach was applied for the analysis of the existing processes and design of the to-be process which reflected the identified improvements and process standardization, including adjustments of the ERP configuration and automation approach. Process Management capabilities were developed in parallel to keep the procure-to-pay process on track and enable the core client team to apply the used approach in future initiatives.

- **Rapid Process Improvement:** Fast and pragmatic work with process models to identify improvement opportunities and related actions in including procure-to-pay.
- **End-to-End Process Optimization for Targeted Results:** Work in the end-to-end process context to achieve the targeted results while avoiding negative up or down stream effects.
- **Business Process Repository Set-up and Incremental Roll-out:** Set up a business process repository (Signavio). Create the repository content in a re-usable format while providing immediate for the project teams.
- **Systematic Knowledge Transfer:** Systematic knowledge transfer and educational activities with face-to-face trainings combined with E-Learning components to facilitate and expedite enterprise-wide roll out.
- **Process Governance Organisation:** Define and implement simple process governance organization – collaboration model, roles and responsibilities, governance processes, and the integration of process and data governance.
- **BPM Playbook:** Develop a practical BPM Playbook to sustain the BPM capabilities – key topics include methods and guidelines, repository management, governance, the approach to projects, the value realisation, the process intelligence, and intelligent process automation.

Results

A compelling improvement of the Procure-to-Pay processes and lasting process management capabilities resulted in the following:

- Significant improvements of Procure-to-Pay in 8 weeks project – including cost reduction of over \$8M in less than 6 months and significant improvement of payment-on-time to suppliers.
- Functional process governance organization for Procure-to-Pay, including appropriate control mechanisms, such as definition and measurement of KPIs.
- Fully functional digital process repository, structured strategically to reflect the organization's key business capabilities – a foundation for future improvement initiatives.
- Successfully trained and enabled key resources in the core process management team, as well as in business units in process management methods and tools so that they can take over those activities on an ongoing basis.
- Operating model for the process management discipline, including process governance, is in place and guided through the BPM playbook – this creates a sustainable ongoing business process management capability that enables the enterprise-wide transformation.

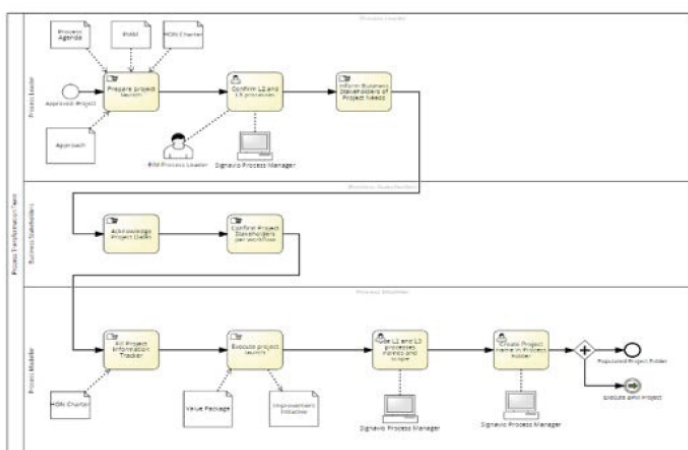


Figure 1: Process Documentation in Common Process Language (BPMN) and Reusable Format.

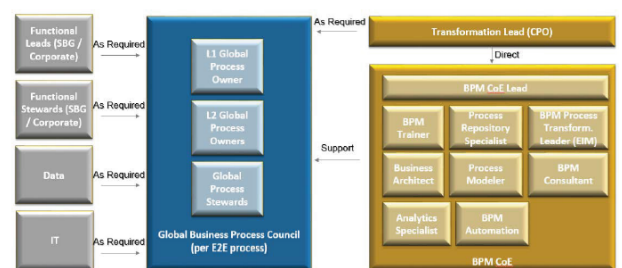


Figure 2: Process Governance Organization.

Do you have questions on these subjects, or would you like to talk with us about specific projects? Simply send us an e-mail or give us a call!

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