



A global consumer products company revamps accounts payable for timely payments and future growth

Deloitte's Industry Solutions and Process Enablement Operate Services
A global consumer product company's journey

The challenge

At this global consumer product company, organic growth had long masked underlying issues with organization structure, finance tools, and processes—until the day it couldn't. In fact, it was the growth that finally tipped the scales, possibly because the COVID-19 pandemic spiked consumer demand for products.

More and more vendors were sending invoices to the company's accounts payable (AP) department. Because AP's structure, tools, and processes weren't built to handle the load, they couldn't pay them on time. Some vendors weren't even getting paid at all because no one knew to pay them. By the holidays, AP had a backlog of more than 40,000 invoices, bringing even more pressure from vendors trying to close out their books for the year's end.

Finally, the company's major suppliers issued a credit hold, significantly compromising the company's ability to produce and sell product. When leadership asked Deloitte to help the AP department, our team discovered that standard industry processes and controls were missing.

Calming the waters

Business growth means change for any organization; rapid growth requires that these organizations proactively transform both the way they do business and the technologies supporting these processes. Transforming the company's AP department would be a challenge. Like many heritage companies, their culture was resistant to change.

The Deloitte team had leadership's approval to redefine the team's org structure, invoice and payment processes, and policies. We deployed Deloitte professionals from multiple disciplines: [Deloitte's Operate Services](#), which provided the talent to get caught up and keep the lights on, as well as [Deloitte Finance Transformation](#) to assist in transforming and operating critical functions like accounts payable. With these services, the company would be able to create a scalable resourcing model, diagnose the root cause of issues, bring their tools and processes up to date, and reduce the cost of their finance department overall.

To fill the AP gap and bring the company out of credit hold, the team assembled a hybrid mix of Deloitte resources, both onshore and offshore. Their first order of business was to identify and settle the accounts of the mission-critical suppliers needed to bring production back online. This done, the team:

- Examined the full lifecycle of payments
- Learned the company's current tools, organizational structures, processes, governance, and controls
- Identified where process breakdowns had led to delayed payments
- Redesigned those processes according to the company's size and volume of payments

[Deloitte's Robotic Process Automation \(RPA\)](#) team was tapped to support this effort and helped develop automations

to improve invoice payment accuracy. In parallel, a specialized triage team was set up to manage supplier questions, escalations, and any urgent payments that would stave off additional credit holds.

It was a bumpy road at first. The client's AP employee turnover continued until finally bottoming out (at one point Deloitte trained several different people from the client's organization for the same role). And calming the waters with vendors was neither simple nor immediate (they, too, needed to buy in to new tools and processes). But the triage team was able to successfully resolve issues within 48 hours and prevent repeating similar issues in the future.

Soon the company was back in business—and ready to grow some more.

Results

The first breakthrough in stabilizing AP operations came when the team brought the company's top 100-plus vendors current, lifting the credit hold and bringing production back online. The next boost came when invoice-to-processing dates were reduced from 50-plus to five days, meaning suppliers could be paid on time. This in turn reduced the volume of emails about past-due invoices still in backlog from roughly 350 to around 25, which in turn allowed team members to spend less time on crisis management and more time on improvement initiatives.

The result was an AP department designed to handle future growth and business, with new processes and a strong foundation so the company could migrate to more modern tools.

Cash forecasting accuracy is now 1–2%, with payment accuracy steady at 99.9%. While the RPA automation decreased payment errors to less than 1% per week and reduced the AP team's workload by 16 hours per week, centralizing and standardizing processes have reduced the company's costs overall. For example, by

supporting the company with nearshore and offshore resources, Deloitte improved controls and improved working capital by 5%.

With accounting stabilized, the company can now bring in new technologies, automation, and processes to improve operations overall

About Industry Solutions and Process Enablement Operate Services

Deloitte's Industry Solutions and Process Enablement Operate Services provide ongoing management of critical business processes (both horizontal and vertical). For finance teams, the processes we support include:

- Source to pay
- Order to cash
- Record to report
- Performance and decisions
- Tax
- Treasury
- Control and compliance
- Master data management

Our dynamic and future-forward delivery model combines specialized talent, digital technology, and ongoing operations management to meet the new shape of business.

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