Building a Resilient Accounting Organization in a Time of Uncertainty

We're all charting new territory in the midst of the COVID-19 pandemic, and learning how to navigate the uncertainty that has spread across the globe. As accountants, you've built your careers around mitigating risk and uncertainty, so this state of continual change may be even more challenging for you and your teams.

BLACKLINE

We're continually hearing about the importance of maintaining transparency into accounting operations and preparing for increased demand for visibility into financial performance— especially as many organizations are advising or mandating employees to work from home.

These are unprecedented times, and they are changing the way we all work. In order to minimize the impact on business operations and productivity, it's essential to apply a multi-pronged approach by developing strategies around preparation, prevention, mitigation, and innovation.

Enable Remote Work & Identify Potential Roadblocks

Gartner sees this remote-work experiment as a "great opportunity to prepare for the future— when automation has expanded the role of knowledge workers and the preferences of younger generations demand that organizations provide remote-work options."

But there is preparation to be done as F&A organizations shift to a working from home model. According to Gartner, "54% of HR leaders in our snap poll indicated that poor technology and/ or infrastructure for remote working is the biggest barrier to effective remote working."

Best practices and ideal use cases must be communicated to improve the effectiveness of technology like cloud-based applications and VPN. One of the first common-sense steps can be creating a work from home technology checklist and guide.

Elements can consist of ensuring everyone can schedule an online meeting, share their screen if necessary, and conduct video meetings. It also might include making sure that online collaboration tools are readily available, channels are set up, and the company's list of cell phone numbers is up to date and accessible.

Beyond the basics, it's also essential to understand if there are traditional, hardened accounting software or processes in receivables, payables, reporting, or other areas. The goal is to identify any tasks that have traditionally required being in the office, such as journal entries, manually downloading large files for reconciliation, paper filing processes, or desktop apps that may not be amenable to remote work.

Ideally, a plan should be created to shift those tasks to the cloud, if possible, and digitize paper processes or perform them differently so they can be accomplished remotely.

BLACKLINE

Expect an Elevated Need for Data & Support

With an impact on customer behavior, supply chains, liquidity, foreign exchange, country-level operations, and business functions, enterprises face increased financial uncertainty.

Finance and functional leaders will need to adjust forecasts and assumptions require ready access to data to do so. This need for more data faster may come at a time when Finance and Accounting may be more challenged to provide it, given transactional accounting priorities.

Over the coming months, accounting operations should review any opportunities to reevaluate repetitive, manual, high-volume accounting processes. Automation or change management could help free up staff so they can act as stewards of data and advisors of financial performance for other department managers and executives.

As part of ongoing accounting modernization efforts, some organizations have already begun using automation to move month-end record-to-report processes, such as reconciliations and journal entries, to be performed as they happen.

It's a change that enables them to gain a clearer financial picture at any point within the accounting period, which can be particularly valuable when business performance is in flux.

Understanding Changing Period-End Work Patterns

A distributed F&A organization can also hinder visibility into the current status of month-end close tasks while the process itself is under stress and a degree of flux.

If assessing the status of the close is ordinarily dependent on in-person staff meetings, or a single staff member manually updates and distributes status spreadsheets, it may become challenging for accounting managers and the controller to assess period-end issues and act in a timely way.

Start by identifying critical finance and accounting processes, risks across the end-to-end financial close, and the impact these could have on operations. Identify bottlenecks using metrics, such as areas like timeliness, aging items, unreconciled items, or other process KPIs that may be trending.

This can help organizations prioritize efforts around automation, modernization, and innovation, and better enable timely attention and corrective action to the most critical areas—whether it's reviewing account balances, managing accruals, tax, or other items.

Business Continuity Testing & Planning

Business continuity management is fundamental when preparing for a pandemic. Now is the time for accounting organizations to evaluate processes, documentation, and SOX/internal controls information to ensure they are shared and readily accessible.

A key consideration for Accounting is coping with the potential for increased absenteeism so that core accounting processes keep running, continuously. Organizations must evaluate how much of the financial close is dependent on staff accountants and managers who may possess institutional knowledge that is not sufficiently documented, who are depended upon for reviews and approvals, or who have expertise that is not widely shared around crucial accounting tasks.

These kinds of dependencies, or the inability to easily adjust task owners amid changing circumstances, may create business continuity risk.

It's essential to redesign your processes and workflows so that assigning, executing, reviewing, approving, and routing accounting and period-end tasks isn't reliant on a few employees, or buried in spreadsheets or inaccessible paper binders.

Information and process must be centralized and managed to ensure collaboration. Additionally, the organization must be able to quickly make adjustments, such as reassigning task owners and approvers, as workforce conditions change.

BlackLine is committed to sharing insights and continuously working with the finance and accounting community to navigate this fluid situation calmly and responsibly together. Whether you're a customer, partner, or finance and accounting professional looking for advice, we welcome your questions and insight.

BLACKLINE