

ACCOUNTS PAYABLE PROCESS OPTIMIZATION & EFFICIENCY ANALYSIS

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Business Problems

37.6 Days Avg Cycle
76% Late Payments
Majority in 31–60 bucket

Delayed Payments

Most invoices are paid after the due date, indicating inefficiency in the payment process rather than isolated errors.

Extended Payment Cycle

The average payment cycle exceeds standard Net-30 terms, locking operational processes into slow cash movement.

Lack of Payment Prioritization

Payments are processed uniformly without considering vendor importance or risk exposure.

Analysis Framework

Data Preparation

Collected procurement transaction data and cleaned inconsistencies in dates and vendor fields. Standardized dataset to ensure accurate processing calculations.

Lifecycle Simulation

Converted procurement records into a payment lifecycle by generating invoice dates, due dates, and payment dates based on business payment terms.
This recreated a real accounts payable environment for analysis.

KPI Measurement

Calculated payment cycle time, aging buckets, and payment behavior indicators. Built pivot-based metrics to quantify efficiency and delay patterns.

Insight Identification

Analyzed patterns across payment timing and vendor exposure to identify operational bottlenecks. Linked delay trends to process inefficiencies and financial risk.

Process Flow & Performance



Avg Payment Cycle
37.6 Days

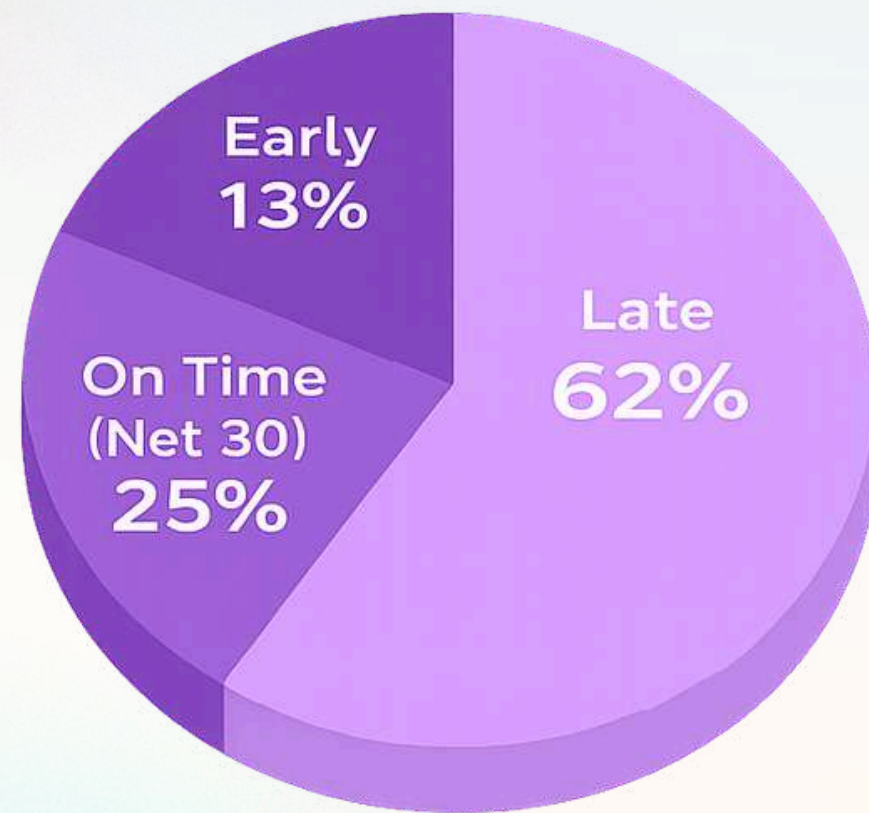
Late Payments
76%

Total Invoices
777

Total Spend(\$)
45373696.39

Payment Behaviour

Payment Behaviour



- Majority invoices paid late
- Indicates approval or scheduling delays
- Impacts supplier trust

