

Case Study: Procure-to-Pay (P2P) – Precision Engineering Firm

Client

Mid-sized UK precision engineering manufacturer
£35m revenue | Multi-site | Complex supplier base

Challenge

This business did not have a “late payment attitude problem”. It had a P2P design problem.

As it grew, the process became a patchwork of emails, spreadsheets, and local workarounds:

- ~45% of spend was off-PO, with inconsistent PO use by site and category.
- Invoice exceptions were routine, driven by price and quantity mismatches.
- Supplier master data was messy, with duplicate vendors and inconsistent terms.
- Average invoice cycle time sat above 18 days.
- Weak visibility of aged payables and working capital made DPO hard to manage.
- Key suppliers were frustrated by late or unpredictable payments.

Around £1.2m of working capital was tied up unnecessarily, audit findings kept pointing at P2P and occasionally suppliers slowed or held orders over unpaid invoices.

Objective

Build a controlled, standard P2P process that: improved working capital, strengthened controls, reduced manual effort and enabled ERP-led automation and reporting.

What we changed

- **Process & policy:** One P2P process model, aligned to engineering workflows, with a mandatory PO policy, clear approval thresholds, and simple exception rules. Non-PO invoices were actively challenged for the first 3 months.
- **Supplier data:** Centralised onboarding, vendor file clean-up, and controlled changes to terms and bank details.
- **Invoice handling:** AI invoice automation to capture invoices and delivery notes from all channels, extract line-level data and auto-match to POs and GRNs, with clear SLAs for real exceptions.
- **Controls & KPIs:** Segregation of duties, tighter payment approvals and a shared KPI set (cycle time, match rate, non-PO %, on-time payment, aged payables).

Results

- Invoice cycle time: 18+ days → ~7 days.
- First-time match rate: 62% → 89%.
- Non-PO spend: 45% → <10%.
- Working capital: ~£900k released through better term usage and payment timing.
- On-time payments: >95% to key suppliers.
- Audit: no major P2P control issues raised.

Procurement and finance moved from constant invoice firefighting to a P2P process that gave them control, cleaner data, and room to focus on higher-value work.