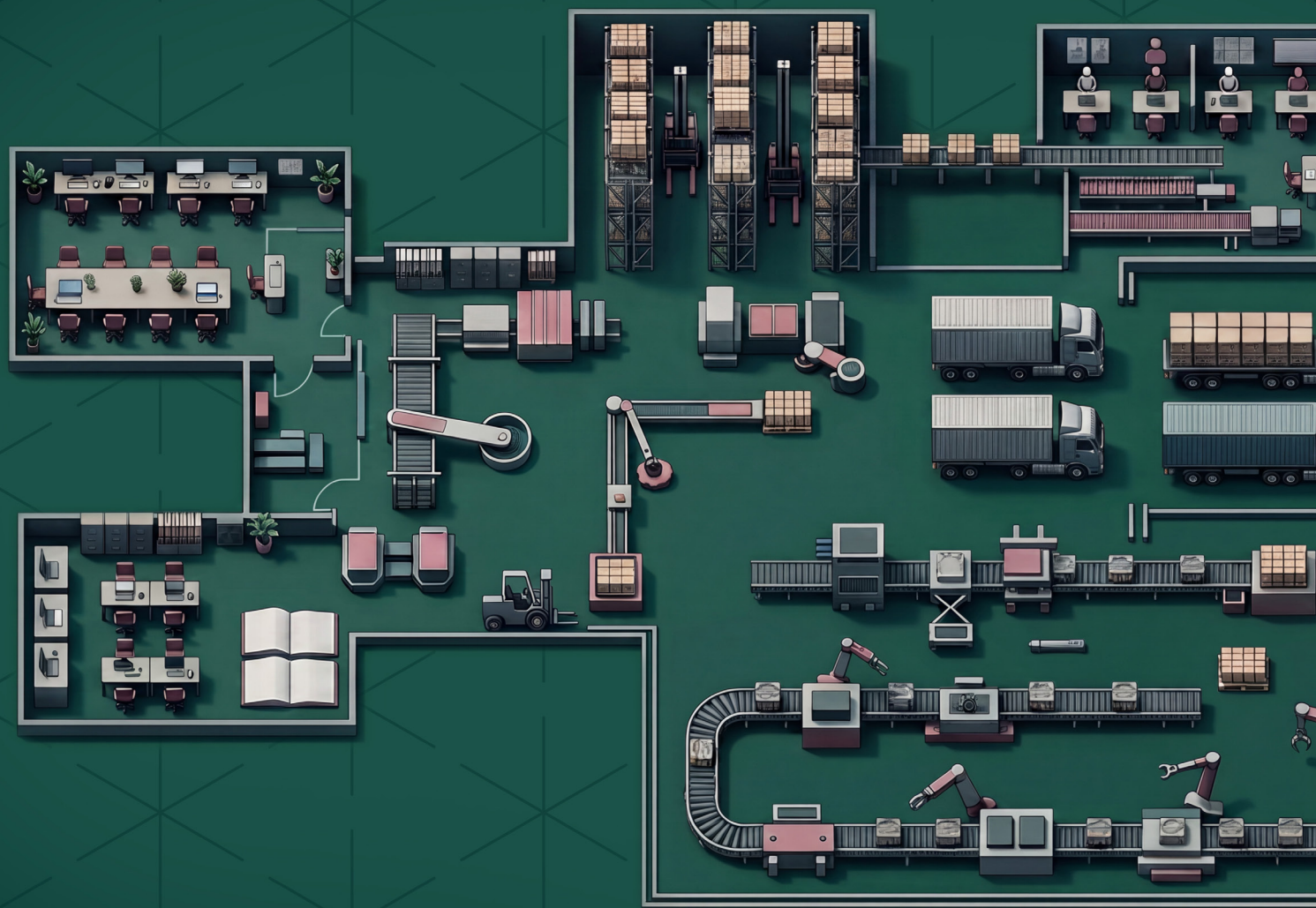


E-BOOK

The Working Capital Playbook

Why cash takes longer to arrive than it should,
and what to do about it





Contents

Introduction: What working capital really means for the business	3
Chapter 1: Why cash gets trapped on both the Order-to-Cash and Procure-to-Pay sides of the business	4
Chapter 2: Order Management — where it quietly costs you cash	6
Chapter 3: Accounts Receivable — why getting paid takes longer than it should	9
Chapter 4: Accounts Payable — how the supplier side of the business ties up cash	Coming soon!
Chapter 5: Procurement — where buying outside the expected process adds cost and complexity	Coming soon!
Chapter 6: Putting it all together — a clear view of the full cash conversion cycle	Coming soon!

Introduction:

What working capital really means for the business

A liquidity management plan is carefully constructed, typically down to the overnight funds basis point. Finance and treasury spend inordinate amounts of time planning and understanding how they are tracking to their plan. Sometimes working capital needs are as expected and tracks exactly to plan but there are times when it doesn't. It's straightforward to grasp what is the difference based on planned expectations but it is exponentially more difficult to understand why and how to ensure the issue does not reappear in the future.

