



AAFCPAs
great minds | great hearts

HOW TO RIGHT-SIZE YOUR ACCOUNTING/FINANCE FUNCTIONS

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Who Am I?

- Partner in charge of AAFCPAs' Managed Accounting Solutions
- Experience includes:
 - CPA with Big 4
 - President of Software Company
 - Nonprofit boards
 - Public-Company CFO
 - Consultant



Dawn Pantano, CPA, CITP

Who Am I?

- Manager, Business and IT Advisory
- Experience includes:
 - CPA with large regional and national firms
 - CFO and Controller roles
 - Business Consultant
 - Entrepreneur, Co-founder of IT Consulting company





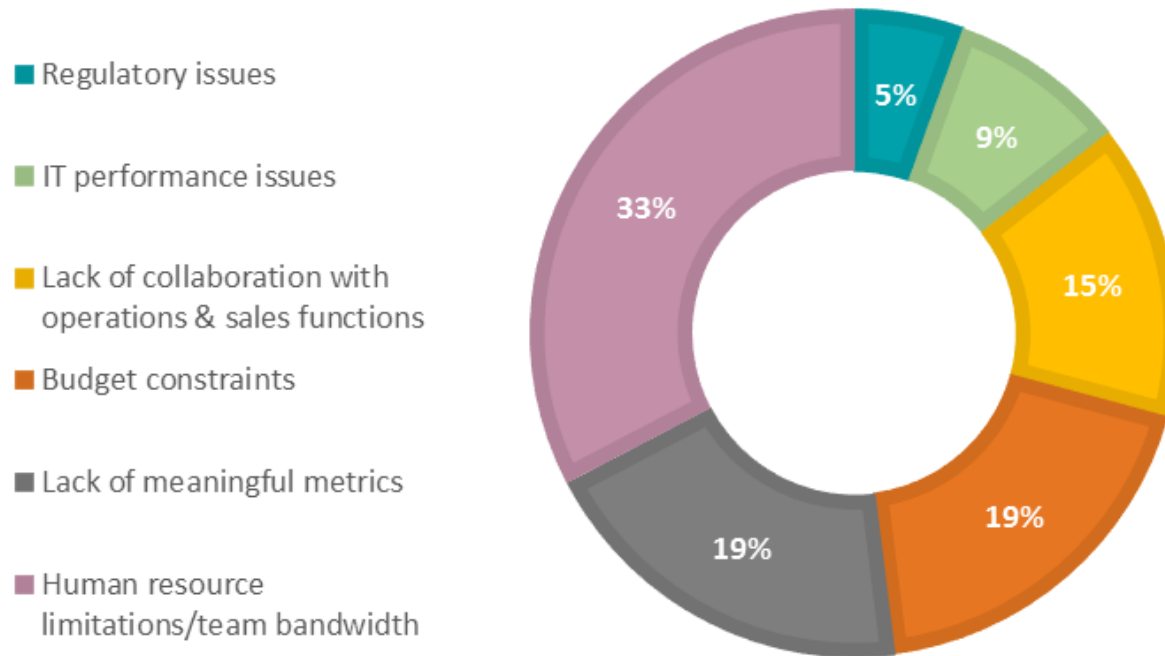
AAFCPA

CFO Survey Report

<https://www.aafcpa.com/cfo-survey-report/>

“Behind Every Thriving Organization is a High Functioning CFO”

Over 33% state HR limitations and bandwidth is a primary challenge

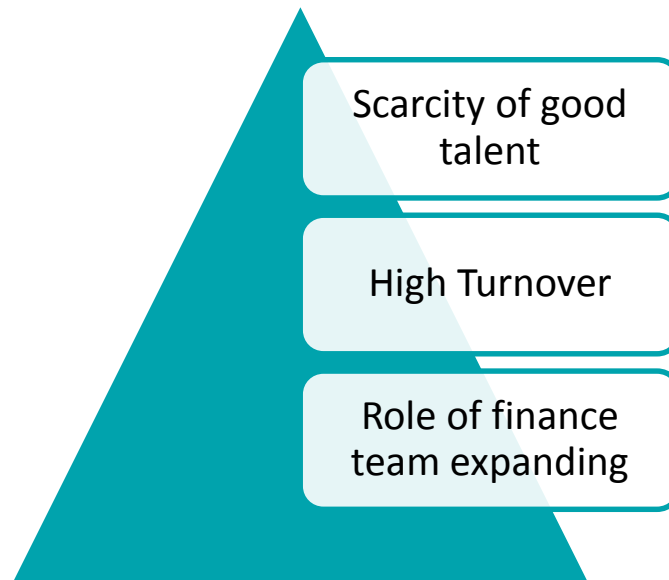


What does it mean to “Right-Size”

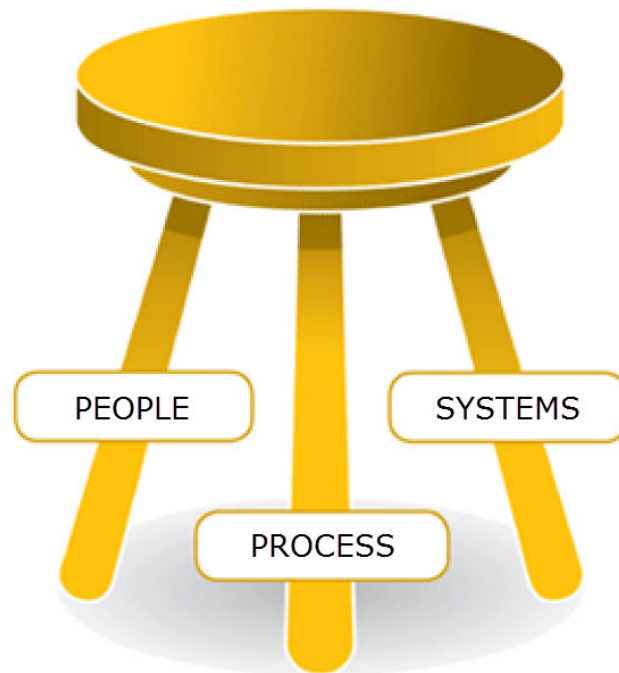
Rightsizing is proactive and should be an ongoing part of managing an organization.

