5 Best Practices for Conquering Complexity in the Financial Close

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The financial close process has long been a critical activity for organisations to accurately record and report on past performance. The process allows organisations to understand what has happened historically and the organization's current financial position, but legal requirements also dictate how this analysis is performed and published. For this reason and more, the financial close is viewed by many CFOs and Finance leaders as the backbone of effective Finance Transformation.

At the same time, change comes at organisations from all angles – at any time. Unprecedented recent impacts from the global COVID-19 pandemic and the war in Ukraine are just a few examples. Other similar events likely await in the future. And whatever comes about, Finance and Accounting teams must have the tools to conquer complexity, lead at speed and drive performance.

For Finance and Accounting teams still reliant on manual processes or 'connected' corporate performance management (CPM) software, the financial close, consolidation & reporting processes – such as statutory, risk, or environmental, social & governance (ESG) reporting processes – add even more complexity. Why? Because every financial close solution or departmental and corporate application must be connected. And that adds risk, cost, and complexity to already-taxed Finance teams.

If your organisation is evaluating whether you're ready for Finance Transformation, here are 5 best practices to conquer the complexity of the financial close.

1. Focus on Using Time Wisely

If your financial close and consolidation process is largely manual, it's time to use your time wisely and start transforming your process and system. Still, using Excel? Then that especially applies to you. Manual processes mean spending too much time moving data between CPM processes and/or working too hard to achieve results. Plus, valuable resources get tied up with data gathering rather than being applied to understand the results, and you're likely spending (too) little time analysing the data to make better-informed decisions.

And that's damaging to not only your people but also your organisation.

Key CPM processes (e.g., tax, ESG, etc.) should now be automated to save time by identifying and reducing repetitive manual tasks – which means no more laboriously moving data between multiple

CPM solutions. What features help you save time? Here are just a few:

- Guided workflows that protect business users from complexity by guiding them through all data management, verification, analysis, certification, and locking processes.
- Ability to speed up the close process with pre-and post-load validations, immediate identification of errors, and quick resolution of data quality issues.
- Automated transaction matching capability to help resolve differences and accelerate the account reconciliation process by providing the ability to quickly match transactional data from multiple sources.

What's the result? The simplification of business processes and a reduction in errors and inefficiencies across your enterprise.

2. Use Extensibility to Unify Processes

Having to deploy multiple solutions to allow divisions, business units, and departments must plan and report at a lower level of detail vs. corporate is no longer necessary.

Instead, a modern unified, and extensible CPM software platform houses everything you need in one system – streamlining processes and giving you the ability to reuse core components of key processes. For instance, a calculation can be replicated in multiple processes, or an account can be shared or be visible across multiple hierarchies. The group reporting model should also be extendable for more detailed management reporting in business units, while the budget model should allow for a more relevant budgeting process – all in the same application.

Plus, the structures must be automatically inherited, and the central model must always remain intact. There should be no concern when a business unit extends an account or user-defined dimension (e.g., product, customer, or region) because the integrity of the model is handled automatically.

Why is all this so important? Well, you no longer need to deploy multiple products or applications that might force additional integrations, validations, and reconciliations. No more having multiple instances of the same solutions for actuals, budgets, forecasts, plans, reconciliations, profitability analysis, and more. No more juggling multiple technologies and managing many types of integrations. Ultimately, unified processes mean less time, less cost, less risk, and fewer errors compared to using multiple solutions. A unified CPM also supports the complexity involved in the modern Office of Finance.

3. Strive for High User Acceptance

If your users are frustrated with the current tools and the level of service/resolution from vendor support, then change is clearly needed. That's especially true if you've lost staff due to such issues. Why? Well, if your users aren't happy with the interface, then it can (and usually does!) breed unhappiness in their teams or departments.

Modern interfaces are everywhere today – from mobile phones to televisions or even fridges. People expect the same simplicity and ease of use in business applications. If applications instead cause frustration, some users become less engaged in their work. Many will even consider changing roles and/or companies for this very reason.

How can user acceptance of the system help? Most Finance resources are qualified and ambitious – wishing to be strategic business partners and use their expertise to help the organisation. Accordingly, the right system will use efficient processes that minimise manual tasks, such as performing allocations or calculating depreciation. Efficiency means users will have more time and scope to make a difference – elevating overall organisational performance.

Why is user acceptance so crucial? Well, a CPM solution will holistically guide the strategy and management of your organisation. So the higher the user acceptance – meaning those using, referring to, and fully trusting the solution – the better.

4. Choose the Most Complete Functionality

If you're missing some key capabilities that hurt around the periphery of the financial close process, change is likely required. Here are just some of the potential problems if no changes occur:

- Storing data in Excel files, notes, manual folders or post-its raises major functionality concerns.
- Limited access to real-time information before the close is a high-risk strategy.
- Lack of functionality makes it difficult for users to effectively keep track of the close process.
- Multiple potential points of failure exist, and valuable information could be lost.
- The wrong version could be used, resulting in reporting errors.

How can you avoid those pitfalls? By eliminating spreadsheets, point solutions, and other manual data stores across multiple business units. The result? Standardisation across the organisation – creating a single version of the truth for financial and operating results.

This functionality supports increased insights and improved decision-making. Your corporate staff can also drill through from summarised corporate data right down into the underlying operational details – all in one system. The right CPM solution should provide the functionality to 'future proof' the organisation. You need the confidence that your requirements can be handled – no matter what changes await today, tomorrow, or well into the future.

5. Only Accept the Best Data Quality

Even the smallest concerns around the data/process quality and/or known reporting errors mean change is necessary. Frequent disagreements over data are also a sign to take action. Why? Well, constant errors in the key data or KPIs are obviously problematic when presented at the board level. Requiring regular restatements due to errors found after the close is not ideal, either. Both types of errors can cause unnecessary stress.

Plus, having good financial data quality isn't an option with modern corporate reporting – it's a requirement. Errors or omissions in financial statements can cause compliance issues or penalties, loss of stakeholder confidence, and often a reduced market value.

How can you ensure you're working with high-quality data and processes? By fully integrating your CPM solution with all source systems. Then data quality risk can be managed using fully auditable system integration maps. Validations can also be used to control submissions from remote sites.

And with a fully integrated CPM solution, your organisation will gain the following benefits:

- Reduced internal control risk and better audit trails
- Better drill-down and drill-back to data sources
- Better (and complete) process and change visibility
- Reduced costs of compliance, internal controls, and audit requirements
- Improved confidence in financial results for internal and external stakeholders

Conclusion

If your organisation is struggling to effectively manage your critical, enterprise-wide financial close, now is the time to tackle and conquer the complexity in your financial close. That journey starts with you setting a new foundation for change and performance management with a fully unified platform from OneStream.

Learn More

To learn more about how organisations are conquering the complexity in the financial close, click here to read our whitepaper. And if you're ready to take the leap from spreadsheets or legacy CPM solutions and start your Finance Transformation, let's chat!

Download the White Paper