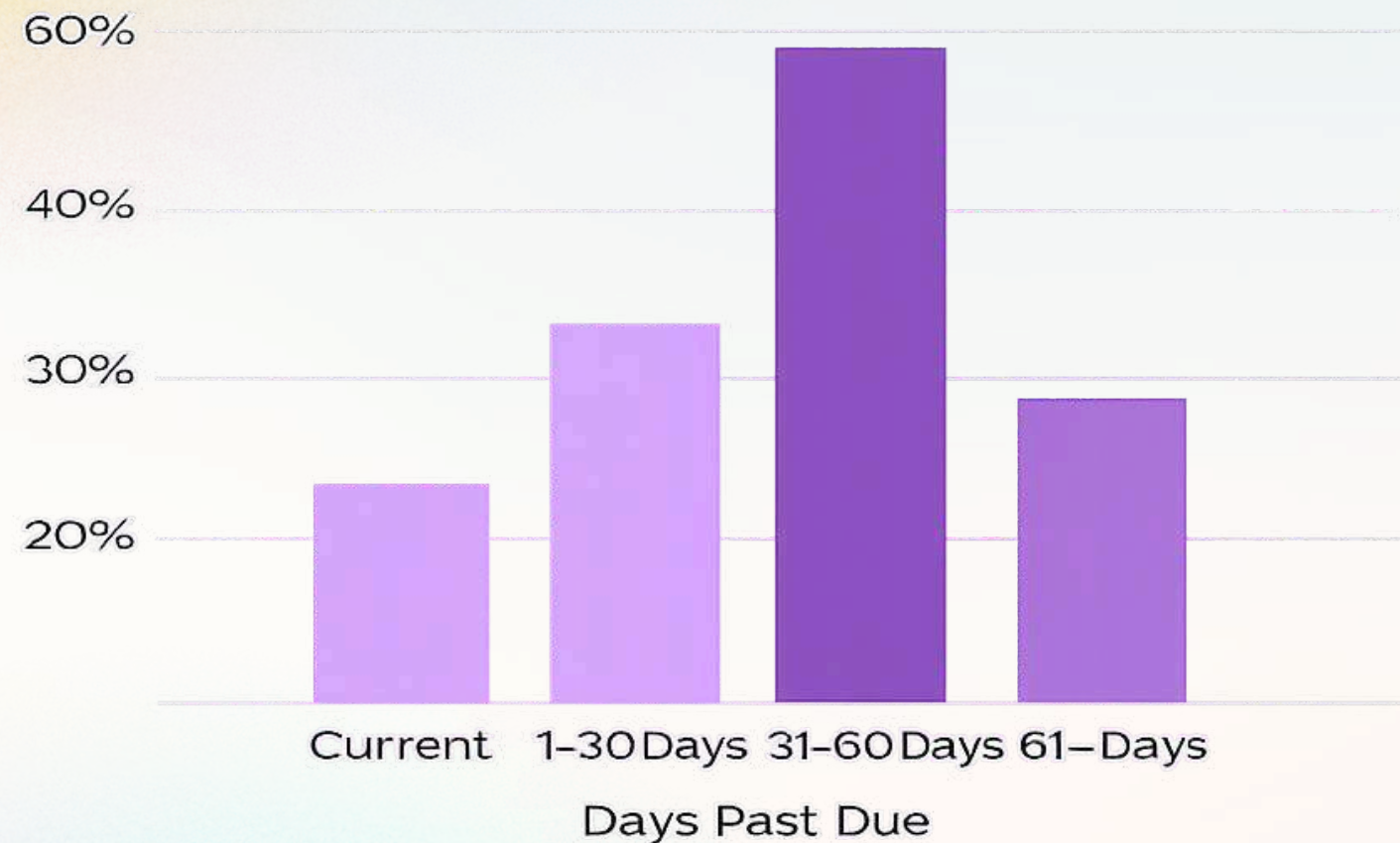
A dominant share of invoices are settled after the due date, indicating a systemic delay rather than occasional exceptions.

The low proportion of on-time payments suggests inefficiency in approval workflow or payment scheduling rather than vendor-side issues.

Delays appear operational in nature (process bottleneck) rather than financial constraint, since payments still occur within a limited extended window.

Aging Risk Analysis

Aging Risk Analysis



- Concentration in 31-60 bucket
- Delays systematic, not random
- Process inefficiency rather than cash shortage

The highest concentration in the 31-60 day bucket suggests approvals or workflow processing delays rather than occasional payment misses.

