Article

CFO Empowerment Series

5 Signs Your Finance System Is Preventing You Structuring Your Financial Procedures

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As the position of CFO takes on a more critical role in providing strategic guidance across the organization, finance professionals face major challenges. They demand that CFOs plan ahead with long-term solutions that adapt to each stage in their Business Empowerment Maturity journey.

At the beginning of their Business Empowerment Maturity curve, CFOs should try to remove any structural deficiencies in their financial procedures. This means implementing systems that result in more accurate and complete data, rather than relying on outdated and error-prone spreadsheets.

CFOs need to put structures and procedures in place that will consolidate data from various sources and incompatible systems. They also need to clearly outline tasks and responsibilities within their department so that everyone is aware of what they are responsible for delivering on a central schedule.

This drastically reduces the biggest delays to data availability and frees your schedule to handle exceptions rather than routine and repetitive tasks.

Here are five issues that may be preventing you from enjoying the benefits of structured financial procedures:

1. The Lack of a Big Picture

Many companies have had to build their finance operation out of multiple incompatible systems. Many future-forward companies with global operations are still working with 20th-century technology, like entering numbers into error-prone spreadsheets and using e-mail to send and collaborate on documents. The result is that multiple versions of documents are often stored in different locations, some with outdated data or wrong formulas. This ends up making structured financial procedures unreliable and increases security risks for lost or stolen data.

CFOs must start controlling the situation by eliminating their dependence on traditional spreadsheets and insecure email correspondence. A centralized system with access to real-time data, easily modifiable reporting features and built-in collaboration software are essential to moving forward.

2. Correct Procedures Are Ignored

In the absence of more direct and intuitive solutions, team members will often revert to unproductive procedures simply because they are familiar. If there is little or no monitoring in place, the pressure of deadlines also increases the likelihood that they will fall back into old habits. The finance system should be simple enough for employees to use correct procedures as well as intelligent enough to track how effective these procedures are. Tighter controls will give a clearer view of the legal and operational requirements that must be met in financial management.

3. Changes Take Too Long to Implement

No matter whether a CFO is analyzing cash flows, consolidating accounts from multiple companies, or merely trying to consolidate IT tools, the key enabler to better forward-looking budgeting. This should integrate data so that it's accurate, fresh and available immediately to anyone who needs it. Since this is the speed that business is operating at now, organizations that aren't actively streamlining are falling behind. An answer that takes too long is as damaging as a wrong answer.

4. There Are Too Many Stakeholders With Unclear Ownership

Managing and delivering the right reports is complicated when it is not clear what stage projects are in or who has taken the lead on the project. Software for project management that doesn't integrate with the finance function only complicates the process more. CFOs who want to become more strategic in their planning must ensure that their financial procedures are structured. Organizations need to be of one mind in terms of a common view of risk, access to data relating to risk and alignment between the executive level and front line financial professionals.

5. Lack of Iterative Improvement

Nothing is perfect and, even if it was, the world is changing too rapidly for perfection to last. The principle of iterative improvement, which requires ongoing evaluation of system efficiency, keeps every business competitive. This brings to light insights into gaps in financial reporting structures and clarifies optimal workflows. It empowers your business to do more work with fewer people and frees the finance function to capture time-sensitive insights into new business opportunities.

Growth With Adaptive Structures

Organizations need more flexible financial systems that adapt to the changing market as well as structured financial procedures to streamline the pathway from collaboration to reporting. To get there, CFOs must make the evaluation of all the risks and costs of modifications over the long term the top criteria in their ERP purchase plans. Systems that afford a more agile response and are simple to use by finance teams will speed adoption and decrease risk exposure for the business. Intelligent decision support within automated finance structures is a reality and the most competitive businesses in the new global market have already begun reaping their benefits.

Get the full story on what the CFO can achieve at cfo.unit4.com.

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