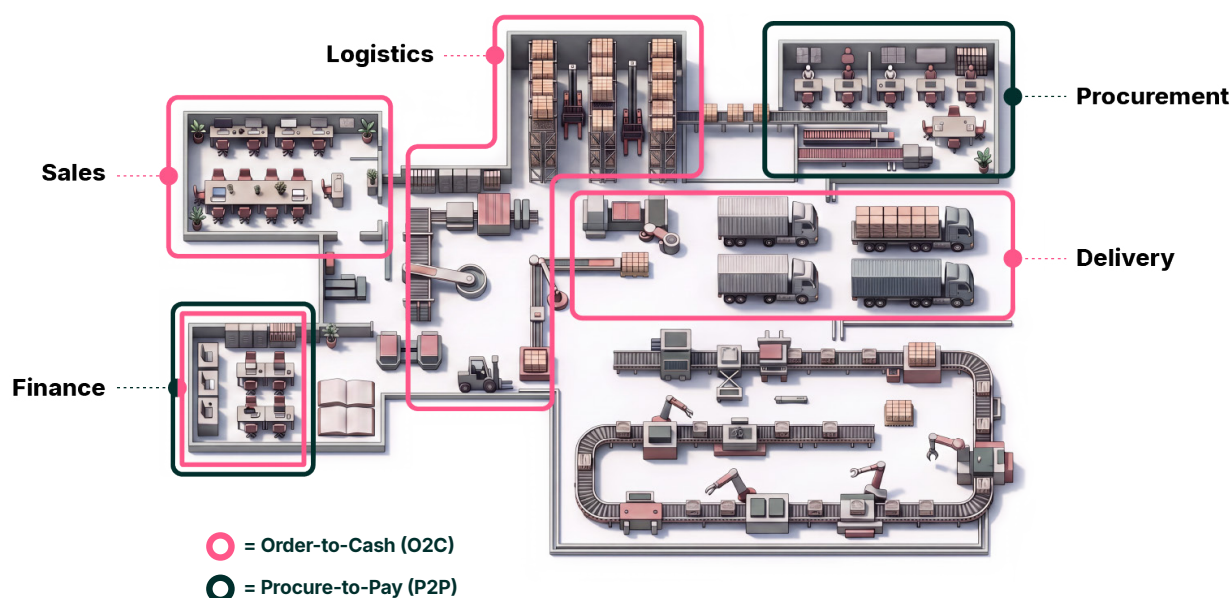
Working capital is the cash tied up in the timing difference between when a business pays for what it needs and when it collects for what it sells. It sounds like an accounting concept, but the causes are rarely financial: they're operational. A process that runs a little slower than it should, a step that's technically still pending, a handoff that takes longer than it needs to — none of these show up as a single dramatic event. They show up as cash that takes longer to arrive than it should.

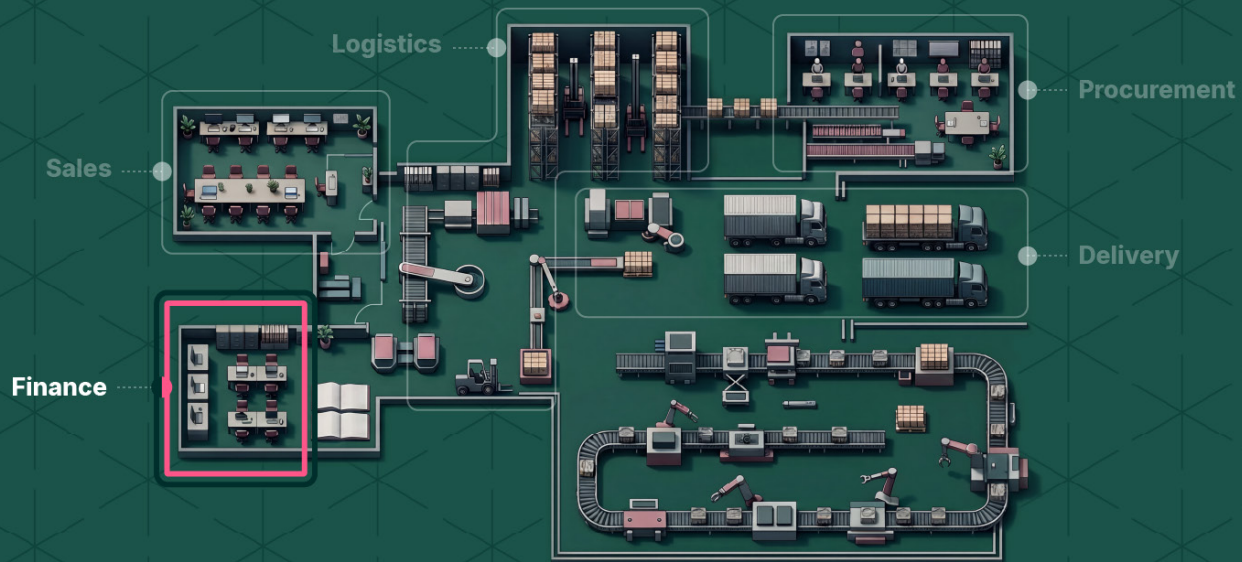
Finance teams typically measure this through the cash conversion cycle, the time it takes for cash spent to become cash collected. It has three parts: how long inventory sits before it moves (Days Inventory Outstanding, or DIO), how long customers take to pay once it does (Days Sales Outstanding, or DSO), and how long a company takes to pay its own suppliers (Days Payable Outstanding, or DPO). Improve any of these and cash moves faster. Let any of them slip, and cash gets quietly locked away, whether or not anyone notices at the time.

