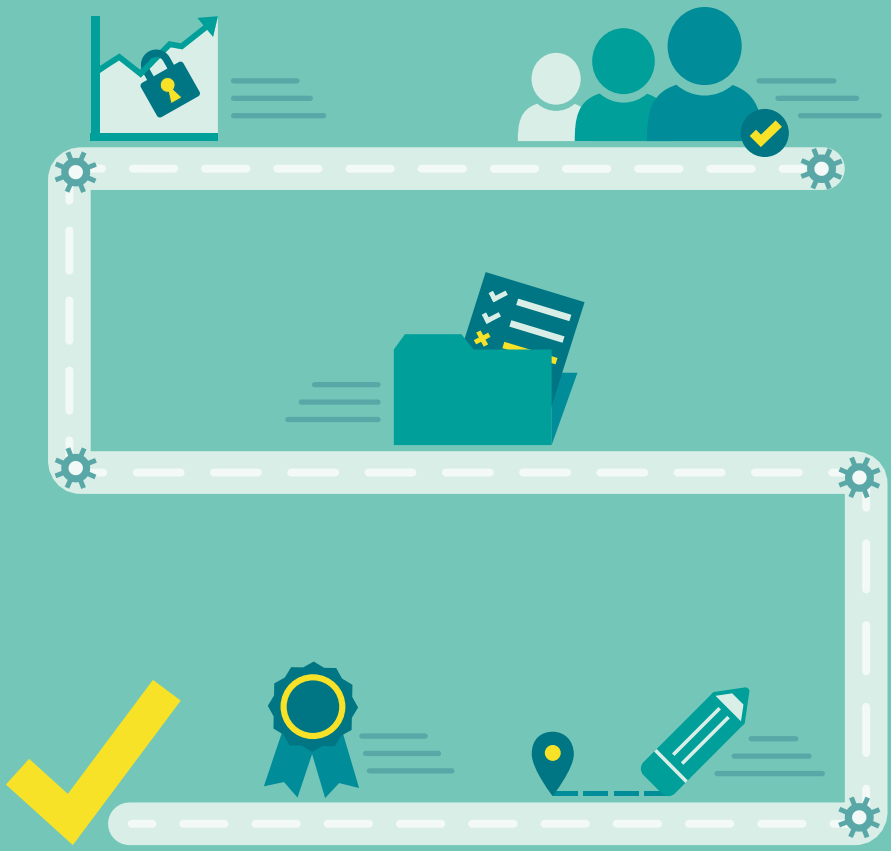

FIVE STEPS to ACCOUNTS PAYABLE AUTOMATION

Five Steps to **Accounts Payable Automation**

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INTRODUCTION

No organization is an island. Every day, organizations around the world interact with customers and vendors to keep business moving. The ability to process and pay invoices in a timely manner is crucial to business continuity—and yet, a 2013 Institute of Financial Operations study on accounts payable (A/P) automation found that **71% of organizations still rely on paper to store and process invoices.**

Manual A/P processes increase chances for mistakes, delinquency and non-compliance. A study by The Aberdeen Group found that a single invoice can require up to **41 days for processing in a manual, paper-based environment.** Instead of focusing on revenue-generating activities, accountants have to track down paper invoices, physically submit documents for approval and compile time-consuming reports . . . and all this effort still isn't enough to ensure timely payments!

An automated, digital A/P process reduces processing time, streamlines reporting and increases oversight through immediate access to information. In fact, a recent Institute of Management & Administration (IOMA) study found that **A/P staffers with a high level of automation at their disposal can process more than twice the invoices than those with fewer automation tools.**

To achieve these time-saving benefits, organizations integrate enterprise content management (ECM) software into their existing infrastructure. However, employees aren't always excited to adopt new, unfamiliar technology. Effective change management ensures that the transition to an automated A/P process won't be an uphill battle.

Here are five essential steps that will encourage organization-wide adoption of an automated A/P system.

Step 1:

Establish Ownership of the Project

Identifying a project owner and project champion is the first critical step toward successful A/P automation. While the project owner handles daily operations, the project champion shares the vision of automation with stakeholders and gathers support.

Both project leaders should be able to:

- Effectively communicate with all involved departments, including IT.
- Understand the needs of end users who will be using the new system daily.
- Express the value of automation to different departments, employees and stakeholders.
- Identify early advocates of automation and enlist their help in gaining support.

Along with these criteria, the project leaders must understand that the biggest challenge to implementing ECM software is user resistance. Jennett Mays, Communications Coordinator at the *Township of Springwater, Canada*, emphasizes the importance of approaching automation initiatives as strategic business opportunities with clearly expressed benefits. "We can train people, we can give them the software, but they need to be on board with using it or you're going to have more problems," says Mays.

By addressing user concerns before diving into the technical details of the project, Mays has overseen rapid adoption of ECM across the municipality.

