

From Requisition to Receipt

A Modern Approach to Multifamily Procurement



In many businesses that are still utilizing a manual purchasing environment, it can be difficult to get all of the goods and services necessary to do your jobs efficiently and effectively. Your site teams don't care how they get the goods and services they need to do their jobs. They just want to have them on hand when they need them. One of the biggest roadblocks those individuals face is the sheer length of time, and the numerous hoops to jump through, that occur from manual based requisition processes to the actual receipt of goods.

One of primary causes of these delays are the disparate steps of a manual purchasing process, which creates bottlenecks and delays. A vendor could be approved in the system, but the budget manager is unaware, so they are slow to approve the requisition. On the other side of the transaction, goods or service may have been delivered, but the accounting team is unaware, so the invoice isn't paid in a timely manner, which could lead to delayed payment for your vendor, or even worse, accruing late fees, or being shut off by the vendor.

Whenever you do things manually, the process is much longer and more prone to error. For example, manually keying in and matching invoices, along with cutting a physical check, stuffing them into an envelope, and mailing them to your vendors is very time-consuming and tedious for employees. Additionally, that process is costly for the management company. Fortunately, there is a better way for multifamily businesses to approach their procure-to-pay operations, starting with what technology you are using. Over the course of this ebook we will identify proven best practices for setting up procurement policies and procedures, outline the different steps of the procurement process, while identifying the most common problems that arise at each step when it's conducted manually, high-light numerous approaches to utilize technology to drive efficiencies, and, finally, provide an overview of new releases from Entrata that will vastly improve procurement for your multifamily businesses.

Procure-to-pay best practices

Before we get started, let's talk about the elephant in the room. What exactly does procure-to-pay mean? It basically is exactly what it sounds like. Essentially, it's an end-to-end spend management program.

There are a number of policies and procedures that we recommend having in place, that will put your program in a position to be successful. They include having well defined policies and procedures for requesting goods and services your properties might need, along with centralized approval and authorization workflows that any employee can easily access. Additionally, you should have budget controls in place to prevent overspending without prior approval from the appropriate individuals at your company.

While every business is different, there are a few basic policies and procedures to consider incorporating into your program.



1. Have a defined process of what to include in vendor requests and purchase requisitions (i.e. what is the scope, justification, why is this needed, and why is it needed now, and will this benefit just one property or properties across the entire portfolio?).
2. Define roles and responsibilities. Who is responsible for approving vendors, approving requisitions, approving invoices, etc.?
3. Identify procedures around documentation, how to source vendors, competitive bidding processes, how purchase orders will be handled, what to do once goods or services are received, and processes for paying invoices.
4. Know how you plan on incorporating technology into procurement to accelerate the process.
5. Know what the various spending limits and approval levels are for each type of item to be purchased

Speaking of technology platforms that accelerate and streamline approvals, purchases, and payments, here are a few suggestions to consider.



Automated workflows. Automation of your procure-to-pay procedure means fewer tasks get lost in the cracks, and the process moves as fast as possible. You're also mitigating the risk of introducing human error by eliminating manual processes.



Customizable approval hierarchies. Every business is different and has different requirements for adding new vendors or budget restrictions for different types of items. It's important that you select a procure-to-pay system that can be configured to your unique requirements, and give you both the flexibility and control you need to ensure that your site teams have the goods and services they need to be successful, while also maintaining consistency, and staying within budget constraints.



Consolidated system. In most instances, the most important feature to look for is a procure-to-pay system that can navigate the entire procurement process. This will save time in training staff on multiple tools, while also making the actual execution of the procurement process much easier.



Seamless integration with current tech stack. Ideally you will have an end-to-end procure-to-pay system, but if that's not the case, make sure the tool you choose has an open architecture that enables you to seamlessly integrate with other solutions you are using, to manage procurement and accounting activities.



Best in class security features. At the very minimum, your procure-to-pay solution should include stringent access control and user permission capabilities to limit the number of individuals who have the ability to approve or deny requests and disburse funds. Additionally, you should consider a solution that has the capacity to run frequent audits and mitigate the potential for fraud and duplicate payments.



Scalable solution. Finally, you'll want to identify a tool that will be able to grow with your business. One of the more difficult consequences of selecting a new technology vendor is how long you will be able to use it before your business outgrows its usefulness. With the amount of time it takes to train employees and attain adoption, you want to be able to find a solution that will be with you for the long haul. That's why scalability is so important when selecting procure-to-pay tools.

