

## Case Study

# A Leading British Consumer Goods Manufacturer

Service(s) offered: **Finance and Accounting Management**

Sector/Industry: **FMCG**



## Receivables Management and Optimization

Process optimization and ongoing management of the Receivables function for a leading consumer goods multinational headquartered in the UK. The scope of the project included:

- Receivables Management, including cash application, collections, Proof of Delivery and Goods Received Note reconciliation and reporting
- Process design and optimization

### Challenges

- **Inaccuracy in historical data**, due to lack of hygiene of financial books, leading to a misrepresented receivables balance
- **People dependent and manually intensive** process, with multiple hand-offs, making it costly, with high turnaround time
- High **resource attrition**, leading to high training costs and aggravated by lapses in knowledge transfers
- **Lack of pro-active, predictive mechanism** to prevent errors or payment delays. Due to this, errors were presented only when payments became overdue
- **Process inefficiencies**, including lack of follow ups even on lapse of credit period
- Unclear **ownership and accountability** structure

### Case Highlights

- **92% reduction** in historical outstanding account balances
- **40% reduction** in collection period
- Enhanced **data** tracking, reporting, and control

## The Solution

### Review and Reconciliation of historical data

- Main focus of the **first phase** of the project
- **Enhanced data hygiene**, liaised with the client's internal stakeholders as well as customers for dispute resolution

### Process Optimization

- **Redesigned and detailed a process**, to streamline execution and reduce costs
- Clearly designated performance indicators to ensure process adherence
- **Process standardization** across customers, including payment timelines, invoice tracking and follow-up mechanisms
- Revised the **Cash Application process**, shifting from Partial method to Residual method, to enhance process efficiency and **align with global standards**

### Ongoing Support

- **Rigorous implementation** of the revised and optimized process, which helped realize the targeted efficiency and accuracy standards
- **Implementation of weekly reconciliation** of invoices with goods receipt notes (GRN) from end customers and Proof of Delivery (PoD) from Carrying and Forwarding Agents (CFAs)
- **Continual process improvement**
- Transformation using **robotics and excel automations** to improve efficiency and effectiveness
- **Continual communication** with end customers and CFAs, for prompt **query and conflict resolution**

## Impact

- Reduced **historical outstanding** account balances by 92%, without any write-offs
- Reduced the **payment collection period** (DSO) by **40%** within the first 9 months of the project
- Enhanced **data** tracking, reporting, and control, at each step
- Improvement **in customer relations**, resulting from proactive communication and query resolution
- **Reduced data entry** errors in receipt posting and allocation
- Alignment of Cash Application method to **global standards**

For more information on this case study, please write to us at:

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