

## Case Study: Order-to-Cash Transformation – Precision Engineering Firm

### Client Profile

Mid-sized UK precision engineering manufacturer  
£35m revenue | Multi-site operations | Complex customer base (OEMs, distributors)

### Challenge

- Inconsistent billing processes with frequent pricing and quantity discrepancies
- High volume of invoice disputes delaying cash collection
- Manual and delayed cash application, leading to unapplied cash and reconciliation issues
- Poor visibility of aged receivables and customer payment behaviour
- Disconnected processes between Sales, Finance, and Operations

### **Key Metrics:**

- Invoice accuracy issues impacting ~30% of invoices
- Average Days Sales Outstanding (DSO): 68 days
- High levels of aged debt (>90 days)
- Significant unapplied cash balances

### Impact

- Working capital inefficiency (~£6.5m tied up in receivables)
- Delayed cash inflows impacting liquidity and planning
- Increased revenue leakage due to billing errors and disputes
- Limited financial control and poor cash flow visibility

### Objective

- Improve billing accuracy and revenue integrity
- Accelerate cash application and collections performance
- Optimise working capital (DSO reduction)
- Strengthen financial controls and process governance
- Enable ERP-driven automation, visibility, and reporting

## Approach

### 1. End-to-End Process Redesign (Order → Cash)

- Defined a global O2C process model covering order capture, billing, cash application, and collections
- Standardised billing processes aligned to pricing, quantities, and commercial terms
- Introduced invoice validation controls to reduce disputes

### 2. Billing & Invoicing Optimisation

- Redesigned billing workflows to improve accuracy and consistency
- Standardised invoice formats and data structures
- Reduced manual intervention through validation rules
- Established ownership across Sales, Operations, and Finance

### 3. Cash Application & Reconciliation

- Implemented structured cash application and allocation rules
- Introduced daily reconciliation routines
- Reduced unapplied cash through improved remittance handling

### 4. Collections & Dispute Management

- Introduced proactive collections strategy based on segmentation and risk
- Defined workflows and escalation paths
- Implemented structured dispute management process

### 5. Controls & Cross-Functional Alignment

- Embedded governance across Sales, Finance, and Operations
- Introduced controls for pricing, billing approvals, and credit management
- Aligned commercial activity with financial outcomes

### 6. KPI & Performance Management

- Billing accuracy rate
- Invoice cycle time
- Cash application timeliness
- DSO (Days Sales Outstanding)
- Aged receivables
- Dispute volumes and resolution time

## Results

- Billing accuracy improved: ~70% → >92%
- DSO reduced: 68 days → 52 days
- Unapplied cash reduced by >60%
- Aged receivables (>90 days): reduced by ~30%
- Improved cash collection predictability
- Reduced dispute volumes and faster resolution

## Key Outcomes

- Improved working capital and liquidity
- Reduced revenue leakage through accurate billing
- Streamlined invoice-to-cash workflows
- Enhanced customer experience
- Stronger financial control and audit readiness
- Scalable processes aligned to ERP transformation