

ROUND AND THE ROUND THE MONEY TRAIL

Summary

When the head of operations for a global mining company faced challenges from local suppliers and SMEs regarding payment terms, the Infosys BPM team designed an analytics dashboard that helped him in delivering payments on time at an industry benchmark of >90%, as well as avoid a public relations crisis.



The COVID-19 problem

Steve is the head of client operations and is in charge of maintaining relationship with stakeholders, identifying potential growth opportunities, and nurturing potential clients. Steve's company had a working relationship with local suppliers and small and medium enterprises (SMEs) as he managed 5–6 major suppliers with business worth \$20 million. During normal times, the payment terms with these entities were negotiated for 45 days to ensure a smooth working capital management, from both the buyer and the seller side.

However, in January 2020, COVID-19 began ravaging the globe, affecting every aspect of human life. Because of the pandemic, these entities began demanding amendments on payment terms to manage their working capital better as they were forced to operate with low margins and productivity. To further their cause, they started protests against the company, which prompted a media outcry and an intervention from the Australian government.

Steve feared that the crisis not only had

the potential to destroy the delicate client–supplier relationship but also could dent the company's image as a socially responsible entity among the local community. Initially, Steve was worried about the fallout of the crisis, but he initiated a dialogue with the suppliers. He understood the challenges faced by them and requested them to maintain business continuity since the pandemic situation might not last forever. To assuage their concerns, he ordered his operations team to inflate the inventory and place more order from the suppliers.

Off to the drawing board

Our association with Steve's company spans close to a decade, and, over the years, we've managed to develop a healthy relationship, enabling our partnership to innovate and create business value. As a result, Steve connected with us for potential solutions. His initial requirement was to restructure the supply chain and

finance operations as well as address the concerns of suppliers and SMEs to potentially avoid a public relations disaster.

As a result of prolonged discussion and brainstorming between Steve's team and our team, we recommended several measures to smoothen the process. As a first, the accounts payable (AP) analytics

dashboard needed to be redesigned to include low-spend suppliers and SMEs. This would help Steve in gaining visibility on these suppliers. We also added overdue orders and lead time analysis to the dashboard as well as proposed to reduce duration of payment from 45 to 20 days.

Approach summary



Redesigned the accounts payable analytics dashboard



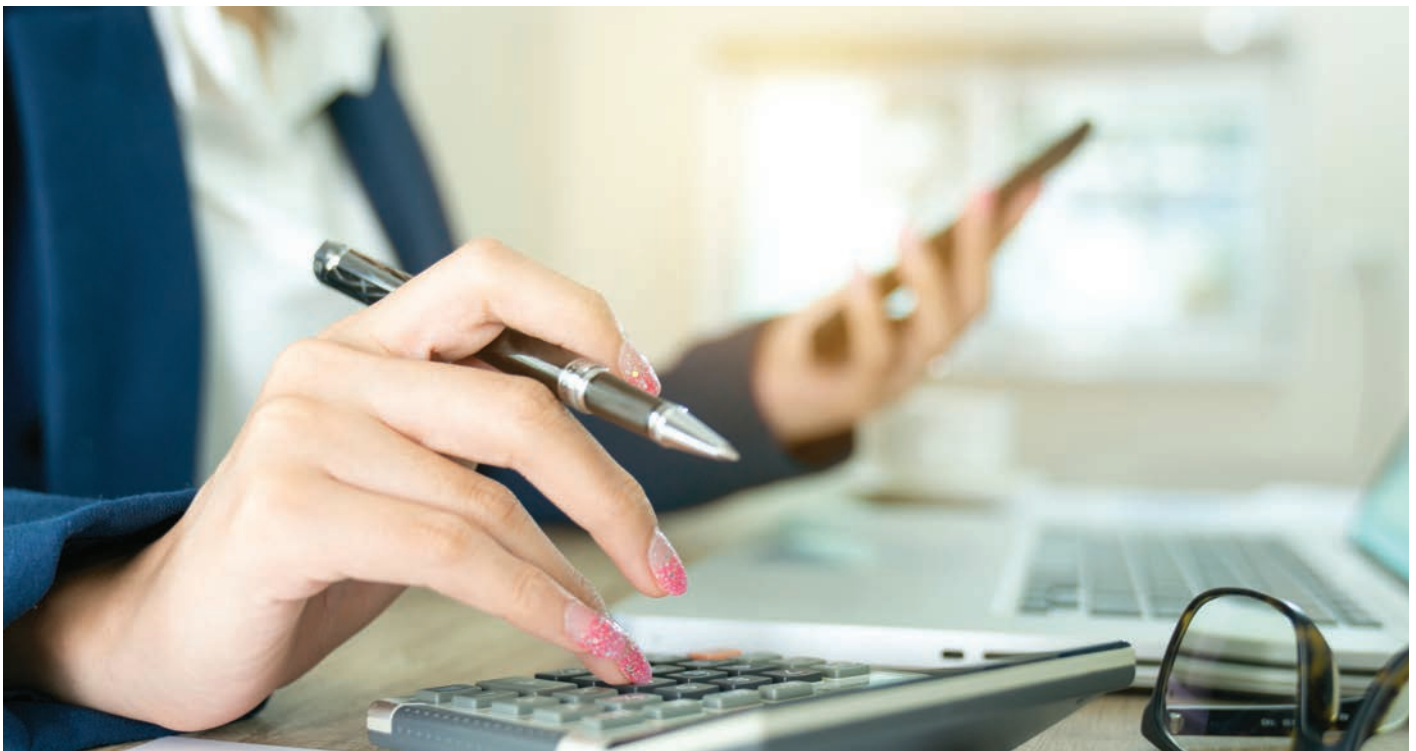
Reduced payment duration from 45 to 20 days