This book focuses on the two sides of that cycle where the gap between the process on paper and the process actually running tends to be largest: Order-to-Cash (O2C), everything from the moment a customer orders to the moment the company gets paid, and Procure-to-Pay (P2P), everything from the moment the company buys something to the moment its supplier is paid.

Within those two sides, we'll look at four processes companies are running today: Order Management and Accounts Receivable on the O2C side, Accounts Payable and Procurement on the P2P side. Each chapter shows the same pattern from a different angle: cash getting stuck not because of one major failure, but because of small, reasonable-seeming decisions that quietly add up.

If you already live in this detail every day, some of this will be familiar. The value is in seeing it laid out end to end, in one place. If you're coming to working capital for the first time, you should finish this book with a clear sense of where cash actually goes missing in a business, and why finding it takes more than a better report.





Chapter 1:

Why cash gets trapped on both the Order-to-Cash and Procure-to-Pay sides of the business

Cash needs are monitored daily by finance and treasury but net working capital requirements can unexpectedly fluctuate based on external factors and internal challenges.

Working capital problems are often caused by everyday delays. An order waits for an approval. A shipment is held up. An invoice contains an error. A supplier payment is made earlier than necessary.

Each delay can be a warning sign of a deeper process problem, such as a broken handoff, unclear responsibility, or a workaround that has become routine. When the same issue continues or several issues occur together, the impact compounds and ties up more cash over time.

As we've seen, two of the biggest, most overlooked contributors sit on opposite sides of the business: Order-to-Cash and Procure-to-Pay.

Both sides have common trouble spots. On the customer side, orders may be incomplete or incorrect, approvals may take too long, products may not ship on time, and billing may be delayed. An invoice error can also lead to a dispute that pushes payment back further.

On the supplier side, purchases may be made outside the usual process, approvals may stall, and purchase orders and invoices may not match. Employees may have to investigate and correct problems manually.

The details differ, but the main point is the same: Cash flow keeps to the liquidity management plan on how smoothly work moves through the business.

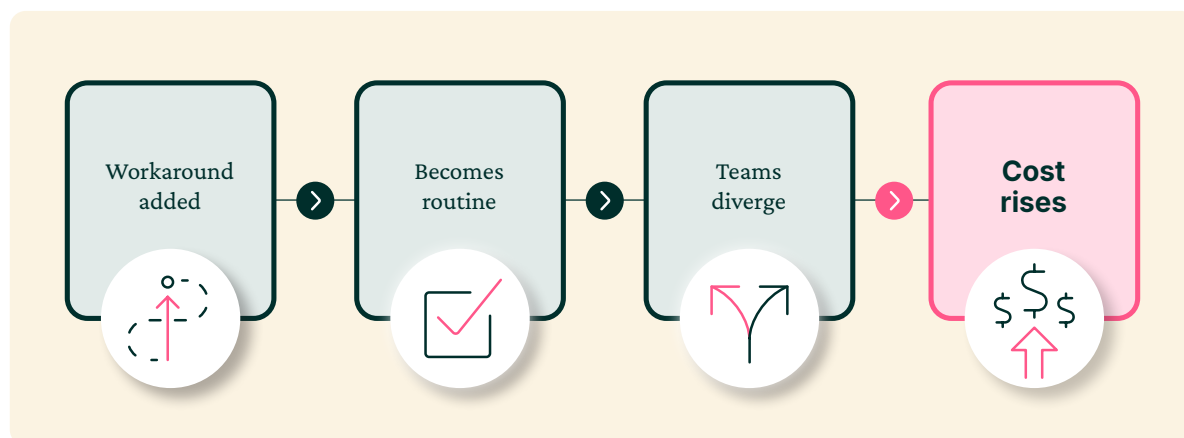
When an order, shipment, invoice, or payment moves cleanly from one step to the next, the company can manage its cash more effectively. When work stalls, requires correction, or moves outside the expected process, cash remains tied up. The issue is not limited to the team where the delay occurs. A problem in one part of the process can affect everything that follows.