- RIGHT Skillset to meet primary challenges, mission, and strategic initiatives
- RIGHT Knowledge to mitigate “pain points”
- RIGHT Cost to organization

WHY AN IMPORTANT TOPIC NOW?



HOW DO WE ASSESS OUR NEEDS?



When to look at Process?

When pain points exist

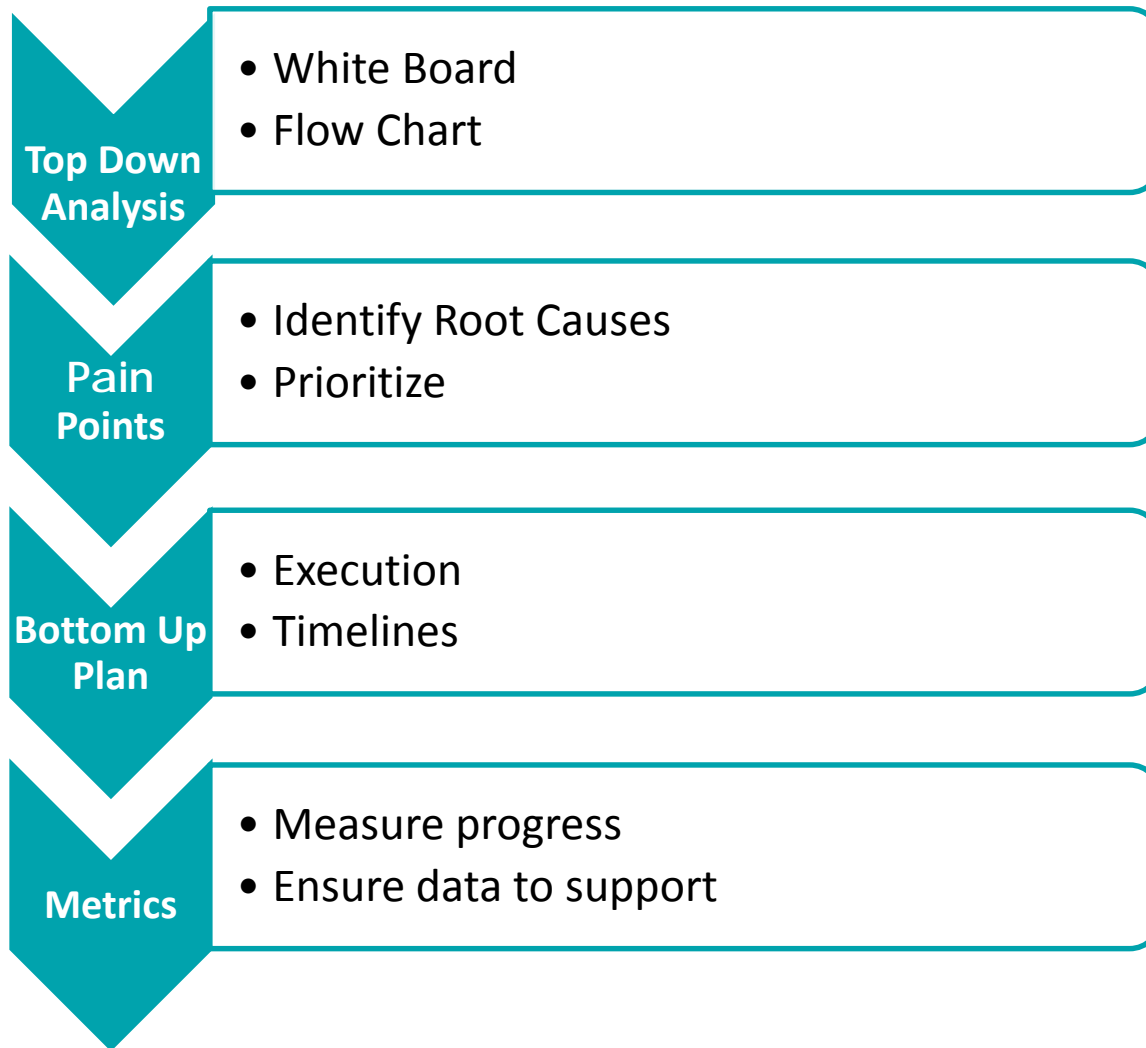
When using excessive Excel worksheets to track information

