

*e-nxt*

**A TATA Enterprise**

## Case Study – FAO Transition



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# *Pre & Post Transition process evaluation for FAO process of a large manufacturing company.*

## *The Client*

A large manufacturing company based out of UK.

## *Industry*

Manufacturing & Automotives

## *Challenges*

At the time of transitioning FAO (Finance & Accounts Operations) for the client, following challenges were noted in terms of performance.

1. Process efficiency of Liability process for forecasting accuracy was noted to be less than 50%.
2. Invoices that were getting paid on or prior to due date was at 21.69%.
3. Overall 'Process Cycle Efficiency' for the Accounts Payable process was measured to be at 7.14%.

## *e-Nxt Solution*

Detailed process understanding exercise was under taken prior to transition of the process.

e-Nxt created 'Transition Tool Kit' was extensively used during the transition period, detailed process mapping was performed upto L5 (Level 5) level with identification of VA (Value Add) and NVA (Non Value Add) steps in the process.

Post transition, during the stabilization phase e-Nxt implemented following improvement steps :

1. Detailed study was undertaken for identification of historical factors that have high correlation with the payments estimates.

Actual source data was modified which enabled in identification of real time status.

Process Efficiency improvement by evaluating the upstream process steps, improving the Automation levels and Poke yoke.

Historic analysis of payment and proactive process risk mitigation through FMEA.

2. Legacy systems used were unable to provide visibility on the payment due date of invoices due to which all invoices being processed were on 'First In – First Out' basis.

System was modified to provide visibility on payment due date which there by ensured that all invoices are being processed as per the due date to avoid any delay in payments.

3. To reduce the NVA components from the process, entire value chain was

- re-engineered to increase the process cycle efficiency.

Exhaustive automation exercise was done with aide of VB macros which lead to reduction in process time.

## Achievements

- Liability process efficiency increased from <50 % to more than 90%.
- Invoices getting paid prior to due date increased by more than 60%.
- Post transition 'Process Cycle Efficiency' measured was found to be at 14.29% in comparison to 7.14% during pre transition stage.

## Case Study – Summary

