

5 Whys Analysis: *High Rework/Returned Analysis*

Project: High rework analysis

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Version: 1.0

1. Symptom to Analyze:

- **Primary Symptom:** **14.12% rework/return rate** (2,168 invoices requiring correction or resubmission)
- **Supporting Data:** High volume of manual corrections, missing documents, and data entry errors contributing to process delays and increased AP workload

2. Initial Hypothesis:

- AP staff are making data entry mistakes
- Invoices are missing required documents
- Vendors are submitting through inconsistent channels
- Lack of a standardized invoice format or submission portal
- No formal policy enforcing a single submission method

3. The 5 whys exercises:

SESSION 1:

Participants: AP Manager, Senior AP Analyst, Department Head (Finance)

FIRST PASS (Surface Level):

Why #1: Why is the rework rate so high (14.12%)?

→ Because there are many data entry mistakes and missing documents.

Why #2: Why are there many data entry mistakes and missing documents?

→ Because AP manually inputs data from unstandardized sources.

Why #3: Why is AP using unstandardized sources?

→ Because invoices arrive via multiple, inconsistent channels (Email, Portal, WA, Paper).

Why #4: Why are multiple channels accepted?

→ Because there is no policy enforcing a single submission channel or vendor portal/template.

Why #5: Why is there no such policy?

→ Because the process was never formally prioritized, resulting in no tool investment or standardization.

Tentative Root Cause: Lack of a standardized invoice submission policy and channel, leading to manual errors and rework.

SESSION 2:

Participants: AP Team, IT Representative, Procurement Head

DEEPER DIVE (Challenge Assumptions):

[Questioning Why #2]: "Do mistakes REALLY come from manual entry, or is there a deeper issue?"

New insight from AP Team: "We often guess or reconstruct missing info because vendors don't follow a standard format."

Revised Why #2: Why are there many data entry mistakes?

→ Because AP must interpret or guess missing data from inconsistently formatted invoices.

Revised Why #3: Why are invoices inconsistently formatted?

→ Because vendors are not required to use a standard template or portal.

New insight discovered: The problem isn't just "manual entry"—it's "no enforced vendor submission standard."

Synthesis After Session 2: Alternative Paths Identified (People, System, Policy):

- **Path A (Vendor Management):**

Rework → 2. Missing data → 3. No vendor template → 4. Procurement didn't enforce → 5. No vendor onboarding standard

- **Path B (System/Tool):**

Rework → 2. Manual entry → 3. No OCR/digital tool → 4. Process not prioritized → 5. No IT investment

- **Path C (Policy/Process):**

Rework → 2. Multiple channels → 3. No submission policy → 4. Process never documented → 5. Lack of governance



SESSION 3:

Participants: AP Manager, Senior AP Analyst, Department Head (Finance)

Validation Pass (Reconfirming Critical Whys):

Why #1: Why is the rework rate 14.12%?

→ Because invoices are often returned due to missing or incorrect data.

Why #2: Why is data often missing or incorrect?

→ Because AP manually enters data from unstructured, multi-channel sources.

Why #3: Why are invoices submitted through unstructured channels?

→ Because there is no enforced policy for a single, standardized submission method.

Why #4: Why is there no enforced policy?

→ Because the invoice intake process was never formally documented or prioritized.

Why #5: Why was it never prioritized?

→ Because the business impact (rework cost, delays) was not measured until vendor complaints arose.

Final Root Cause Statement for High Rework/Returned Invoices:

"Lack of a standardized, enforced invoice submission policy and channel, resulting from the invoice intake process never being formally documented, prioritized, or supported by tool investment, leading to manual data entry errors and high rework volume."

This root cause was confirmed across stakeholders and is supported by both operational data and system constraints.