[Purchase to Pay & The Challenges of Matrix Management]

If you're a small business, you may not have a complex purchasing process, but as you grow, you may find it becomes harder to manage, particularly if you're using manual processing methods. You don't need a fully dedicated purchasing or finance department to benefit from an automation solution.

What is Purchase to Pay?

The Purchase to pay process, or P2P process, also known as procure to pay is the end-to-end process from requisitioning, purchasing, receiving, and paying for all goods and services used in your business supply chain. The system can be automated by connecting procurement and invoicing to streamline the entire process and reduce risk throughout your organisation. According to a report from Cannon, 55% of businesses consider making improvements to their P2P processing a top focus, and it's easy to see why.

Automation ensures your organisation has more control and visibility over the entire transaction life-cycle – from the way you order items to the way you process the final invoice. With this increased visibility, you'll get better insight into your cash flow and financial commitments, allowing you to make better-informed business decisions.

Ultimately, P2P automation ensures the finance and procurement departments can work better together. Finance can enforce spending limits where necessary, while also getting a closer look at who is spending what, what the money is spent on, and which vendors they're using. Procurement can keep track of purchases in line with those limits and reach out to finance when additional approval may be required for larger purchases.

P2P automation integrates with your ERP and increases efficiency and provides cost savings benefits because you save man-hours throughout the process. You'll speed up each step from entering purchase orders to invoice processing time, allow your staff to focus on other value-added activities, improve supplier relationships to earn better discounts, get real-time budget information, and more.

What is Matrix Management?

Matrix management is a management style common to businesses that share employees and other resources across functions or departments. This allows people from different functions to come together under a project manager to address whatever the business needs.

Matrix management also cuts costs because this approach is generally less expensive than establishing separate dedicated teams. Because the teams are made of diverse individuals with varying backgrounds, the teams are stronger than most strictly functional teams.

While this approach works in many scenarios, it isn't ideal for longer-term projects where a dedicated team with permanent assignment could make more sense. It's also not the best option when a single employee bears the brunt of the workload. In this case, sharing an employee across multiple departments or functions could reduce the effectiveness of their primary function.

Soft Matrix

This means the initiative manager depends on the functional managers to make decisions regarding the project.

Moderate Matrix

The moderate matrix is a mixture of elements from the soft matrix and the hard matrix.

Hard Matrix

This is closest to a dedicated team, where the manager and team members have control over their project.

> "Matrix management strengthens the team because everyone works together. It's the opposite of silos, where everything runs separately side-by-side."

Purchase to Pay & The Challenges of Matrix Management

One of the biggest problems with P2P is there is often a disconnect between the procurement and finance departments. For the greatest chance at success, the two departments must be aligned – and because they each have a different view on the P2P system, it can be difficult to achieve. Your company's organisational structure also plays a role – and if you're used to a silo, where departments are kept separate based on their function, the matrix can be quite an adjustment.

In matrix management, finance and procurement work together. If you implement purchase to pay systems in the finance department, there will be emphasis on the finance side of things. And if you implement the systems in procurement, there will be emphasis on the procurement side of things. To get the right balance for your business, that's where the matrix structure comes into play.

The matrix structure aims to get everyone aligned and working on the same goals. Understand where both teams are coming from – and the idea is an improvement for the overall business, which serves both procurement and finance.

To be successful in a matrix management situation, clarify who everyone reports to. Because the matrix lends itself to reporting to multiple managers, all of whom may have different priorities, it's easy for people to find themselves conflicted between them, and unsure of what to do or when to do it.

It's also important to make sure employees are not stretched too thin as they work across departments. If they feel like they're involved in too many things, quality of work will suffer. Communication and confusion could become rampant as it gets harder to separate what needs to do be done for each function.

In matrix management, it is critical everyone understands they are part of a team, regardless of who they report to. If the team isn't successful, then the individual cannot succeed. By focusing less on the reporting lines and department they belong to and placing more attention on the work that needs to be done and the best way to get it done, you can minimise conflict.

There's always room for confusion around roles and responsibilities. Make sure everyone knows who to get in touch with for information and shares any important information with everyone who needs it.

People who don't know who to contact or fail to share information with the correct people may not even be aware of the fact they had a ball to drop, while others may feel like that person dropped the ball, leading to frustration all around.

Encourage everyone to look at the bigger picture, so they know how their work fits into it. Develop a communication plan and address who is responsible for the work, who is involved in the decisions, and who is ultimately accountable for each aspect of a project.

To prevent delayed decisions and improvement implementation, make sure everyone who needs to be involved in decisions knows and agrees about their involvement. Develop a decision-making model to identify who is responsible for which kinds of decisions. Keep all decision-makers current with any information they require so they can make informed decisions. Provide advance notice when decisions need to be made.

Regardless of what management structure your business uses, for your purchase to pay process to be as successful as it can be, it needs to involve both procurement and finance departments. Working together to choose procurement software and accounting systems to improve business processes is just one way the teams can get used to working closely with one another for the success of the entire organisation.

Our e-procurement solution can help improve your supply chain management while simplifying your P2P process.

[Find Out How]

About **PurchaseControl**

PurchaseControl is cloud based procurement software for business spend management. We empower businesses by providing greater transparency and oversight into the purchasing process. With PurchaseControl, you have the flexibility to manage how spend actually happens instead of how you wish it would happen.

The entire PurchaseControl team has experience within a range of businesses, and as such, we bring a practical, holistic approach to purchasing. We understand what it takes to run a business and apply that knowledge to make PurchaseControl as effective as possible for all users.

Learn more at www.purchasecontrol.com

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