



## Accounting Operations Benchmarks ( SMBs )

### Time-Based Process Benchmarks

#### Key Takeaway:

Optimizing finance processes particularly month-end close, account reconciliations, invoice and expense processing can reduce cycle times by 30–60% and free up finance teams for analysis and decision support.

Process	Benchmark Time	Unit	Source Notes
Month-End Close	5–10	Business days	Automated teams: 3–5 days; SMBs with partial automation: 5–10 days
Account Reconciliations	~30% of finance team time	% of total finance effort	Manual reconciliations consume ~30% of time; top performers still spend ~40% on data gathering
Invoice Processing	2–5	Business days	Includes receipt, verification, PO matching, approval and payment scheduling
Cycle Time: Invoice → System Entry	24	Hours	Median from invoice receipt to data entry in AP system (APQC measure)
Expense Report Processing	3–7	Business days	Mobile apps and automation can reduce to 1–2 days; average manual time ≈ 20 min/report
Vendor Payment Processing	15–30	Business days	Dependent on payment terms; early-pay discounts often justify faster cycles
Project Milestone Billing	≤ 5	Business days after milestone	Prompt billing improves cash flow; best practice is within 5 days

## AR/AP Process Automation Benchmarks

### Key Takeaway:

Implementing AR and AP process automation can reduce invoice processing and cash-application cycle times by over 60%, while optimizing staffing levels at roughly 0.3–0.6 FTE per USD 1 million revenue enables cost-effective finance operations.

Process Metric	Benchmark Value/Range	Unit	Source Notes
Invoice Processing Time (AP)	1–3	Business days	Best-in-class automated AP teams achieve 3.1 days from receipt to payment-ready vs. 17.4 days for industry average.
Cost to Process One Invoice (AP)	USD 2.50–USD 4.00	Dollars per invoice	Automated organizations reduce cost to USD 2.78 vs. USD 12.88 for manual processing.
Touchless Processing Rate (AP)	85–95%	Percentage	Fully automated AP platforms process 92.3% of PO invoices with no human intervention.
Days Sales Outstanding (DSO) Improvement (AR)	5–10 days reduction	Days	AR automation reduces DSO by 5–8 days ( $\approx$ 60% improvement), freeing up USD 20 million in working capital for SMBs.
Cash Application Cycle Time (AR)	< 1 day	Days from remittance to ERP	Automated cash application solutions reduce manual effort by 70–80%, slashing unapplied cash and cycle times to under one business day.
Invoice Exception Rate (AP)	< 3%	Percentage of invoices	Automated validation and matching decrease exception rates from $\sim$ 10% to under 3%, minimizing manual resolution.
Collection Effectiveness Index (AR)	$\geq$ 110	Index (100 = baseline)	Analytics-driven AR teams achieve CEI > 110 by prioritizing high-risk accounts and automating follow-up.

## Accounting Staff per USD 10 Million Revenue

### Key Takeaway:

Implementing AR and AP process automation can reduce invoice processing and cash-application cycle times by over 60%, while optimizing staffing levels at roughly 0.3–0.6 FTE per USD 1 million revenue enables cost-effective finance operations.

Revenue Band (USD)	Median Finance FTEs	FTEs per USD 10 M Revenue	Source Notes
< 25 M	3	3.0	SMBs under USD 25 M employ a median of 3 finance professionals.
25–99 M	6	2.4	Firms between USD 25–99 M employ a median of 6 finance professionals; scales to ~2.4 FTE per USD 10 M.

### Guidance:

- For a USD 10 M SMB, target 3 FTE in accounting functions (AR, AP, GL close, reconciliations, reporting).
- Leverage automation to handle 60–80% of transactional tasks (invoice capture, matching, cash application), reducing staffing needs to 2.5–3 FTE per USD 10 M while improving cycle times and accuracy.

## Sources

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