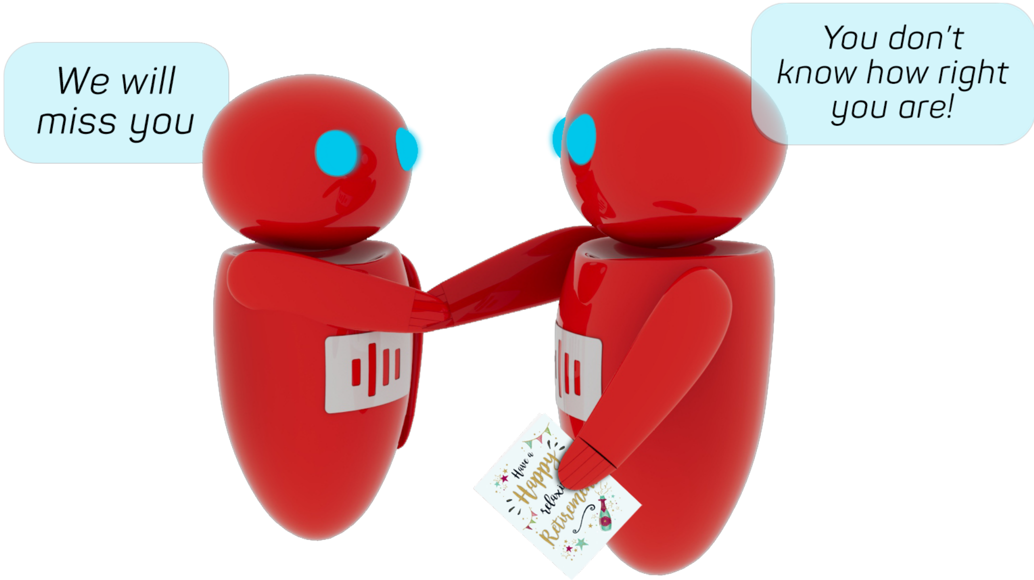
5 ways to streamline your finance processes now

1. An over-reliance on a handful of long-serving personnel.



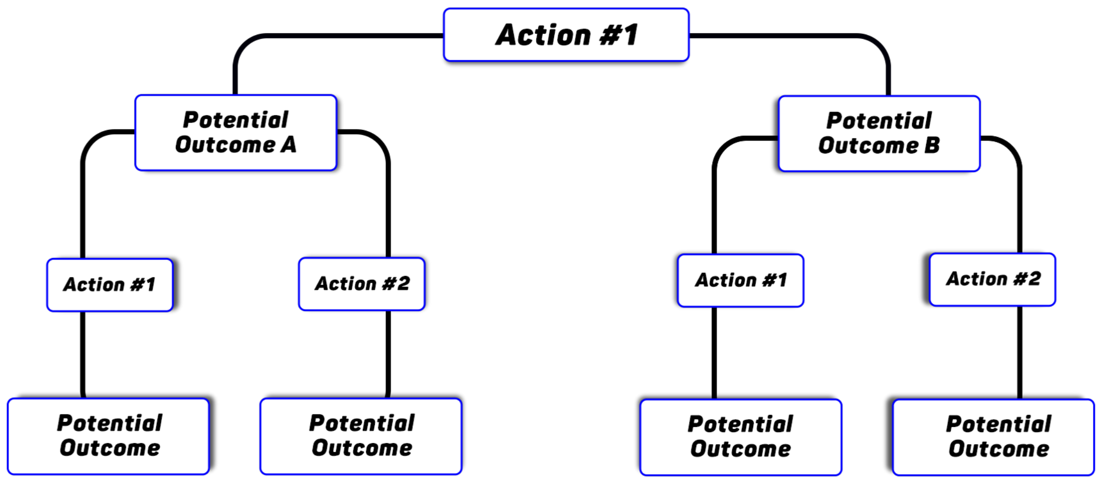
In our 15 years of experience in helping organisations improve and ultimately automate their business processes, there is often a big difference between the way finance leaders think their core processes work and the way they work in practice. Over time, processes evolve. Sometimes this is for the better, as colleagues find better and more efficient ways of reaching the same goal. Other times, it is most certainly for the worse, with critical steps in a process forgotten over time, with finance leaders only realising once some calamitous event has taken place.