Monitored POT percentages and overdue orders



Meanwhile, the Australian government intervened and recommended further reduction in payment terms from 20 to 14 days for SMEs and 7 days for local suppliers to allay their concerns, which was accepted by Steve. Although it would impact the company's finances to a certain extent, Steve felt that this move was a goodwill gesture towards long-term suppliers and SMEs.



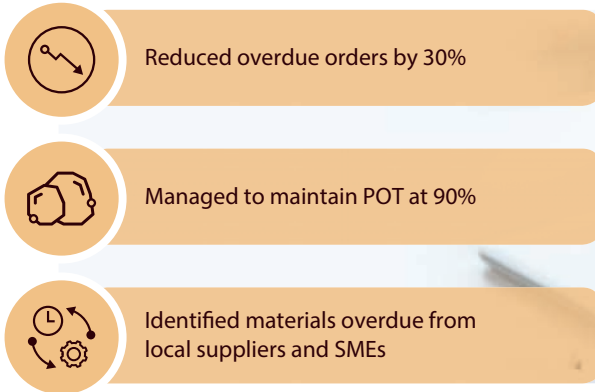
Show me the money

The redesigned data-driven analytics dashboard provided Steve with a complete view of the operations, which included a category to monitor POT percentages and overdue orders. With the dashboard, Steve

was able to speed up order processing while reducing overdue orders by 30% within a few months. Despite the reduction in payment terms for SME vendors, he managed to maintain payments on

time (POT) at 90%, which is the industry benchmark. The dashboard also helped him in identifying materials overdue from the local suppliers and the SMEs as well as the top defaulters, regions, and aged items.

Key benefits



Steve and his entire team were elated at resolving the working capital problem as well as maintaining a cordial relationship with their local suppliers and SMEs. Steve acknowledged the support from IBPM in monthly review calls. To anticipate such problems in the future and resolve them in quick time, Steve began reviewing the entire B2B operations. His aim was to replicate the best practices from this project and implement them in the company's locations worldwide.

**Names have been altered to preserve privacy of the people involved.*

For more information, contact infosysbpm@infosys.com

Infosys[®]
Navigate your next

© 2021 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. Except as expressly permitted, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior permission of Infosys Limited and/ or any named intellectual property rights holders under this document.

Infosysbpm.com

Stay Connected   