

No more Peaks



Once a month, people in the finance community are overly busy – executing postings, doing reviews, applying corrections: obviously it is time for period end activity, again.

With all the investments in modern ERP systems, one would ask whether there is a way to avoid these peaks at period end.

So, is there a way?

The Impact on Controls and Corrections

Approaches that are based on peaks result in the known issues of workload and overtime. This is a topic of resource management, and the higher the workload the more probably a single failure will impact all the planned timing.

Looking at this from a different view: In today's environment the topics of governance and steering are getting more important. Now, peak workloads commonly are coming with higher error quotes, therefore are attached to higher risk.

Steering, Controls and Analysis

The classic closing and the corresponding steering cycle follow a sequence of

- Closing the books
- Analysis
- Review prior action, define and implement new action

As analysis is based on closing the books, the review of the efficiency of prior action and the possibly required definition of new action items can be done once a month only. Just imagine you could do such a steering cycle at any point in time, possibly several times during the month, possibly even on line!

The ability to execute controls and to do analysis is also impacted by availability of resources. Today resources are bound by period end processing – imagine resources are free during period close! Controls can be much more efficient and resources can be redirected to value adding analysis.

The Opportunities of an Integrated System

The books and records are just a picture of the financial impact of core business transactions, and the system records this financial impact at time of the execution of the underlying core business transaction. In the end this is why we call it an integrated system! Changing the focus from period end activity to timely and complete closing of core business transactions would update the books and records at any day and any time.

Additionally, the review and correction process can move out of the close.

How to Leverage these Opportunities

The change starts as easy as identifying the tasks that are executed as part of the period end, using the categories

- Transactional
- Time dependent
- Event driven

“Transactional” are items that are triggered by a transaction in a core business process. In many instances, routines like settlements, reviews, or corrections are part of the closing process. Move these to be executed as part of the core business process. In other instances this will be around completing information, so the core business transaction need to be enriched to capture this information on a transactional level. While moving items is just about changing work routines, enrichment may require configuration.

“Time dependent” routines need to be executed at certain intervals. Change the interval to be outside the closing routine, ideally change intervals to daily or weekly.

“Event driven” are routines that are business processes of non-transactional nature, and capture the financial impact at the time of the event. This is a change management topic.

The Result

Although the volume of work may not change, the work allocation is changed. The peak is gone. And finance can support business through analysis, whether at period end or online and real time.

This easier to achieve than one might assume - we are happy to support you with our expertise.

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