Small changes can create bigger problems over time

These problems do not always begin with a major process failure either. Teams often make adjustments to keep work moving. They may add an approval, introduce a workaround, or create a manual step to address a recurring issue. These changes may make sense at the time and solve an immediate problem.

However, over time they can make the process slower and more complicated. A temporary workaround becomes routine. Extra steps become standard practice. Different teams begin handling the same work in different ways.

The result is more manual work, more mistakes, longer wait times, and higher costs. Employees spend more time correcting errors and managing exceptions. Orders take longer to complete. Invoices take more effort to process. Payments become less predictable.



Reports show the problem, but not always the reason

Companies often see the effects in their reports: orders are taking longer, deliveries are late, invoice problems are increasing, costs are rising.

But while reports can show that performance has changed, they do not always explain why.

A dashboard may identify that an order took ten days to complete, but not that it spent three of those days waiting for an unnecessary approval. It may show that deliveries are late without pinpointing the missing information or repeated handoffs behind the delay. It may show costs are rising without revealing how much time employees are spending correcting the same errors.

That makes it easy to fix the wrong problem. A company may add staff, introduce another control, or change one part of the process while the underlying cause remains. In some cases, the attempted fix may add even more complexity.

But what's needed isn't another dashboard. It's the ability for companies to see how work is actually moving through the business, transaction by transaction, instead of relying on averages that hide where the real delays sit.

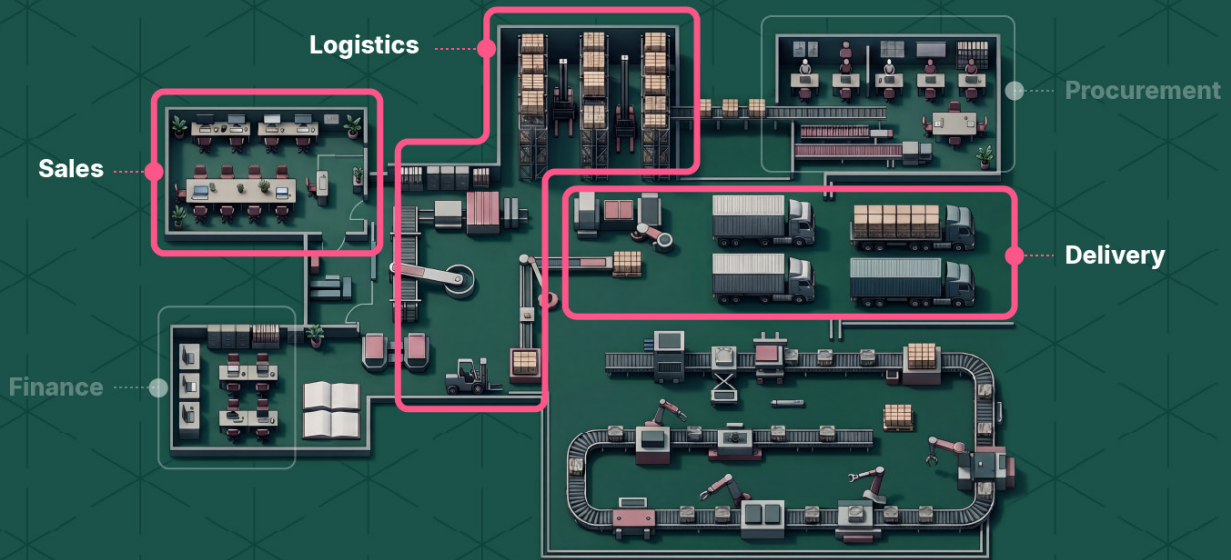
That's the shift this book is built around:

not fixing the process you assume is running, but seeing the one that actually is.

To understand why cash is delayed, it helps to start with where the customer transaction begins: the order.

Problems that begin when an order is entered into the system can continue on through fulfillment, billing, and collections. An incomplete order can delay approval, a delayed approval can hold up shipment, a shipment delay can postpone billing, and an incorrect order can lead to an invoice dispute and slower payment.

The next two chapters look more closely at Order Management and Accounts Receivable, and how problems at the start of the customer transaction contribute to the larger working-capital picture. Then, we'll cross over to the other side of the business, Procure-to-Pay, and look at Accounts Payable and Procurement in the two chapters after that.



Chapter 2:

Order Management — where it quietly costs you cash

Order Management rarely becomes less efficient because of one major failure. More often, the problems develop gradually.

Employees create a workaround to handle a recurring exception. A new system introduces another handoff. One region adds an approval that the other regions do not require. A team begins tracking certain orders in a spreadsheet because the information is difficult to find elsewhere.

Orders continue to be processed, so the broader problem may not be obvious. Over time, however, more orders are delayed and more employees are pulled into correcting information, checking statuses, and resolving exceptions. Transactions remain open longer, and the cash connected to those orders stays out of reach.

Why Order Management matters to cash flow

Order Management covers the steps between receiving a customer order and preparing it for delivery and billing. Depending on the business, this may include entering the order, checking customer information, confirming product availability, securing approvals, preparing the order for shipment, confirming delivery, and sending the information needed to create an invoice.



