

RE-ENGINEERING THE SOURCE-TO-PAY PROCESS

THE CLIENT:

A large global cosmetics business struggling with inefficiencies in their entire S2P process. Procurement played a leading role in transforming improvement processes to become a leaner and more agile organization.

THE OBJECTIVE:

- Build a new corporate S2P process model and define clear channels and governance structure.
- Reduce # of invoices and increase POT.
- Improve underlying KPIs.
- Potentially insource elements of currently outsourced activities.



THE STATUS QUO:

- No formal model for the S2P process led to many ways of working, lacking process ownership, unclear metrics and maverick spend.
- Weak process governance by the Business Services team mostly excluding Procurement teams
- Critical metrics scored massively below target and against market average
- The outsourcing service provider had been hampered by perceived weak performances on both sides.

THE APPROACH:

- Creation of a global dataset allowing to work with the latest company-wide data.
- We used a BALTIXX global process model to re-engineer S2P, which segregates the process into six distinct segments:
 - Source-to-contract: Spend analytics, Strategic Sourcing, Contract Management
 - Procure-to-pay: Requisitioning, Purchasing/Spot Buy, Payment
- We reviewed the small application of e-invoicing and researched the legal situation across all 56 location countries of the client.

THE RESULT:

- ✓ POT improvement from 57% to 80% at the end of the project aiming for 95% in the consequent year.
- ✓ Modification of invoice baseline to produce better invoices for the demanded suppliers.
- ✓ Development of a new channel strategy with simplified and automated requisition process avoiding maverick spend.
- ✓ New capabilities for catalogues and companywide use of P-cards.
- ✓ Action plan with short-, medium- and long-term proposals for each of the six S2P process steps.