When staffing changes, such as a new CFO or Controller

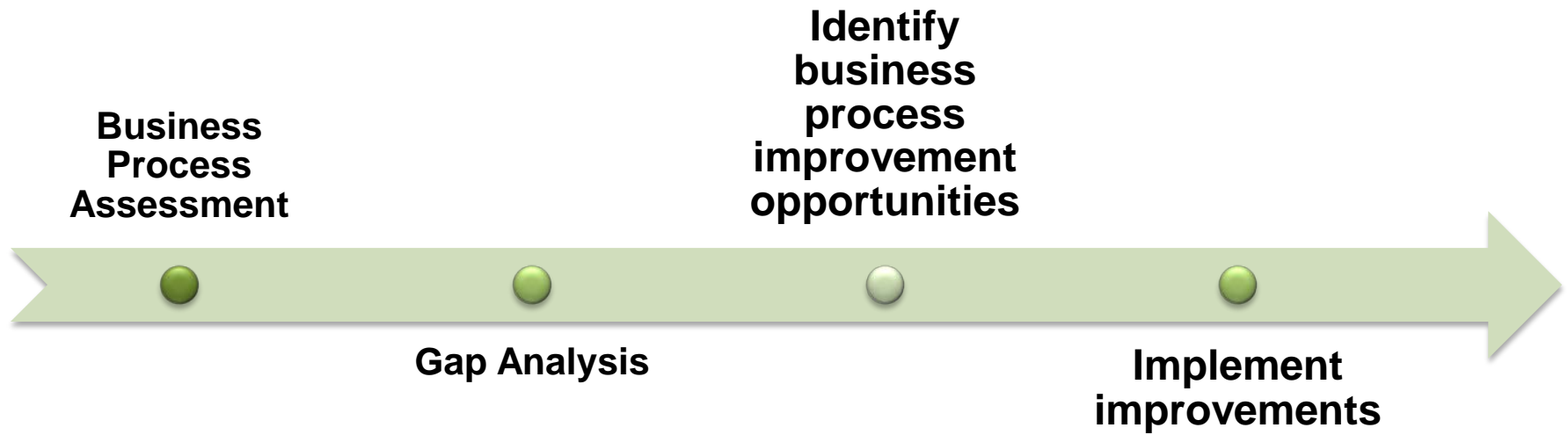
When inputting the same data sets in multiple systems

When control procedures are insufficient

Process



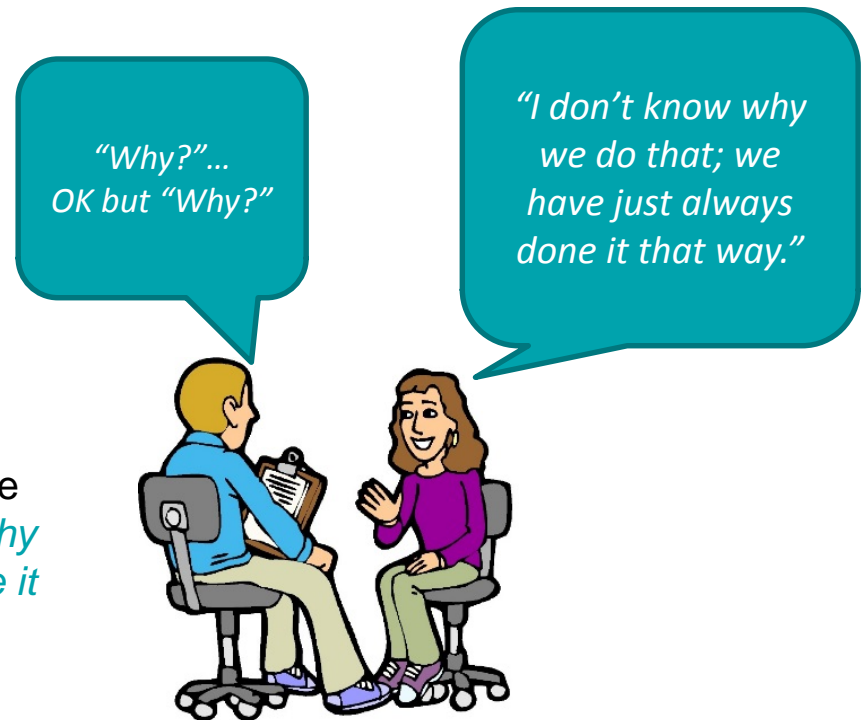
Where to start?



Business Process Assessment and Gap Analysis

Interview key staff members from each functional area of the organization to gain an understanding of the business functions, flow of information, and current controls.

- Channel your inner child! And don't be surprised if you hear: *"I don't know why we do that; we have just always done it that way."*



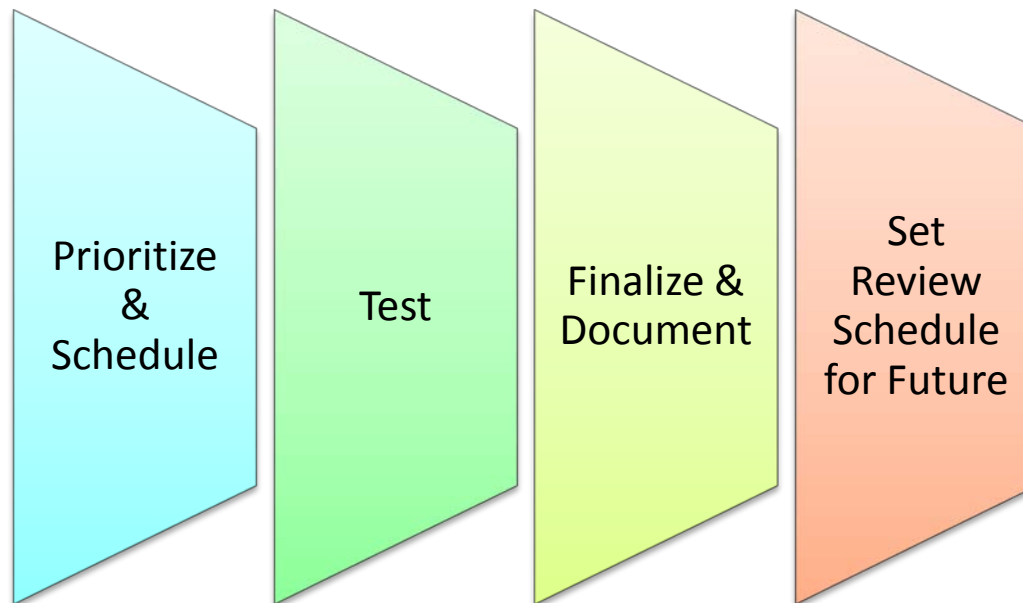
Business Process Assessment and Gap Analysis

Document current process and identify any gaps in current process and controls.