80%

of Telecommunications providers have achieved straight-through processing with ARIS Process Intelligence, dramatically reducing the need for employees to handle orders manually.

Each step moves the transaction closer to payment. A delay at any point can push back delivery to the customer, invoicing, and, ultimately, the company's ability to collect what is owed.

Before those delays can be measured, however, the expected process must be clearly defined.

Operations need a single, agreed upon version of how an order is supposed to move through the business. Without that shared standard, terms such as "slow," "late," and "stuck" can mean something different in every region, team, or system. One team may consider an order delayed after a day, while another routinely allows it to sit for three. Some employees may view an additional approval as required, while others bypass it altogether.

A defined process creates a common point of comparison. It establishes which step should occur, who owns them, and what successful execution looks like. Without that baseline, every order is being compared with a different, unwritten version of "normal."

The four common places where orders get "stuck"

Once the expected process is clear, companies can examine where actual orders are departing from it. Four areas are especially important.

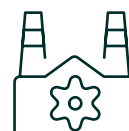
Open Order Processing includes orders that have been created but remain stuck without confirmation, an update, or a clear next step. Some may be missing customer or product information. Others may be waiting for approval or sitting with no clear owner. Although the order exists in the system, it's not moving toward fulfillment.

Unshipped Orders have been accepted but have not yet been converted into deliveries. Warehouse bottlenecks, unavailable inventory, delivery blocks, or incomplete shipping information may prevent the order from moving forward. The sale has been made, but the product has not reached the customer and billing cannot begin.

Late Deliveries have moved into fulfillment but miss the date promised to the customer. The cause may be a warehouse delay, incorrect inventory information, a carrier issue, or an unrealistic commitment made earlier in the process. Late delivery can affect customer satisfaction and postpone the remaining steps needed to receive payment.

Unbilled Orders have been delivered but have not yet been invoiced. Proof of delivery may be missing, shipment details may not match the original order, or the information required by the billing team may be incomplete. Until an accurate invoice is issued, Accounts Receivable cannot begin the collection process. These orders can be especially difficult to spot because the operational work appears to be finished even though the path to payment has stalled. As these accumulate, they quietly extend DSO, or the amount of time it takes the company to collect payment.

Each category represents a different point of friction, but the working-capital effect is similar. Inefficient processes delay or reduce the amount of cash the company can access and use.



20-30%

of Manufacturers have reduced order cycle times with ARIS Process Intelligence, unlocking millions in working capital.

Billing, shipping and fulfillment depend on every previous function operating seamlessly and none of them will commence without the order first being processed. Interruptions cause ripple effects through an already complex process and the final impact is disputed invoices, dragging out an already painful event sequence that spirals into customer dissatisfaction and stresses working capital requirements. Once, is one too many times but repeated issues can impact liquidity and add additional organizational costs.

The cost extends beyond the delayed sale. Employees spend more time reviewing orders, correcting errors, checking statuses, and responding to customer questions. Operations teams may revisit the same transaction several times. Finance has less certainty about when expected revenue will become available cash.

Identifying why problems occur and which ones deserve attention first

Traditional reports may show that average order-processing time is increasing or that the backlog is growing. Those measures are useful, but averages can hide significant differences in how individual orders move through the business.

Process intelligence provides a more detailed view. It uses information already stored in the business systems to show how orders actually move from one step to the next in each instance. Companies can compare that activity with the agreed upon process and identify where orders waited, which steps were repeated, where employees intervened, and how different teams handled similar transactions. That level of visibility also helps companies identify the issues with the greatest effect on cash flow.

Addressing those issues can produce measurable financial, operational, and customer benefits. Manufacturers have reduced order cycle times by 20-30%, unlocking millions in working capital. Retail and e-commerce organizations have increased perfect order rates by 10%, improving customer satisfaction and retention. Telecommunications providers have achieved 80% straight-through processing, dramatically reducing the need for employees to handle orders manually.

These results come from focusing improvement efforts where recurring friction is having the greatest impact, not from trying to redesign every part of Order Management at once.

Additionally, not every delay deserves the same attention. A complex problem affecting a handful of transactions may be less important than a routine issue that adds a day to thousands of others. A small improvement to a frequent problem can create more value than a major redesign of something that happens rarely.

Companies can use process intelligence to focus on problems that affect a large number of orders, happen repeatedly, delay high-value sales, or require significant manual effort to correct. Issues that generate customer complaints or continue downstream into billing and payment should also receive greater attention.

