



A New AP Leader's Playbook: 10 Steps to Success

The importance of accounts payable (AP) within organizations has never been greater. AP departments are critical to maintaining healthy supplier relationships, managing cash flow, and protecting the organization from compliance issues and fraud. As a new AP department leader, the actions you take early on will set the stage for your department's success. Establishing a strong foundation from the start can lead to improvements in efficiency, accuracy, and overall performance.

This e-Book details 10 essential steps for new AP department leaders.

Challenges new AP department leaders might encounter

Taking over an AP department presents a unique set of challenges, some of which may not be immediately apparent. As a new leader, understanding and addressing these challenges is crucial to laying the groundwork for your department's long-term success.



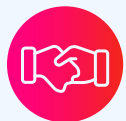
Inheriting outdated processes. Many AP departments still rely on manual processes and outdated systems that have been in place for years, if not decades. These manual processes can lead to inefficiencies, increased error rates, slower cycle times, and greater risk of fraud. New leaders often find themselves tasked with modernizing these processes, which can be a daunting challenge, especially when there is resistance to change within the team. The transition to more automated, streamlined processes is necessary, but it requires careful planning and effective change management strategies to ensure a smooth implementation.



Resistance to change. Change can be difficult for any team, and AP departments are no exception. Long-standing employees may be set in their ways, comfortable with existing processes (even manual ones), and skeptical of new approaches or technologies. This resistance can be a significant barrier to implementing necessary improvements. As a leader, it's important to approach change with sensitivity and clear communication, involving the team in decision-making processes and helping them understand the benefits of new methods. Gaining buy-in from your team is critical to overcoming this challenge.



Addressing compliance and regulatory requirements. The AP department plays a critical role in ensuring that the organization complies with various financial regulations and standards. However, keeping up with ever-changing compliance requirements can be a challenge, particularly for a new leader who may not be fully familiar with the current state of compliance within the department. The risk of non-compliance is significant, potentially leading to fines, legal issues, and reputational damage. A thorough review of current compliance practices and internal controls is necessary to identify any gaps.



Managing supplier relationships. The AP department is often the main point of contact for suppliers, and any issues in managing these relationships can lead to disputes, strained partnerships, and supply chain disruption. New AP leaders may inherit unresolved issues with suppliers, such as overdue payments, discrepancies in records, or communication breakdowns. Additionally, there may be challenges in maintaining accurate supplier information, which is critical for ensuring timely and accurate payments. Building and maintaining strong supplier relationships is a priority, requiring both strategic and operational focus to ensure smooth interactions and trust between the organization and its suppliers.



Lack of visibility into department operations. New AP leaders may find that they have limited visibility into the day-to-day operations of the department, especially if their team is working remotely. This lack of transparency can make it difficult to identify areas that need improvement, track performance, and make informed decisions. The absence of clear, real-time data on invoice processing times, payment status, and other key metrics can hinder the leader's ability to manage the department effectively. Implementing reporting and analytics tools is key to gaining the visibility needed to drive improvements and ensure efficiency.



Inherited backlogs and bottlenecks. Many AP departments struggle with backlogs of invoices awaiting processing or payments that are delayed due to bottlenecks in the workflow. These issues can lead to strained supplier relationships, late fees, and a lack of confidence in the department's ability to manage its responsibilities. New department leaders may need to address these inherited issues quickly to prevent further complications. This could involve reallocating resources, optimizing workflows, or implementing technology.



Financial constraints and budget limitations. New AP department leaders often face financial constraints that limit their ability to implement desired changes or upgrades. Budget limitations can impact everything from staffing levels to the adoption of an integrated invoice-to-pay platform. New AP department leaders must be adept at prioritizing initiatives that will deliver the most significant impact within the available budget. This may involve making difficult decisions about where to allocate resources and finding creative solutions to improve efficiency and operational performance without incurring significant costs.



Cultural and team dynamics. Each AP department has its own unique culture and team dynamics, which can either support or hinder a new leader's efforts to drive improvement. If the department has experienced high turnover, low morale, or poor communication in the past, these issues can present significant challenges. Remote work environments can further complicate a department's culture and team dynamics. Understanding the existing culture and team dynamics is crucial for a new leader. Building trust, fostering open communication, and encouraging collaboration are essential steps in creating a positive work environment.



Establishing credibility and trust. As a new leader, establishing credibility and trust with your team, peers, and senior management is essential. This can be challenging if the department has experienced leadership changes or instability in the past. It's important to demonstrate your commitment to the department's success by taking the time to listen to your team, showing a willingness to learn, and delivering on your promises. Building strong relationships and proving your value early on will help you gain trust and respect.



Balancing quick wins with long-term improvements. New department leaders often feel pressure to deliver quick wins to demonstrate their effectiveness and make an immediate impact. However, it's important to balance these short-term gains with the need for long-term improvements. Focusing solely on quick fixes can lead to temporary improvements that do not address underlying issues. Instead, new leaders should take a strategic approach, identifying opportunities for immediate improvements while also laying the groundwork for sustainable, long-term success. This balanced approach will help ensure that the department continues to improve over time, delivering lasting value to the organization.

Navigating the challenges that come with taking over an AP department requires a strategic approach and a clear understanding of potential obstacles. By addressing issues such as outdated processes, resistance to change, compliance risks, and team dynamics, new department leaders can begin to lay the groundwork for meaningful improvements. Successfully overcoming these challenges will not only stabilize the department but also position it for growth, efficiency, and long-term success.

10 things a new AP department leader should do

Transitioning into an AP department leadership role can be both exciting and daunting. The success of your department hinges on a strategic approach that addresses various facets of operations.