Step 2:

Secure Buy-In

The project champion should obtain support from all involved departments, not just the A/P department, to realize the full time- and cost-savings of automation. For example, A/P can design a standard, electronic purchase order to speed up the approval process—but if only a fraction of departments use this form, then the benefits will be minimal.

Bill McIntyre, Division Manager of Enterprise IT, took a strategic approach to securing buy-in across *Loudoun County, VA*. "We targeted departments that were very paper-based and that would see the benefits of digitizing the paper right away," says McIntyre. With this approach, McIntyre was able to demonstrate immediate value of the system—and create project advocates along the way.

The A/P automation project owner can achieve buy-in unit-by-unit, moving from the A/P department to the departments with the most paper—and therefore the biggest opportunity for improvement.

Step 3:

Gather Requirements

Once department leaders are on board, the project owner should begin obtaining information about the A/P process from end users, stakeholders and any other involved parties. In particular, identifying pain points helps the project owner separate the essential steps of the process from the non-essential ones.

The project owner should identify:

- How employees are trained on the A/P process.
- How employees actually perform their A/P-related tasks.
- Bottlenecks and redundancies in the A/P process.

In fact, when the *Town of Marana, AZ*, begins any new technology project, it devotes the most time to gathering requirements. It does this by:

- Asking questions.
- Gathering sample documents.
- Identifying who does what when, where and why.
- Identifying and analyzing the current folder structure and business process.
- Taking an inventory of software applications already in use.

After all, without a comprehensive view of the process, the town's project owners cannot knowingly improve it. Due to its systematic implementations and widespread use of ECM software, the Town of Marana won a Top Digital City Award from the Center for Digital Government in both 2012 and 2013.

Step 4:

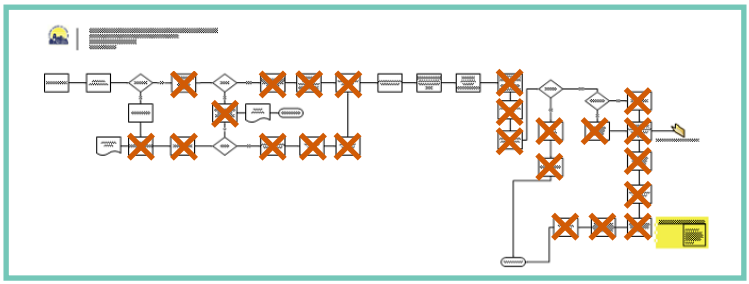
Map the Process

During this phase, the project owner should work with IT to diagram the A/P process. *The Florida League of Cities*, a government agency that provides financial and insurance services, refined its A/P process diagram with the following steps:

1. IT mapped out a diagram of the existing process.
2. IT met with Accounting to highlight the manual steps in the process.
3. The two departments agreed upon the steps that could be automated and then removed unnecessary manual steps.

The Florida League of Cities also made sure to gather input from end users and revise its diagrams accordingly. As a result, the organization automated and expedited the A/P process without losing essential components or ignoring departmental requirements.

"We wanted to eliminate duplication of work," says Chris Noyes, Business Process Analyst for the Florida League of Cities. "Before, it took five steps to add an account number into our various systems at various times within the process. Now we only have to insert this number once and the change will be reflected everywhere."



The Importance of Integration

As an organization maps out its new process, it must take the integration of new software with the organization's previous software investments into account. The project leaders should select an ECM system with the ability to integrate with as many pre-existing applications as possible, or face greater pushback when employees have difficulty learning an entirely new system.

A key benefit of using ECM as the integrative "heart" of an automated A/P process is that it enables organizations to standardize the central system while customizing the delivery of information based on departmental needs, providing consistency, security and transparency to users through familiar applications they use every day.

How does this work? When an employee is looking at a record in a primary application such as PeopleSoft, he can click on a hyperlink that will automatically open additional content stored in the ECM system.

Oftentimes, employees are unaware of using an ECM solution. For them, ECM is an invisible extension of the primary system. They don't need training on how to use a new software system, nor do they have to waste time retrieving paper copies of important records.

Step 5:

Train Staff

Switching from a manual to an automated A/P process requires a significant change in employee behavior, but thorough and engaging training can help facilitate the transition. *Ramsey County, MN*, successfully automated processes in several departments with the help of its extensive training program.

Ramsey County's training initiatives include:

- In-person, department-tailored training classes.
- Online instructional videos (featuring the cast of The Flintstones).
- User group meetings in which local ECM users exchange knowledge and best practices.

The entertaining quality of Ramsey County's training helped increase ECM adoption and awareness. Rochelle Waldoch, Compliance and Records Manager at Ramsey County, says, "Just because something is technical doesn't mean you can't have fun with it. If people are laughing, they're paying attention."

CONCLUSION

Business process automation simplifies and expedites the capture, processing, review and approval of A/P documents. To ensure stakeholder, department leader and end user adoption of ECM, the A/P department should incorporate each of these five steps into its change management strategy.

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