Benefits of automating the procurement process

The worst part of any job are the repetitive tasks you have to do every day, week, or month. The more repetitive manual tasks you can take off your site teams' plate, the happier they will be in their jobs, and the less likely they will be to move on to another opportunity when it arises. Additionally, automating tasks like purchase order creation, invoice matching, and payment processing enables you to reallocate labor to more beneficial customer-facing activities. Next, automation significantly accelerates the cycle time of the procure-to-pay process. No longer are site teams experiencing significant wait times for the goods and services they need, as each approval or action taken by the key decision maker (KDM) pushes the process to the next step automatically, virtually eliminating all human caused holdups. Because there is less work involved in the procurement process, you're able to reduce associated labor costs, not to mention the cost savings associated with ACH or virtual card payments, as opposed to cutting physical checks and mailing them.

Finally, as mentioned above, automated systems minimize the risk of human errors, like data entry mistakes, discrepancies in invoices, and the system reduces the likelihood of duplicate payments. An added benefit of consolidation and automation is the built in controls in place to validate compliance with your policies and procedures, and ensure regulatory requirements and contractual obligations are met.

Improving the P2P process at every step

To help you understand the various ways that you can save time and create efficiencies at every step of the process, we'll walk you through the process of choosing and purchasing a bathroom sink to be used across your entire portfolio.



Step 1: Vendor Selection

The first step is identifying new vendors, which also includes anticipating future technology, or other needs, of your site team. You'll want to build a catalog of trusted vendors that runs the gamut of what is required at your properties. The most prominent hardships during vendor selection is prioritizing needs across your entire portfolio, managing inventory levels, and anticipating requirements. When all of this is done manually it can be time consuming and rife with human errors. The sheer amount of data that has to be collected and analyzed is overwhelming. Beyond that, you will run into difficulties applying consistent criteria for vendor selection, when done manually. The best way to solve this is by having a centralized ERP, or procurement system, that connects all of your properties, which would ensure the necessary visibility into inventory levels and available vendors. Additionally, utilizing predictive analytics to evaluate historical trends and seasonality, to ensure you have enough of the product on hand, or have budgeted for potential maintenance needs. Zeroing in on a small number of vendors helps you take advantage of economies of scale and provide you with purchasing power, which will reduce the overall cost of the items due to volume discounts.

Step 2: Sourcing & procurement

Once the vendors have been selected, it's time to negotiate favorable contracts, and ensure compliance with your company's procurement policies. When sourcing occurs manually, the likelihood of getting the best possible deal from selected vendors decreases. Not because your procurement team is bad at their jobs, but because they don't have the same ability that AI does to have a detailed view of all available pricing configurations to ensure your pricing is optimal. As far as compliance goes, you'll want to ensure the vendor meets all of your requirements, and has the proper insurance and other documentation required by your policies and procedures. When you conduct a manual sourcing and procurement process, you often lack a clear audit trail because more of the process is handled by humans, as opposed to when the function is mostly automated. Additionally, you lack control over spend across your entire organization, which makes it more and more difficult to keep budgets in line with expectations. Having a centralized vendor management system that keeps a database of approved vendors, and the quality of service they provided in the past, makes it easy for your site teams to see who they should be working with and what is available to them at any given time. A good procurement system makes it easy to select the goods or services needed directly from an app or online portal.



Step 3: Requisition & approval

The biggest problem that arises during the requisition process is the sheer volume of manual requests received. In the past, it was possible for some requests to fall through the cracks, which delayed approval. On top of that, manual procurement programs often don't have a centralized database, which makes the process more onerous on both those requesting goods and services, and those responsible for managing and approving requisitions. Using disparate, manual systems means it's much harder to have visibility into spending patterns, identify opportunities to reduce costs, or track the performance of vendors over time.

Many of these issues can be solved with a procurement system that includes automated workflows that notifies approvers of new requests, and nudges them to approve or deny them as they come in. Not to belabor the point but utilizing a consolidated procurement system that allows for mobile approval will significantly accelerate the process, while also helping to ensure that you are staying within budget constraints because you have visibility to spend across your entire organization. If you are expanding a community by 200 units and a request comes in for 200 new bathroom sinks, approvers can quickly see the amount of inventory on hand, what additional items need to be ordered, and see what budget is available for this type of project. Having budget limitations in place helps mitigate the possibility of maverick spending by site teams, which is when team members buy items they want to use vs. what the property requires them to use. This includes buying goods for personal use. When manual processes are in place, it is much harder to control maverick spending.

Step 4: Receipt of goods and services and verification of receipt

Once the requested goods and services are delivered, you must ensure that the delivery matches the request. One way to accomplish this is by implementing a three-way matching policy that compares the initial purchase order with the receiving report, and the invoice provided by the vendor. This process can be easily automated, with the right tools in place. With the end result being you getting what you ordered more quickly, and vendors being paid in a timely manner, which is key to maintaining good vendor relationships.

