



Case Study

#2022-01

Procure-to-Pay Process
Reengineering

Client: Electrical Contractor

Duration

May 2022 – August 2022

Client Size

(Annual Revenue)

- \$10M to \$50M
- \$50M to \$200M
- ◉ \$200M to \$500M
- \$500M to \$1B
- Over \$1B

ERP Application:

- Spectrum

Other Related Applications

- UKG (implementation underway)
- Accubid estimating (along with spreadsheet applications)



Problem

Client was purchasing \$100M in electrical material without good controls and in a fairly inefficient manner.

- Purchase Orders (POs) were being entered into Enterprise Resource Planning (ERP) but without line-item detail
- Sales tax was calculated manually after-the-fact
- ERP invoice routing was inefficient without the PO and receiver matching
- Procurement Manager did not have good visibility into what was being purchased, from whom or at what values, making negotiations difficult



Unique Challenges

The client was not using their assembly driven estimating solution.

Which meant a reliable bill-of materials (BOM) was not available for a Request for Quote (RFQ) or purchasing. Also, the client had invested in a rather elaborate spreadsheet template to handle most of the purchasing and PO tracking, but it was disconnected from other systems and did not work from an underlying database.



Approach:

BCG performed an initial assessment of all steps in the Procure-to-Pay workstream.

BCG identified opportunities for improvement, risks associated with each. BCG evaluated alternative systems that could integrate with the current ERP and/or enhance the desired processes. Twenty or so people were interviewed and buy-in to the recommendations was pursued along the way.



RFQs were issued to several software and service providers in order to get some level of cost commitment. A summary report was produced and a presentation was made to the project team which included executives and managers involved in the procure-to-pay process.



Resolution:

Client has solid direction for moving forward with process changes and selecting a third-party procurement application that integrates with their ERP solution.

They will restructure their procurement department as well to allow for greater oversight. Emphasis is on creating a full BOM from their estimating solution and having it approved by the field.

Greater use of various functions in their accounts payable (AP) application including invoice routing will be implemented and invoice payment will be streamlined through EFT/ACH or a payment processing subsystem.



Client Testimonial:

From Controller and Project Sponsor:

"Burger Consulting was able to grasp the many and varied issues we were experiencing in all departments and make keen observations regarding inefficiencies and opportunities for improvement. While not all recommendations were thoroughly embraced, most were and we now have a road-map for improving this critical process".



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