- *Process issues? System issues? People issues?*
 - *Most likely a combination*
- *Does the current process agree with your policy and procedure documentation?*

Business Process Assessment and Gap Analysis

Institute business process improvements that increase efficiency and limit risk throughout the organization.



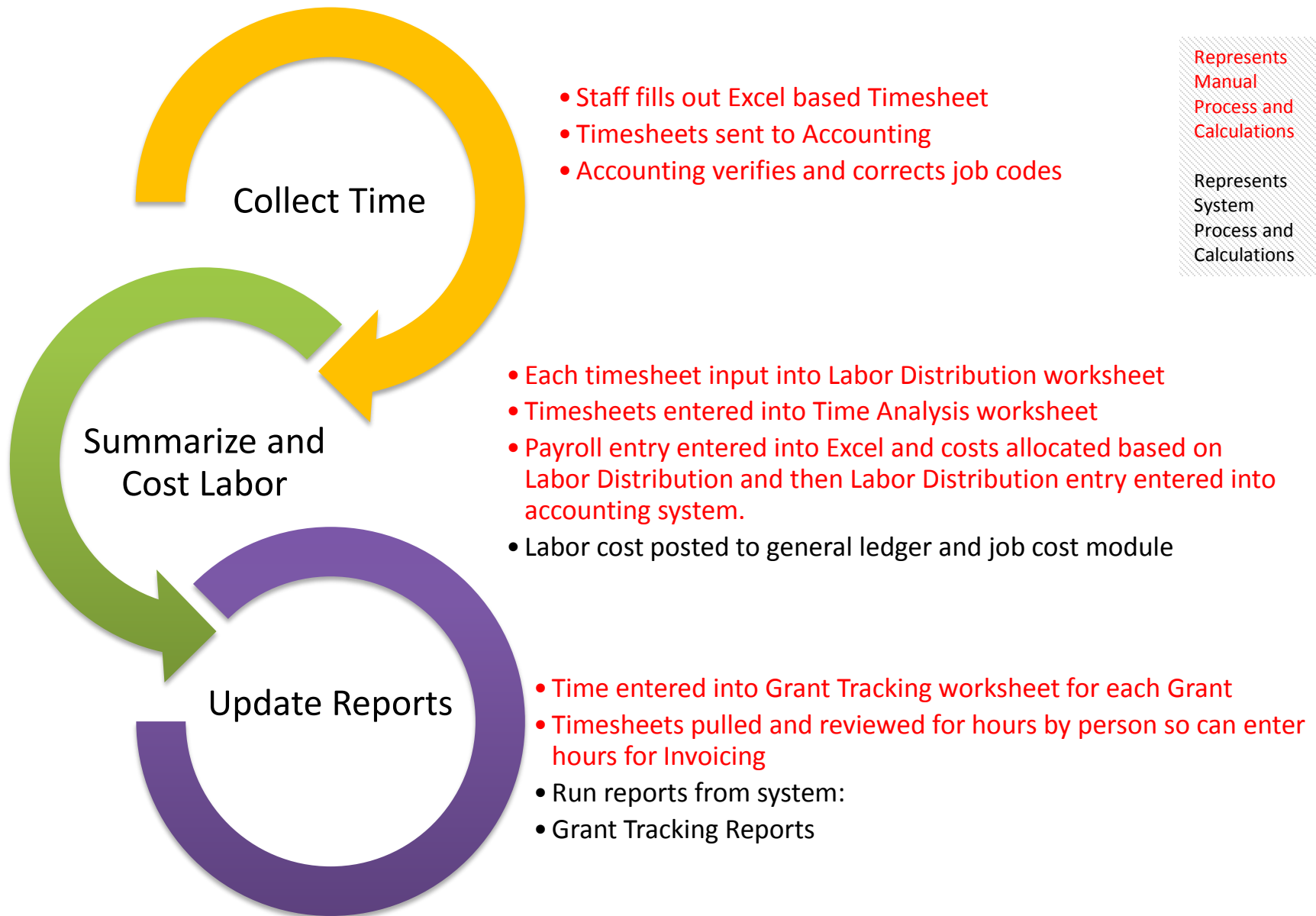
Example of Process Improvement

Client: Nonprofit

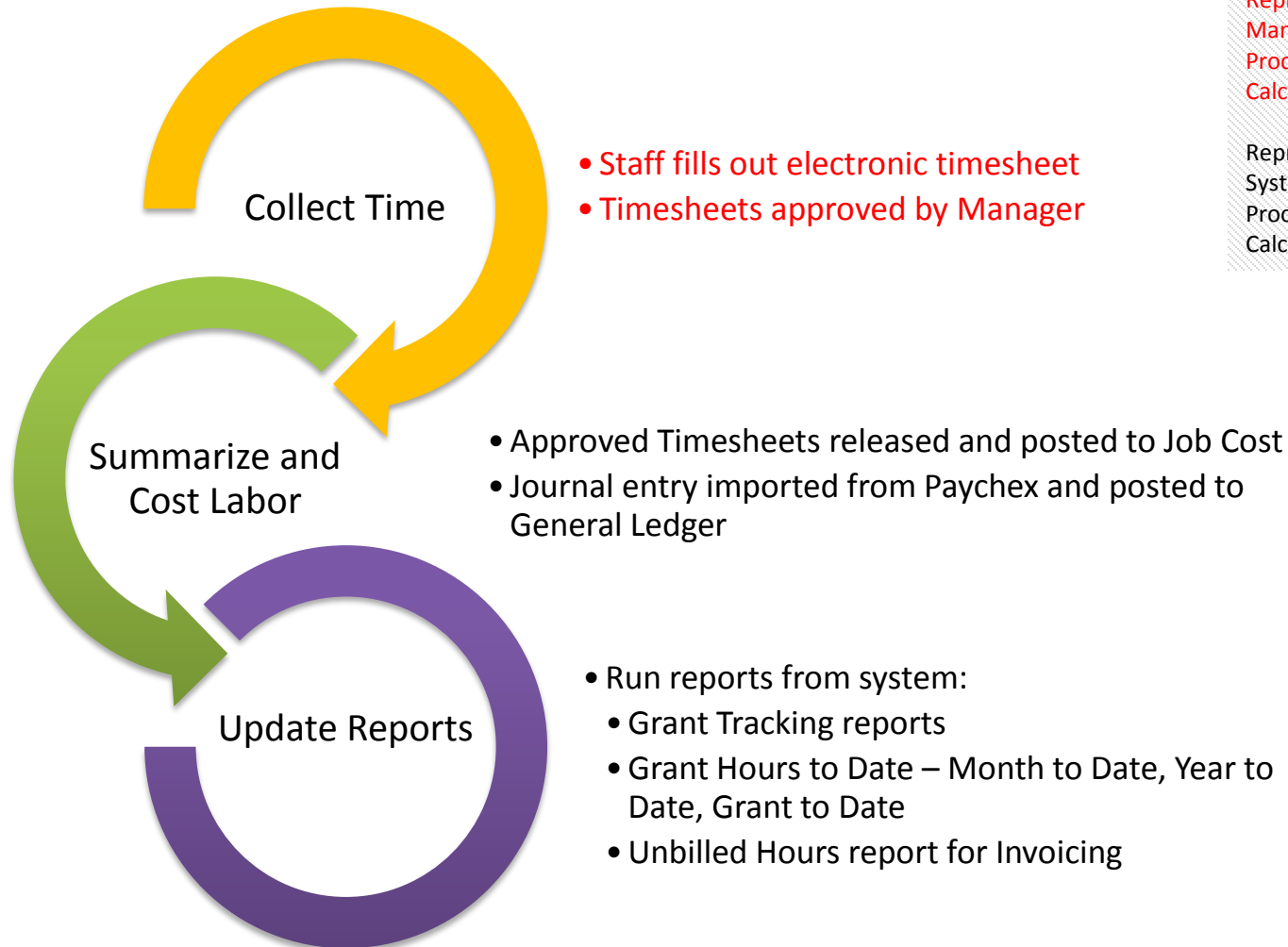
Process: Time collection and reporting

Estimated efficiency gained: 3 days per month

Time Collection Process - Current



Time Collection Process - Proposed



Represents
Manual
Process and
Calculations

Represents
System
Process and
Calculations

Process improvement take-aways:

- ☐ White board
- ☐ Document
- ☐ Channel your inner child



Systems

Efficiencies

Complete

Useable

Valid

Timely

Accurate

When to look at Systems?

When financial system is outdated and/or support and training resources are scarce.

They struggling to close timely and/or produce accurate monthly financial reporting package.

Then using an excessive amount of Excel worksheets to track information.

Then imputing the same data sets in multiple systems.

What is ERP?

Enterprise Resource Planning (ERP)

Business process management **software** that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources.

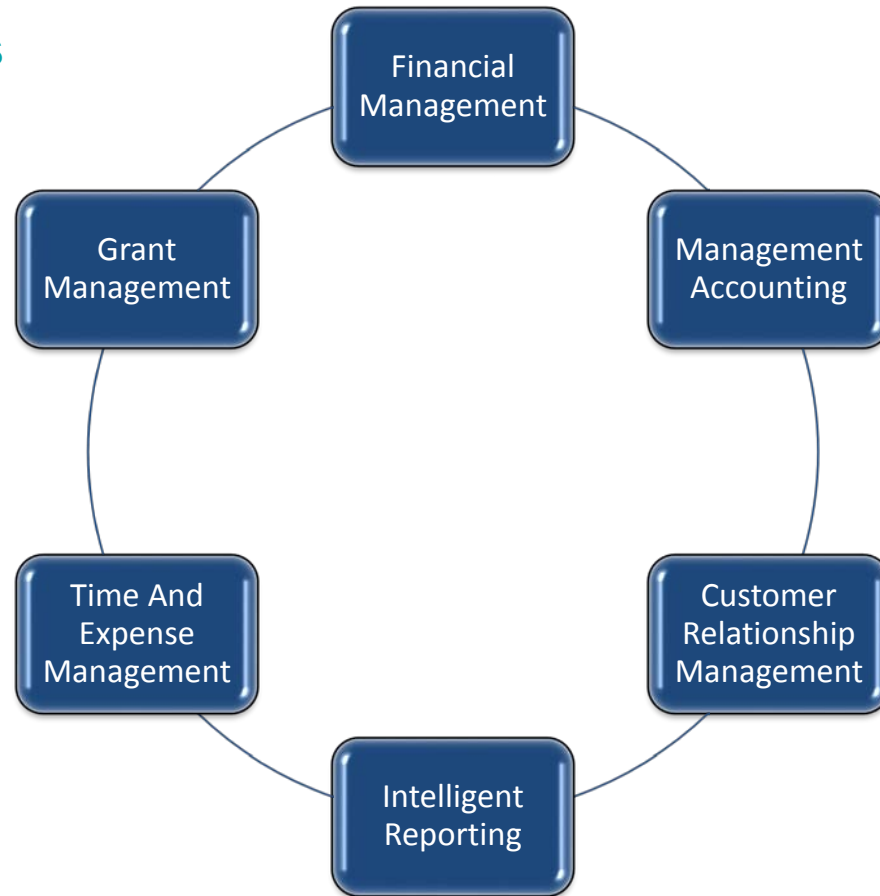
www.webopedia.com/TERM/E/ERP.html

Why is ERP important?