We also see many examples where core processes are only understood by certain key personnel within the department with nothing documented around how these processes are executed. This creates a single point of failure and an over-reliance on one or a handful of often long-serving personnel. In the short term, this is potentially manageable but eventually this comes round to bite. As colleagues retire or look to move on in their career this lack of defined and documented process becomes an issue with the upskilling or onboarding of new personnel difficult to achieve.

So how do you mitigate this? The answer lies in defining and documenting standard operating procedures for your department. This may sound complex and time-consuming, but it doesn't have to be. A good approach to defining and documenting a standard operating procedure (SOP) looks like this:

1. Understand what each SOP is trying to achieve - For example you may well want to create an SOP for processing the organisation's monthly run of purchase invoices for payment.

2. Agree a standard format – This can be as simple as putting some boxes and screen shots on a word document or as advanced as purchasing a specific piece of software for defining SOPs. Generally speaking, flowcharts are a good place to start. It may be worth finding out if someone in your organisation has access to specific process mapping software like Microsoft Visio.

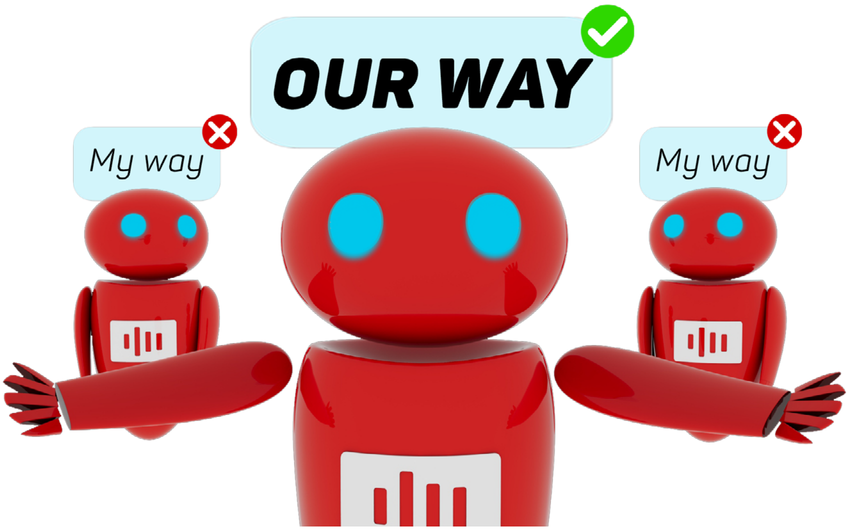


3. Get people in a room – The best people to help define a standard operating procedure are the people that carry out the work, day to day. So, get them in a room, preferably with a white board and pen and start to draw out each step of the procedure.

4. Write it up and agree it – Once you've agreed it on a white board, get to work putting the procedure into your agreed format (see step 2). It is better to do this once you have at least a draft version using step 3 to stop lots of fiddly rework. Once you have written it up, it's always best to give visibility to other stakeholders involved in the process to get their input. This a) ensures you have not missed a critical step in the process but also b) helps get people bought into the process of defining your standard operating procedures.

5. Save it! – Believe it or not, we still see businesses that get 90% of the way there, in following all of the above but then leave the defined SOPs languishing in someone's email inbox or on a hard drive somewhere that no-ones knows about. Once you've gone to the trouble of defining, documenting and agreeing the SOP, save it in a document management solution so that it's easily retrievable by all that need it and you have an audit trail of any changes. Trust us, you will be thankful you did next time you have to have to recruit and onboard someone into your team.