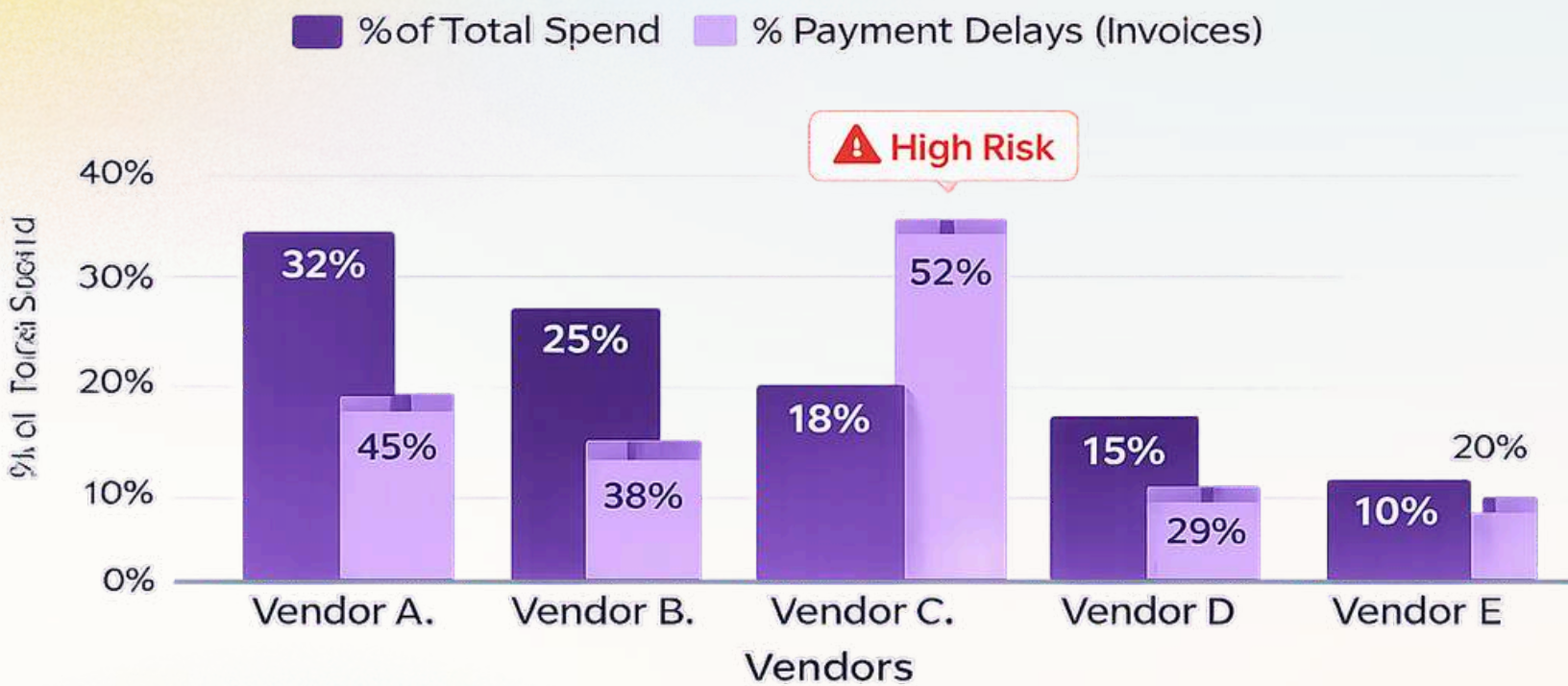
The smooth progression across buckets indicates a consistent delay pattern, pointing to a structural process bottleneck rather than isolated incidents.

Limited invoices in the extreme overdue category (>90 days) imply the company eventually pays, this confirms operational inefficiency, not liquidity shortage.

Repeated mid term delays increase administrative effort and may escalate vendor follow-ups and disputes.

Vendor Spend Analysis

Vendor Spend Analysis



A significant portion of total spend is concentrated among the top suppliers, increasing dependency on a limited vendor base.

Delays affecting high-spend vendors elevate operational risk, as disruptions from these suppliers would impact business continuity.

Payment inefficiency is not evenly distributed — higher value suppliers experience noticeable delay exposure.

Strengthening payment prioritization for strategic vendors can reduce supply risk and improve negotiation leverage.

Root Cause Analysis

Manual Approval Dependency

Invoice approvals rely on human intervention, causing inconsistent processing time and creating bottlenecks during high invoice volume periods.

Absence of Structured Payment Scheduling

Payments are executed on an ad-hoc basis rather than a fixed payment calendar, leading to clustered processing and frequent overdue settlements.

No Vendor Criticality Prioritization

All vendors are treated equally in the payment queue, resulting in high-impact suppliers experiencing the same delays as low-risk vendors.

Reactive Processing Instead of Controlled Workflow

Invoices are processed only when due or escalated, rather than through proactive monitoring, causing systematic late payments.

Recommended Solutions

Implement Automated Approval Workflow

Introduce rule-based digital approvals to eliminate manual routing delays and ensure invoices move through the process within a defined turnaround time.

Establish a Fixed Payment Calendar

Adopt scheduled payment runs (e.g., twice weekly) to create predictable settlement cycles and prevent invoices from accumulating past due dates.

Introduce Vendor Criticality Prioritization

Classify suppliers based on spend and operational importance so strategic vendors are processed first, reducing supply disruption risk.

Enable Proactive Due-Date Monitoring & Alerts

Set automated reminders before due dates to prompt early action and prevent last-minute or overdue payments.

Impact on Business

Significant reduction
in overdue invoices

Stronger negotiation
leverage with vendors

More predictable cash
outflow planning

Improved supplier
trust and reliability

Better working
capital utilization

Lower administrative
follow-ups and
disputes



**THANK
YOU**