An ERP system provides real time information to the entire organization. Every function and every individual is operating from the same set of data while the business rules and system processes that are in place ensure accuracy of data and reports.

In addition to gaining substantial efficiencies across all departments, the system can provide workflows and tools for various functional areas so they can take control of their information flow.

ERP Systems



Dashboards and Key Performance Indicators (KPIs)

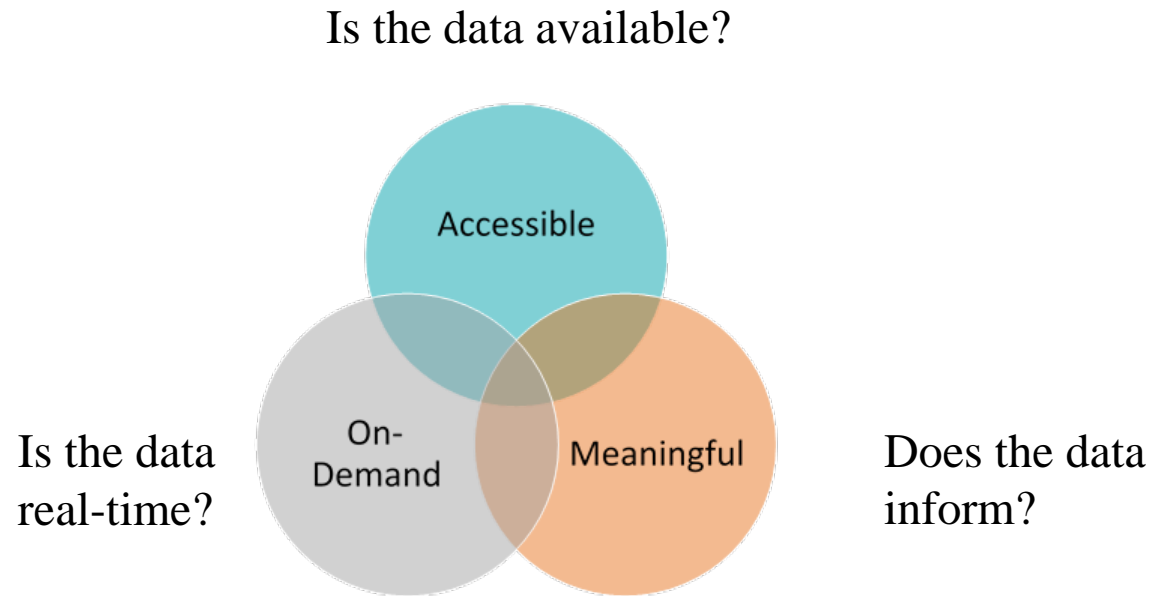
Dashboard – *a customized view of information to focus the user's attention*

Key Performance Indicators – *Provides feedback about how the organization is performing against established critical success factors*