2. This is where efficiencies can be gained.



Many organisations we work with start with having different divisions or subsidiaries within their organisation that often have siloed systems, ways of working and responsible teams. This is where efficiencies can be gained. Increasingly, businesses are moving and consolidating their finance operations to a shared service model; a centralised business unit which serves multiple business units or subsidiaries. The benefits are clear. A more standardised way of working can be introduced across the different elements of the organisation which creates economies of scale. This removes the reliance on certain individuals who know 'how things are done around here' thereby de-risking the issue of succession within the department. It also means you can consolidate your systems and processes resulting in a simpler business and system architecture.

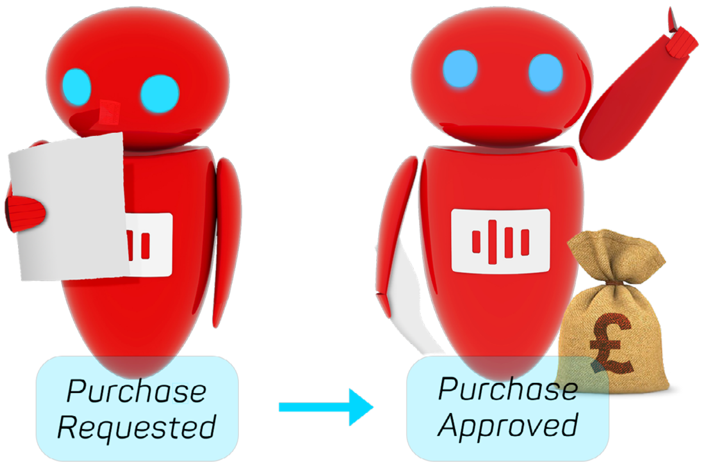
However, this doesn't mean you have to completely standardise your operation across your entire organisation. We have worked with enough organisations to know that each business and finance department is different. There are often nuances and requirements that are industry or even business specific. That's OK. The key is to standardise and create economies of scale where you can. Where there are exceptions, you need to find systems and processes that are flexible enough to handle these exceptions.

Low/No code technology is the key here. This fast-growing technology provides organisations with the ability to build flexible, configurable solutions without the time and cost associated with more traditional software development practices. Standardisation doesn't just apply to processes, it also applies to your systems and technology.

Organisations are increasingly moving away from process specific applications in favour of platform technologies which can be harnessed across the department and even across the whole organisation. Why buy an automation solution for purchase requisition, then a different solution for invoice processing, and a different solution for expense management, and a different solution for statement reconciliation etc? You quickly end up with a hotchpotch of different technologies, suppliers and user interfaces which you need to manage.

Instead take the time to identify and buy into platform products that can be used across your organisation. Simplifying your technology landscape, reducing the number of suppliers you need to manage and making it easier for your teams to adopt the technology.

3. Focus on embedding control earlier.



Many conversations with finance leaders start with them asking us to automate an approval process of some kind. However, the most common mistake we see is finance leaders looking to automate the approval of invoices. By this point it's too late. The horse has well and truly bolted and it's halfway down the home straight. Finance leaders should focus on embedding control earlier in the process. A simple purchase requisition solution can ensure that approvers get visibility of proposed spend before it happens thereby allowing them to challenge before it happens. It also makes it significantly easier to automate the processing of purchase invoices once they are received. If a purchase order is created and approved prior to any spend taking place this can then be matched against a goods received note to show that the goods were both ordered and received. In most cases this then makes the approval of the corresponding invoice inevitable. This creates a straight-through automation process meaning there is no need for human interaction.

Purchase requisition solutions can take many forms. At it's most basic it could be a spreadsheet with some intelligent macro built in. At the other end of the spectrum, there are fully blown purpose-built purchase requisition systems that come with out-the-box standard workflows. If that is too much for you or if you want added flexibility to mould the solution around your own business process then a simple and configurable electronic form that can be accessed via a web address through any device may be a good option. The electronic form can collate the requisition details, automatically create purchase order numbers and then use digital workflows to pass that information for approval to the right person depending on certain criteria such as the role of the requester, the value of the proposed spend or the type of spend.

