



Aberdeen *Group*

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The Order to Cash Cycle

Integrating Business Processes to Improve Operational Performance

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Executive Summary

The lifeblood of a company flows through the order to cash cycle whether the primary business is a manufacturing, distribution, or service provider environment. To drive operational performance in order to reduce costs, improve profits, and increase cash flow, it must flow freely and unobstructed between departments and not stop short of the goal. For this benchmark, 232 companies were surveyed to determine the role people, processes, and technologies play in turning this flow into a fully integrated and seamless business process. Aberdeen found that Best in Class companies are, on average, 77% more likely to use automated workflows to initiate steps such as converting quotes to orders, credit checking, releasing orders to production or fulfillment, scheduling shipments, invoicing, and cash collection.

Best in Class Performance

Aberdeen used three key performance criteria to distinguish Best in Class companies. Best in Class enterprises showed improvement in all three areas over the past year with current results averaging:

- **97%** complete and on-time shipments
- **51%** have a days sales outstanding (DSO) rate of less than 30 days and **80%** have a DSO rate of less than 40 days
- **37%** are able to invoice within one day of completed work and **80%** are able to invoice within three days

Competitive Maturity Assessment

Survey results show that the firms enjoying Best in Class performance shared several common characteristics with respect to their efforts to reduce cost and improve profits and cash flow. These include:

- 70% of Best in Class enterprises take an integrated approach to ERP implementation, including order entry, procurement, production (or fulfillment), and financial management
- Best in Class are 74% more likely to deploy tools such as workflow automation, dashboards and portals, as well as integration technologies

Required Actions

To achieve Best in Class performance, enterprises must:

- Take an integrated approach to ERP implementation
- Standardize enterprise-wide procedures for order and credit management, planning and production (or fulfillment), and cash management
- Replace manual hand-offs between individuals and departments with automated workflows

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