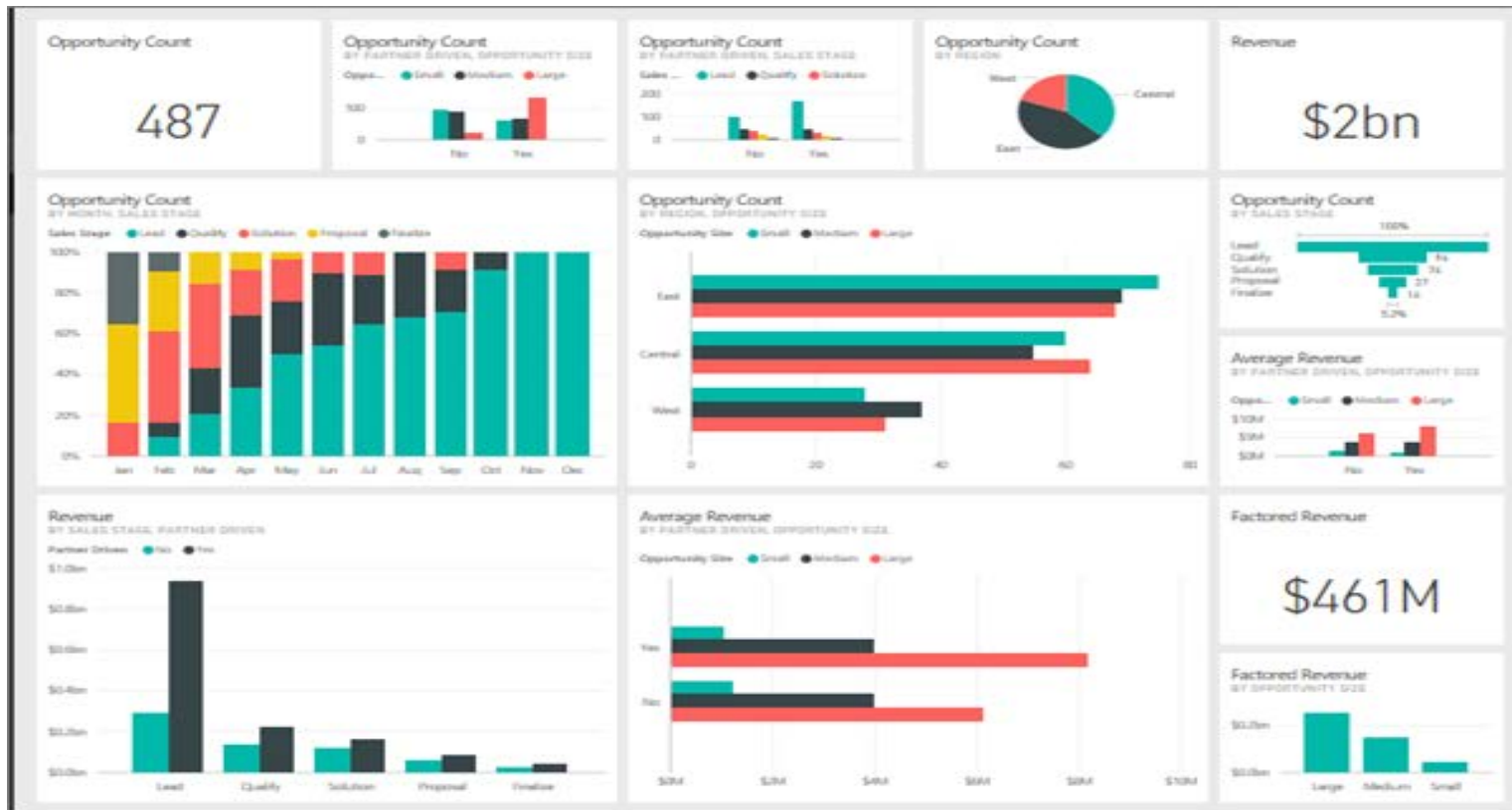
Both = Real Time Actionable Data

- Drives operational decisions
- Identifies bottlenecks or issues
- Measures performance against goals or critical success factors
- Presented in graphical formats for ease of use

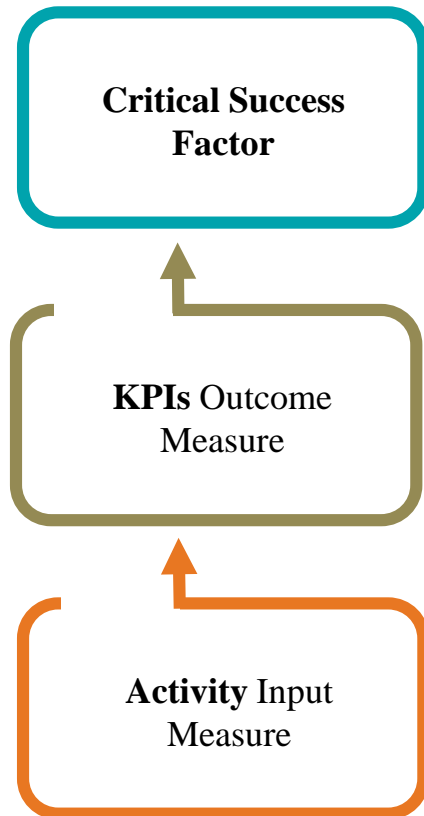
Getting the Right Data from Systems



Dashboard Example:



KPI Example – Finance



Critical Success Factor:

- Cash Flow

KPIs (Lagging Indicator):

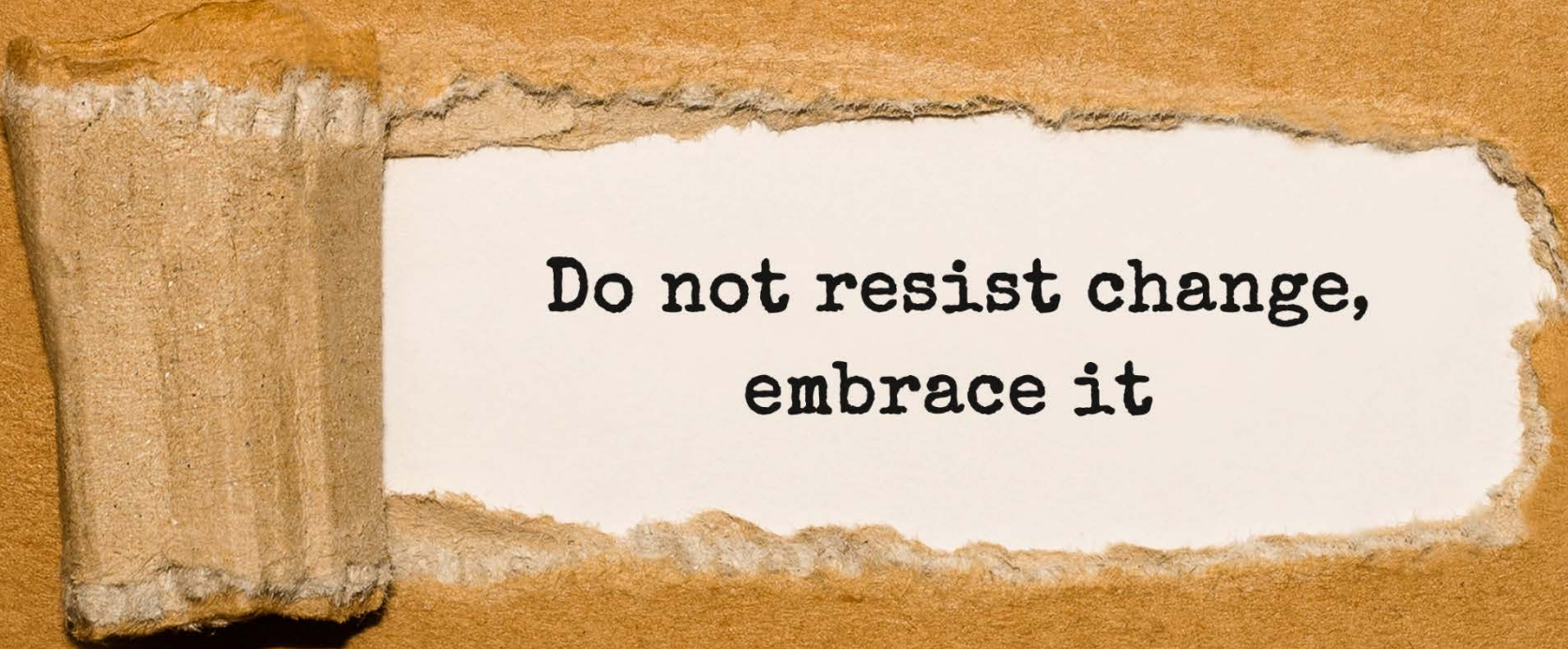
- Receivable Days (Goal: Reduce A/R from 65 to 45 days)