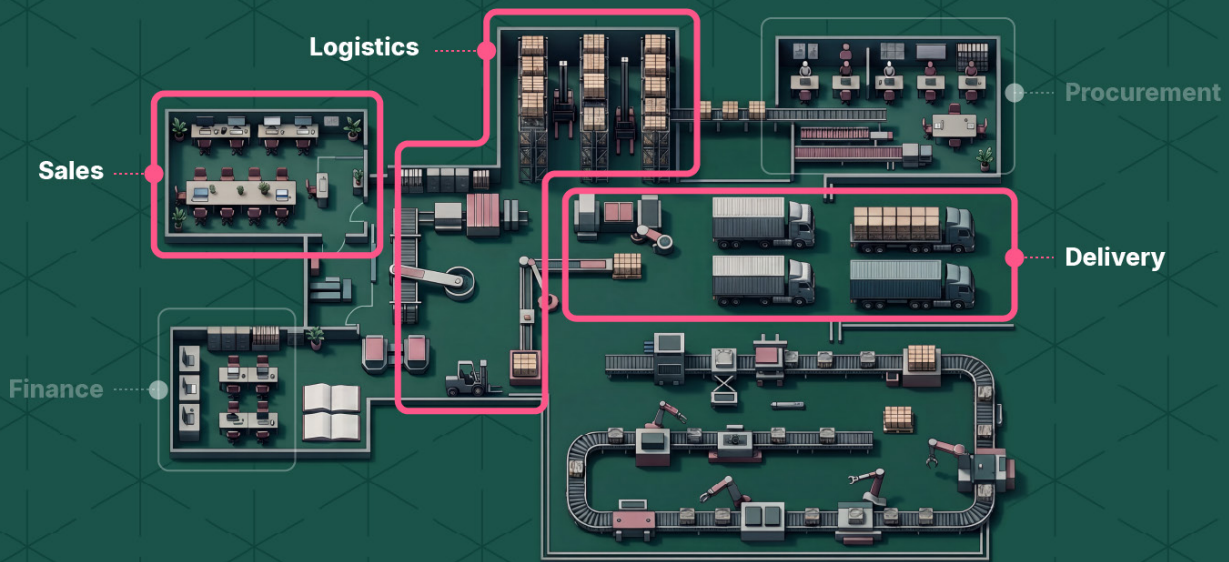
The goal is to establish how orders should move, compare that standard with what is actually happening, and address the points where friction has the greatest financial impact.

When orders move cleanly through approval and fulfillment, companies can ship, bill, and collect sooner. When problems remain hidden, the delay continues through the rest of the Order-to-Cash process, keeping cash tied up long after the customer has placed the order.



10%

of Retail and e-commerce organizations have increased perfect order rates with ARIS Process Intelligence, improving customer satisfaction and retention.



Chapter 3:

Accounts Receivable: Why Getting Paid Takes Longer Than It Should

Chapter 2 followed the customer order through approval, fulfillment, and billing. But even when those steps go smoothly, an invoice can be perfect and still take three weeks longer to become cash than it should.

Once the invoice is issued, the focus shifts to Accounts Receivable and how quickly the business can collect and apply the payment.

This is the point where invoiced revenue becomes available cash. When the process slows down, the effects extend beyond an overdue balance. Delayed collections can create liquidity pressure, make cash forecasts less reliable, and strain customer relationships.

Why DSO matters to cash flow

Days Sales Outstanding, or DSO, measures how quickly sales convert to cash. When customers pay beyond agreed terms, working capital remains locked up for longer.

A rising DSO can be connected to several issues:

- Invoices may be created or dispatched late
- Collection follow-up may be manual or inconsistent
- Disputes and deductions may remain unresolved
- Teams may lack a clear way to prioritize overdue accounts or identify customers with greater payment risk

As with Order Management, the problem is not necessarily that people do not know performance is declining. Finance teams can see that DSO is rising and aging reports, the standard breakdown of overdue invoices into 30/60/90-day buckets, can show that overdue balances are growing. What those reports often do not show is why.

Without that context, teams can see the outcome without understanding which part of the process caused it. They know cash is arriving late, but not whether the delay began with the invoice, the payment terms, an unresolved dispute, inconsistent follow-up, or another issue.

Top-performing finance organizations hold an 18-day DSO advantage over median peers. Across Europe's largest companies, that gap represents EUR 1.4 trillion in trapped working capital.

Hackett Group | 2025 Working Capital research

A shared standard for what “on time” means

Before payment delays can be understood or addressed, the organization must first establish a common definition of what “on time” means.

That sounds simple, but across the order-to-cash value stream, different teams often operate to different assumptions. When does the payment clock start? Is it the invoice date, the delivery date, customer receipt of goods, contractually agreed payment terms, or a revised promise-to-pay agreed to preserve a strategic customer relationship? Each interpretation creates a different measure of performance.

The same ambiguity exists in how ageing and delinquency are assessed. What qualifies as aged debt? When does an invoice become overdue? What distinguishes a legitimate dispute from a collection issue? Legal, Sales, Accounts Receivable, Treasury and FP&A may all apply different definitions depending on their responsibilities and objectives.