Without the aid of technology and automation, you are more likely to lose track of shipments because instead of them being scanned upon arrival, the receiving clerk inputs packages by hand. This can delay delivery to the requestor because delivery notifications aren't triggered automatically in a manual system, so the goods could be sitting for long periods of time, unbeknownst to the requestor.

Step 5: Invoice processing and matching

The sheer volume of invoices received by properties can make it difficult for accounting teams to handle and ensure accurate, timely payment. When done manually, accounts payable clerks review the invoice, key in the relevant information into the accounting system, and then has to track down the original purchase order to ensure what was requested was delivered, and finally route the invoice for approval

You should encourage vendors to submit invoices electronically to eliminate paperwork and reduce the possibility of errors. Beyond that, you should automate invoice matching to streamline the approval and payment process.

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Aug 21, 2024 at 11:27 am

Status changed to **Payment Issued by Bill Pay**

Aug 09, 2024 at 03:46 pm

Status changed to **Funds Received by Bill Pay**

Aug 06, 2024 at 03:49 pm

Status changed to **Pending by Bill Pay**

Aug 06, 2024 at 03:09 pm

32154	Sep 22, 2024	HD Supply	Ordered	\$1,234.56
21548	Sep 10, 2024	HD Supply	Not Ordered	\$80.00

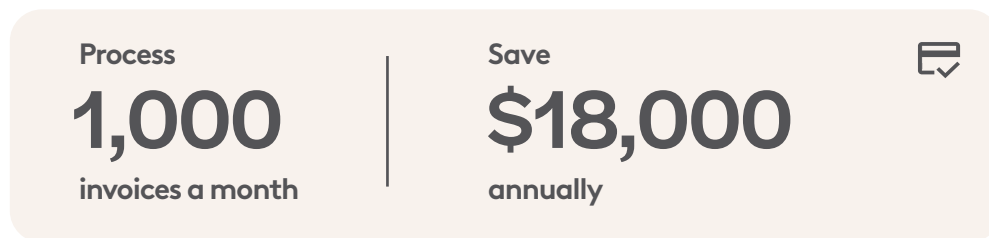
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Step 6: Approval and payment

Delays caused upstream in the procurement process can result in late payments, which cause potential late fees, and poor relationships with vendors. This can be avoided by having payments triggered automatically, once approved by the key stakeholders, utilizing electronic payments to ensure payments get there as quickly as possible. Doing so digitally saves time and money by eliminating the need to print physical checks, stuff them into envelopes, and mail them to the vendor.

When you use an ACH payment or cut a physical check, there are costs, ranging from .60 cents to \$1.50 for every payment, but if you switch to a virtual card, those costs can be eliminated. For businesses that process 1,000 invoices a month, that can be a savings of \$18,000 annually.



That savings increases significantly when you start automating payment processing, which reduces much of the labor cost associated with accounts payable. You're able to eliminate transaction fees and labor costs. It has been estimated that when invoices are processed manually, it can cost as much as \$15 per invoice. However, [research has found](#) that through automation and the elimination of fees, businesses can get their invoice processing costs down to as low as \$2.90 per invoice.

How Entrata can help

Procure-to-payment processes can be time-consuming and tedious. Entrata's complete Procure to Pay solution streamlines the entire process, saving you time and increasing efficiency. With our suite of products, you can find what you need, place orders with compliant vendors, and handle payments—all within Entrata, making it a seamless experience. Procure-to-Pay from Entrata includes:

Punchouts Catalog Purchasing. Punchout catalogs enable individuals to access vendor information directly from Entrata and make purchase orders. The catalog provides requesters with real-time pricing and inventory information, and currently includes the following vendors: HD Supply, Home Depot Stores, Lowe's Pro Supply, Lowe's Home Centers, Ferguson, Chadwell, Staples, Direct Supplies Warehouses, and Maintenance Supply Solutions, with more to come.

Full-Service Vendor Credentialing and Compliance. Entrata has partnered with NetVendor, a trusted market leader in vendor compliance. Through this partnership you will be able to manage vendor creation and onboarding, gather and maintain vendor compliance documentation, and update the status of vendor compliance within Entrata.

Invoice Processing. Entrata's Procure-to-Pay system uses AI-powered technology to enhance efficiency and accuracy in invoicing. Features include general ledger categorization and PO mapping. Properties using Entrata for invoice processing have achieved 94% accuracy when predicting property, vendor, and GL account details.

Bill Pay. With Entrata Bill Pay, your properties will be able to make secure payments with a single click via seamless workflows directly in Entrata that allow you to track payments in real time. Additionally, vendors can manage their own preferences securely via Vendor Access. Currently Entrata supports virtual card, ACH, and paper check.

Learn more

To learn more about how Entrata can improve the procure-to-pay process at your organization, **request a demo today.**



Entrata powers over 20,000 communities worldwide helping clients achieve and exceed their goals.