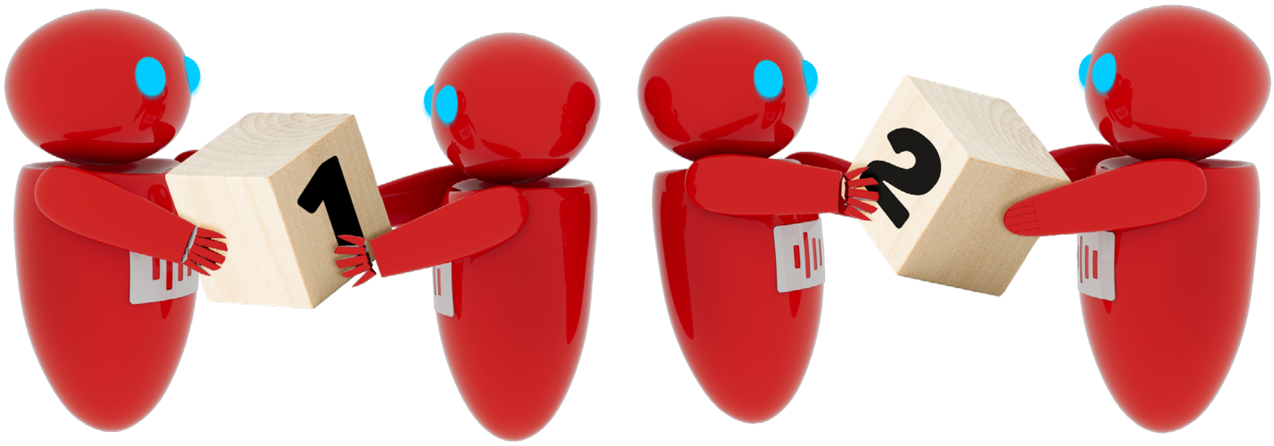
4. Agree who has ownership of data.

One of the most common causes of issues in the finance department (and most other departments) is poorly maintained data. CFOs are increasingly being asked to take the lead around the Board table on insight and analytics, particularly around company performance and trends. Poor quality data can also have a significant impact operationally on the finance department and other departments. For example, the effectiveness of finance automation solutions are often intrinsically linked with the quality of a company's supplier data. However, unfortunately, the quality of customer, supplier, product and even financial data in many cases is incomplete, inaccurate and/or duplicated. Normally this is a result of a lack of ownership and true data quality related KPIs. No role or department is given clear ownership for the quality of their data and even if they are, the quality is rarely measured in the form of clearly articulated KPI's.

So what should you do about it? Start by agreeing internally who has ownership of data or the different types of data within your organisation. For example, customer data may well be owned by Sales and/or Marketing. Supplier data may be owned by the procurement team. Make sure that the heads of these departments understand the impact that poor quality data has on the business and often on their own department. Then agree with each department some clear measures around this. Accuracy, completeness, consistency, timeliness, validity, and uniqueness are all good aspects to consider when you are measuring data quality. Then report on these measures regularly and make the results visible. Discuss it at a Board level and hold each department accountable for improving these measures.

The adage 'Data is the new oil' is true now more than ever. Now is the time to do something about it.

5. Break it into small manageable milestones.



We would say this wouldn't we? But seriously, why would you not? Over the last ten years finance departments across the world have been revolutionised by technology. If you're still manually processing purchase invoices, sales orders, colleague expenses, payroll or the reconciliation of supplier statements then you're slipping behind. The rest of the world has been slowly but surely automating these processes and that transition from manual to automated is accelerating at a pace.

Technology such as Intelligent Capture Recognition (ICR) can now read and then extract key pieces of data from flat documents. Digital workflows can move this or any other information from person to person or department to department within your organisation meaning you no longer need to rely on bits of paper being passed around the office waiting for approval and signatures. Software robots, or robotic process automation (RPA) as it's commonly known, can execute repetitive and rules-based processes across different systems whether it's logging into portals, downloading information, or rekeying the same data across multiple systems. What does this mean to your current personnel?