Without a shared standard, teams are not measuring the same reality. A collector may view an invoice as overdue, Sales may consider the customer to be operating within an agreed extension, Treasury may forecast payment based on a promise-to-pay date, while FP&A reports against contractual terms. Everyone may be acting correctly according to their own information, yet reaching entirely different conclusions.

Establishing a common framework for payment terms, ageing, delinquency, disputes and collection expectations creates a single version of the truth. Only then can payment performance be measured consistently, accountability be assigned fairly, and the true causes of delayed cash collection be identified and addressed.

If teams cannot agree when an invoice should have been paid, they cannot reliably determine why it wasn't paid, who should act, or how much risk exists to cash flow.

A defined process changes that. It turns “this invoice feels late” into something that can be compared, tracked, and acted on consistently. It also provides a clear reference point for identifying where the actual process is departing from what was agreed.

This is where ARIS begins building the Digital Twin of the organization, a single, connected picture of how the business is meant to run, and how it actually does. Process Core is the foundation - a governed definition of what a valid term is, what triggers a dispute, and what the collections cadence should be, so the whole business is working from one source of truth rather than a different version in every team or region.

Common Accounts Receivable pain points

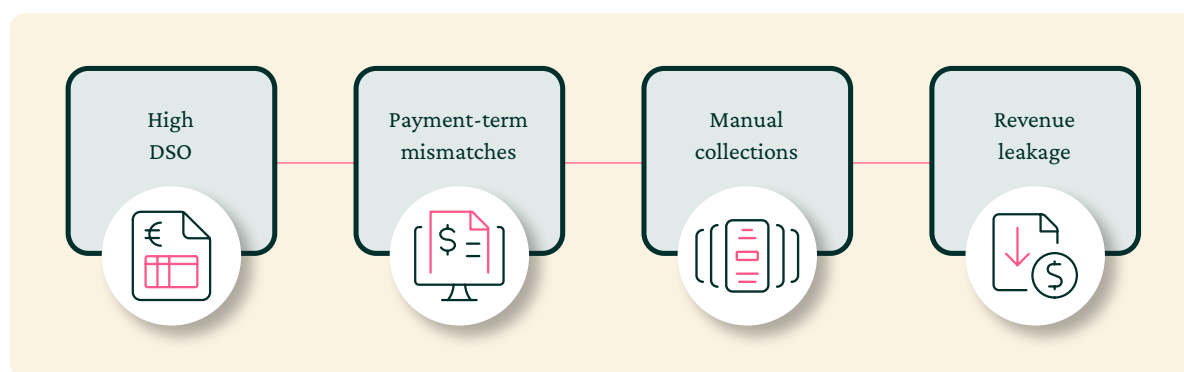
Several recurring problems can prevent invoices from becoming cash as quickly as expected.

High DSO occurs when collections slip beyond agreed terms, locking up working capital.

Payment-term mismatches occur when the terms on the invoice do not align with the customer contract. These differences can create disputes and delay payment.

Manual collections rely heavily on email chasing and spreadsheets, limiting the team's ability to work consistently and at scale. Follow-up can slip through unnoticed in the volume, and DSO can spike without warning simply because an account fell out of view.

Revenue leakage can result from short payments, write-offs, and unapplied cash, making it harder to see the true receivables position.



These issues are connected. A payment-term mismatch may create a dispute. That dispute may require several teams to investigate. Collection follow-up may pause while the issue remains unresolved. Even after the customer pays, the cash may remain unapplied.

The result is a longer and less predictable path from invoice to cash.

Current approaches do not always reveal why cash is delayed

Many Accounts Receivable teams rely on static dashboards, aging reports, and spreadsheet-based tracking. These tools can show overdue balances and DSO trends, but they provide limited insight into the root causes.

Spreadsheet-driven collection activity also makes prioritization and control more difficult. Payment-term changes may be managed on an ad hoc basis, leading to inconsistent invoicing and more disputes. Collections may be treated as a finance-only responsibility, even when Accounts Receivable, Sales, and Customer Service all play a role in resolving the issue.

Without a clearer view of the full process, teams remain in a reactive position. They follow up on overdue invoices, investigate disputes as they arise, and try to clear growing backlogs. The immediate problem may be addressed, but the cause can remain in place.

Over time, that can lead to a persistent cash drag, rising overdue balances, higher write-offs, and weaker customer trust.

The answer is not simply another report. The business needs to see how invoices, disputes, collection activity, and payments actually move across systems and teams.

Where the diagnostic work pays off

The fix is not chasing every overdue invoice harder. It's knowing which invoices are at risk before they're thirty days overdue, not after.

Without prioritization by exposure or risk, a €500 balance gets the same attention as a €50,000 one, and high-risk accounts sit in the same backlog as routine follow-up.

This is what ARIS Process Mining does. Where Process Core defines what should happen, Process Mining shows what actually is, reconstructing how invoices move through the process, transaction by transaction, across ERP, banking, and collections systems, and surfacing exactly where and why delays occur.