Below are 10 essential steps to help new department leaders effectively optimize their team's performance, enhance efficiency, and ensure the department's overall long-term success.

1

Assess where things stand.

Begin by conducting a thorough assessment of the department's current processes, systems, and workflows. This includes reviewing how invoices are processed, payments are made, and supplier data is managed. Identify any bottlenecks, inefficiencies, or outdated practices that might be hindering performance. Review Key Performance Indicators (KPIs). Also, assess the technology and tools in place to determine if they are meeting the department's needs or if upgrades are necessary. This assessment will provide a picture of where improvements are needed and help you prioritize your efforts.

2

Engage with your team.

Your team is your most valuable resource. Schedule one-on-one meetings with each team member to understand their roles, responsibilities, and challenges. This will provide you with insights into the department's dynamics and help you identify areas where additional support or training might be needed. Engaging with your team early on will also build trust and encourage open communication, which is essential for successful change management. By understanding your team's strengths and weaknesses, you can better allocate tasks and responsibilities, ensuring that everyone is working effectively.

3

Review internal controls.

Compliance and internal controls are the backbone of a well-functioning AP department. Begin by reviewing existing policies and procedures to ensure they are up to date and aligned with current regulations. Assess the effectiveness of internal controls in place to prevent errors and payment fraud. This might include reviewing the approval process for payments, the handling of sensitive supplier information, and the segregation of duties within the department. If gaps are identified, take immediate steps to strengthen these controls. Ensuring compliance and robust internal controls will protect the organization from financial risks and maintain the integrity of the invoice-to-pay process.

4

Gauge supplier relationships.

Strong supplier relationships are crucial for maintaining smooth operations. Start by evaluating the status of your supplier relationships. This includes reviewing payment terms, identifying any outstanding issues or disputes, and assessing the overall satisfaction of your suppliers. Engage with key suppliers to understand their needs and expectations and identify opportunities for improvement. By improving communication and addressing any issues proactively, you can build stronger, more collaborative relationships with your suppliers, which can lead to better service, more favorable payment terms, and potential cost savings during contract negotiations.



5

Evaluate your technology.

Technology plays a critical role in the efficiency and accuracy of the AP department. Assess the current software and tools used for invoice processing, payments, and supplier management. Determine if they are meeting the department's needs or if there are gaps that could be filled by implementing new technology or upgrading existing systems. Look for opportunities to automate repetitive tasks, such as data entry, invoice matching, and payment processing, to free up your team's time for more strategic activities. Implementing the right invoice-to-pay technology can significantly reduce errors, speed up processing times, improve overall efficiency, and optimize working capital.

6

Set goals and metrics.

Establishing clear, measurable goals is essential for guiding your department's efforts and tracking progress. Work with your team to set specific objectives that align with the organization's overall goals. These might include improving invoice processing times, reducing payment errors, or increasing supplier satisfaction. Once goals are set, develop KPIs to measure progress. Regularly review these metrics with your team to ensure you are on track and adjust as needed. Setting clear goals and metrics will provide your team with a sense of direction and accountability, driving continuous improvement.

7

Optimize workflows.

Inefficient workflows can lead to delays, errors, and frustration. Take the time to map out the current workflows in your department, from invoice receipt to payment reconciliation. Identify any steps that are redundant, outdated, or causing bottlenecks. Look for opportunities to streamline processes, such as consolidating tasks, eliminating manual data entry, or implementing automation. Consider adopting best practices from other departments or industry standards to improve efficiency. Optimizing workflows will help reduce processing times, improve accuracy, and ensure staff productivity.

8**Enhance supplier onboarding.**

The supplier onboarding process is critical to ensuring accurate, timely, and secure payments. Review the current onboarding process to identify any pain points or areas for improvement. Ensure that the onboarding process includes robust verification steps, such as validating tax identification numbers (TINs) and bank account details, to prevent fraud. Consider leveraging the supplier enrollment services offered by leading invoice-to-pay solutions providers to remove the burden from your team. Enhancing the supplier onboarding process will improve the accuracy of your supplier data, reduce the risk of payment issues, and strengthen your relationships with suppliers.

9**Upskill your staff.**

Continuous learning is key to keeping your team up to date with best practices, new technologies, and changes in regulations. Develop a comprehensive training program that covers all aspects of the AP process, from invoice processing to supplier management. This might include regular workshops, online courses, or on-the-job training sessions. Encourage your team to pursue professional development opportunities, such as certifications or attending industry conferences, to stay informed about the latest trends and innovations in the field. Investing in training and development will improve your team's skills, increase their job satisfaction, and ultimately lead to better department performance.

10**Foster a culture of continuous improvement.**

Creating a culture of continuous improvement is essential for the long-term success of an AP department. Encourage your team to regularly assess their work and identify areas for improvement. Implement a system for capturing and evaluating ideas for invoice-to-pay process improvements, whether through regular team meetings, suggestion boxes, or other channels. Celebrate successes and recognize team members who contribute to positive changes. By fostering a culture of continuous improvement, you will create an environment where your team feels empowered to innovate, adapt to change, and consistently strive for excellence in their work.

Incorporating these 10 steps will establish a solid foundation for the success of your department.

Conclusion

As a new AP department leader, the steps you take in your early days can have a lasting impact on your department's success. By addressing outdated technologies, resistance to change and other challenges head-on and focusing on improvement in key areas, you can build a foundation that will lead to increased efficiency, better supplier relationships, and a more effective AP department overall.

For more information on invoice-to-pay automation, visit www.edenredpay.com.

