

# ORDER TO CASH (O2C) PROCESS

COMPLETE STEPS FOR ACCOUNTANTS



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## STEP 1

# CUSTOMER MASTER DATA CREATION

Ensure Accurate Customer Information works:

- Maintain detailed and verified customer profiles.
- Include payment terms, credit limits, tax details, and contact information.
- Update records regularly to avoid invoicing or delivery issues.



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# SALES ORDER PROCESSING

## Initiating the Order

- Record customer purchase orders accurately.
- Check inventory availability and pricing.
- Confirm delivery schedule and terms before processing.



# CREDIT MANAGEMENT

## Assess Customer Creditworthiness

- Review credit limits before approving large orders.
- Evaluate outstanding dues or delays in previous payments.
- Involve finance teams for high-risk clients.



# ORDER FULFILLMENT

## Delivery of Goods/Services

- Ensure timely delivery based on agreed terms.
- Maintain proof of delivery (POD) or service completion reports.
- Coordinate with logistics and warehouse for proper dispatch.



# INVOICE GENERATION

## Create Accurate Sales Invoices

- Generate tax-compliant invoices once delivery is confirmed.
- Match invoices with the sales order and delivery note.
- Send invoices promptly to the client via preferred channels.



# ACCOUNTS RECEIVABLE RECORDING

## Track Customer Payments

- Record the invoice in the AR ledger.
- Monitor aging reports and set reminders for due dates.
- Share monthly AR statements with customers when needed.



# PAYMENT COLLECTION

## Receive and Reconcile Payments

- Record incoming payments accurately against invoices.
- Match bank entries with customer remittances.
- Identify and resolve short payments or deductions.





# DISPUTE MANAGEMENT

## Handle Customer Queries

- Address discrepancies or disputes in a timely manner.
- Issue credit notes or debit notes where applicable.
- Maintain communication trail for audit and internal review.



# REPORTING AND ANALYSIS

## Monitor the Health of Receivables

- Analyze DSO (Days Sales Outstanding) and cash flow metrics.
- Identify late-paying customers and take proactive actions.
- Use reports to improve credit policy and collection process.



# PERIODIC RECONCILIATION

## Ensure Accurate Financial Reporting

- Reconcile AR ledger with the general ledger.
- Confirm all customer balances match actual transactions.
- Address unallocated payments and unresolved balances.



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