Activity Measures (Leading Indicators):

- Time it takes to get billing out (Goal: 24 hrs)
- Errors in billing statements (Goal: 98% accuracy)
- Making collection call at 30 days past due (Goal: 100%)
- Time spent on billing training
- Cash collection at time of service

We need a new system! Now what?

The success of any new system implementation is predominately dependent on the willingness of the organization to embrace change.

A piece of white paper with a torn, deckled edge is placed on a brown cardboard background. The paper has a vertical strip on the left side that appears to be a piece of tape or a binding. The text on the paper is in a black, monospaced font.

**Do not resist change,
embrace it**

We need a new system! Now what?

- **Acknowledge that a “cultural shift” will be needed in order to improve business processes and accountability.**
- **Establish “buy in” with every person in the organization**
 - Management clearly communicates the need for change and establishes the benefits to the organization
 - Management clearly communicates how the system will impact each department and position
 - Management listens to and addresses any concerns raised. This should be done as early in the process as possible.
 - Identify a few key “sponsors” for the project that will be champions of the project and strongly influence the cultural changes needed.

New system – Take a Phased Approach

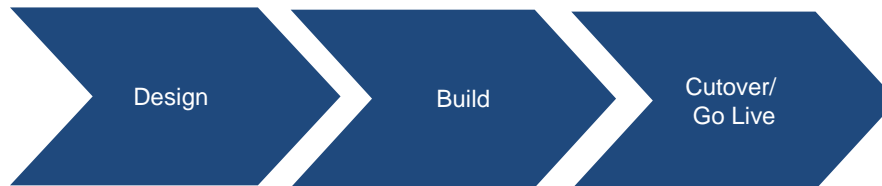
- Phase 1: Business Process Improvement/Gap Analysis



- Phase 2: System Selection



- Phase 3: Solution Implementation/Benefits Realization



System take aways:

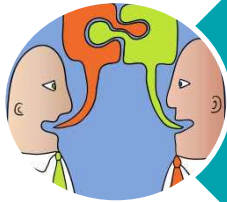
- ☐ Sketch out a dashboard
- ☐ Do you have data to fulfill it?



People



Who should we hire to meet our challenges?



How do we keep them engaged and relevant?



What should we do to retain them?

When to look at People?

When struggling to close timely and/or produce accurate monthly financial report packages

When control procedures are insufficient

When the org is not embracing change; yet constantly looking for ways to gain efficiency while maintaining accuracy

When there is no roadmap or strategic plan

When there is difficulty attracting talent

When turnover rates are high

When you are Over/Under hiring

When there are training issues

Hiring Strategies

- Non Traditional Hires
 - Reentry
 - Retirees
- Part-time/Fractional/Outsourcing
- Cross training
- Mentoring

Positive Workplace and Retention Ideas

Positive Workplace and Flexible Environment are key to retention

- Remote workers
 - Efficient
 - Retain/attract a wider group
 - Need to keep engaged through skype and other interactive media
 - Requires different management techniques
- Changing workspace
 - Multiple screens and employees multitasking
 - Collaborative set-up
- Measuring output vs input
 - Flexible for personal appointments
 - Lax PTO policy
 - Adaptable work/life balance opportunities

Look who's on the bus...

“In fact, leaders of companies that go from good to great start not with “where” but with “who.” They start by getting the right people on the bus, the wrong people off the bus, and the right people in the right seats.” *Jim Collins, Good to Great*

People take-aways:

- ☐ Do you feel like your people are in the right seats?
- ☐ What would you change if you had no fear of firing, moving, etc.



Conclusion

- △ Continue to evaluate for relevancy
- △ Right-size is an efficient way to ensure your organization has the right people, process, and systems
- △ AAFCPAs is happy to help in any way we can:
 - Managed Accounting Solutions
 - Business Performance, Internal Controls & IT Advisory

Questions and Comments



AAFCPAs Areas of Practice



Tax Planning & Compliance

- Business Tax
- International Tax
- State and Local Tax (SALT)
- Nonprofit Tax
- Unrelated Business Income Tax
- Individual, Family & Fiduciary Tax



Audit & Assurance

- Financial Statement Audits
- Uniform Guidance / Single Audit
- Reviews & Compilations
- Uniform Financial Report (UFR)
- Employee Benefit Plan Audits
- Service Organization Control (SOC) Reports



Advisory

- Technical Accounting Advisory
- US Market Entry Point Consulting
- Business & IT Advisory
- Business Process Controls & Performance
- Succession Planning
- Business Valuation
- Employee Stock Ownership Plans (ESOPs)
- Financial Forecasts & Projections
- Forensic Accounting
- Managed Accounting Solutions
- Healthcare Consulting & Reimbursement
- Litigation Support
- Nonprofit Management Consulting
- Technology Risk & Cyber Security
- Wealth Advisory & Financial Planning
- Tax Credit Transaction Consulting



Thank You



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