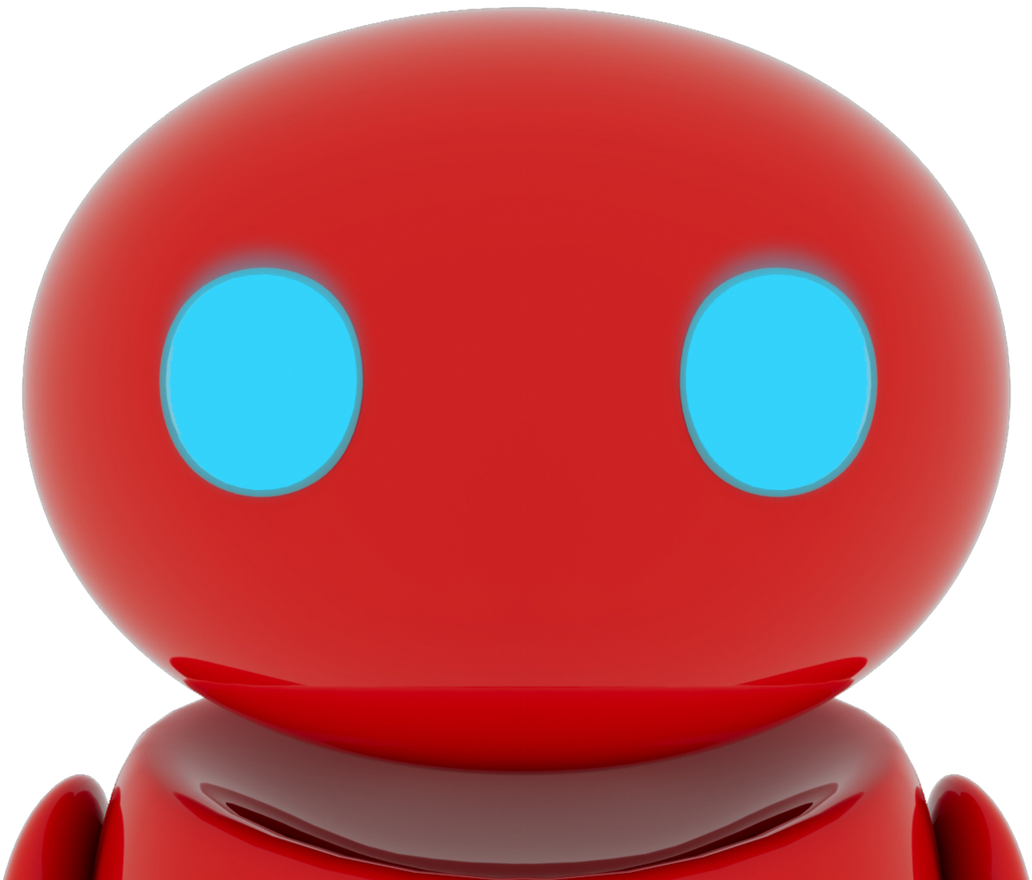
Well instead of spending their days manually processing paper documents, why not provide them with information in the form of intuitive dashboards that they can use to drive action which improves the performance of the department and the overall business. This toolbox of technology has revolutionised the way that the finance department operations. Make sure you keep up.

Break it into small manageable milestones and you will get there in no time

As per point 1, start with understanding the processes within your department in priority order. Start with the most time consuming and critical processes. Map them out with the help of your team. During this process look at how you can standardise processes across divisions and subsidiaries, ultimately achieving economies of scale. What technology do you need to automate as many of those processes as is viable? If you have an IT department then involve them in discussions. They may be able to help. Work with them to understand how you can leverage investment in platform technologies that you can use across your department and in fact the whole organisation. If you need advice from a third-party consultancy this may be the time to involve them but as with any consultancy, check their credentials and ensure they truly are experts within this field.

In the meantime, consider your data. Do you know what data you have within your organisation? How are you using it? Are you making business critical decisions on poor data or are you just not using it because you don't trust it. Both are equally bad. Start with understanding what data you have and the quality of that data. Then work out a plan of how you can improve it and ultimately start to use it to your advantage.

It may feel like a long road, but like any journey, break it into small manageable milestones and you will get there in no time.



Interested in automating your finance processes?

We’re here to help!

Get in touch with us.

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