This makes it possible to identify high-risk and high-value items earlier. Teams can see where collection follow-up started late, where a dispute remains unresolved, or where payment behavior suggests that an invoice may require attention.

Routine payment reminders and escalations can also be handled more consistently, allowing employees to focus on exceptions rather than routine chasing.

The goal is not to apply more effort to every invoice. It's to direct the right level of attention to the accounts and issues with the greatest effect on cash flow.

Together, Process Core and Process Mining are what ARIS calls the Digital Twin of the organization: a governed standard paired with continuous, connected visibility into execution, from a single source of truth rather than fragmented reports stitched together after the fact. That's what turns a one-off collections cleanup into sustained operational excellence, not fixing DSO once, but keeping it fixed.

Key opportunities for improvement

The first opportunity is to reduce DSO by identifying overdue risk earlier and accelerating follow-up. This shortens the collection cycle and improves cash conversion.

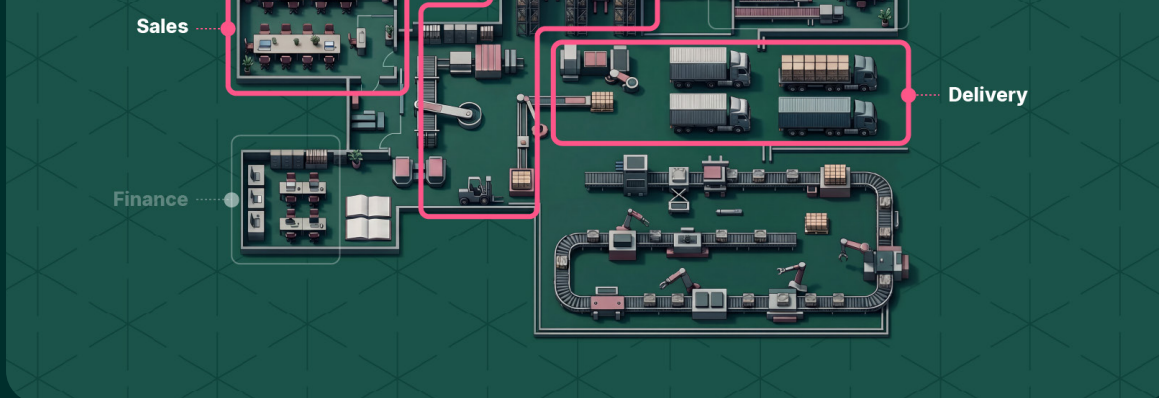
The second is to improve collections productivity by prioritizing activity according to exposure, payment behavior, and risk. Collectors can spend less time on routine chasing and more time on the accounts that require intervention.

The third is to reduce disputes by identifying payment-term mismatches and recurring dispute patterns before they escalate. Fewer mismatches mean fewer delays and less manual correction.

The fourth is to strengthen cash applications by increasing touchless clearing and reducing manual effort across invoice-to-cash workflows. Applying payments more efficiently gives finance a clearer view of what has been collected and what remains outstanding.

Consistency matters as much as speed. When payment terms, dispute handling, and collections cadence are applied the same way every time, customers know exactly what's expected of them, and when. That predictability reduces friction on both sides: fewer surprises, fewer disputes over “what we agreed,” and a collections process the customer can actually plan around rather than react to.

Together, these improvements can support faster collections, better liquidity forecasting, fewer disputes, lower manual workload, and greater cash predictability.



From revenue to retained cash

Order Management moves the customer transaction through fulfillment and billing. Accounts Receivable carries it through collections, dispute resolution, and cash application.

When invoices move efficiently through those steps, companies can reduce DSO, improve cash predictability, and turn revenue into available cash sooner. When the causes of late payment remain hidden, overdue balances, manual work, and cash drag continue to grow.

Accounts Receivable finishes the revenue side of the working-capital story. The next chapter crosses to the cost side, or Procure-to-Pay, and examines how Accounts Payable and the timing of supplier payments affect Days Payable Outstanding and how much cash the company retains.

The rest of the story is coming soon.

The story isn't finished. Chapter 3 follows the transaction all the way through Accounts Receivable, finishing the revenue side of the business. Then we cross to the cost side, Procure-to-Pay, where Accounts Payable and Procurement show the same pattern of drift playing out in reverse: on the money going out, not the money coming in. Chapter 6 brings both sides together into one view of the cash conversion cycle.

ARIS will send each new chapter directly to your inbox as it's released. Stay tuned.

Chapter 4:

Accounts Payable —

How the supplier side of the business ties up cash

Chapter 5:

Procurement —

Where buying outside the expected process adds cost and complexity

Chapter 6:

Putting it all together —

A clear view of the full cash conversion cycle



ARIS is the process context foundation platform for enterprise AI deployment. Combining process mining, modelling, and analysis in a single unified platform, ARIS helps leading global organizations move from AI experimentation to scalable execution – driving efficiency, reducing risk, and delivering measurable business outcomes.

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