



Clutter-Free Accountancy:

Best Practices on Technology,
Process and People Change

INTRODUCTION

Digital transformation is first and foremost associated with technology change. And indeed, more often than not, the key stumbling stone on the path to higher efficiency is legacy technology that dictates the way people work rather than flexibly support new ways the business strives to evolve.

Especially in accounting, SMBs still use a lot of practices that are locked into paper systems where collecting and filing relevant data is a job of its own. It takes forever to find and collate pieces of information in order to prepare a reliable basis for time-critical finance decisions.

At the same time, even with a successful technology upgrade and all stakeholders willing to move forward, the digital drive can be hindered by an even bigger challenge: the mind-set change.




In the end, all processes and technologies within an organisation serve the same goal: to ensure best decisions are made based on the best knowledge, data, and expertise available



The Challenges

THE CHALLENGES

Recurring challenges in SMB accounting mainly come down to paper trails. The most prevalent ones are:

-  Collating and finding scattered finance data
-  Maintaining decision control
-  Sustaining finance data quality



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“Paper slows down business — and makes it expensive to find the information needed.”

Paul Struckman
DIRECTOR AT BALANCED



COLLATING AND FILING SCATTERED FINANCE DATA

Paper systems are incredibly tedious. Important institutional knowledge resides within the minds of individuals, while key finance data is scattered across multiple paper copies.

Maintaining the paper trail — that is to say, collating and filing all of that paper-based information into some usable format — becomes an almost full-time endeavour.

And should the person responsible for the organisation of paper records decide to quit or simply take a sick leave, there is no easy way to pick up the reins by either hiring a new employee, or by going down the delegated accounting route.

For either option to work, it first requires a thorough understanding of the existing data and decision-making process. Without this level of insight, it's difficult — if not impossible — to do anything remotely useful with the data.



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“It takes forever to find pieces of information on paper sources. And when you do find it, it’s not in the format that you can make decisions on.”

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DIRECTOR AT BALANCED



EFFECTIVELY MAINTAINING DECISION CONTROL

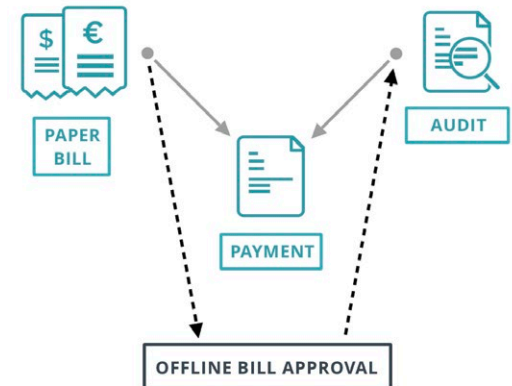
Processing paper is costly in terms of time and effort. What's more, it inevitably leads to the breakdown of critical processes, causing a delay or even complete lapse of oversight in business and finance authorisations for documents.

In a paper-based world — and even with scans and emails — finding and reaching out to the appropriate business approvers takes time, especially since people and responsibilities change frequently on the business side. So, if you are to pay your suppliers on time, you need to get executive approval fast. That means asking your closest executive to approve promptly.

In the worst-case scenario, it means proceeding with payment without an approval — and authorising payments post-factum, primarily for audit purposes.

REACTIVE PAYMENT

Payment authorisation takes place only AFTER the money has left the bank, primarily offline and with critical accountability risks for the accountant.



SUSTAINING DATA QUALITY

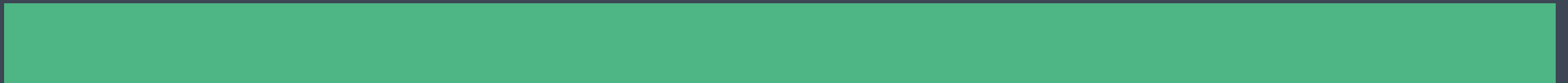
A major aspect of accounting and finance management is to provide business executives with a clear picture of the company's or organisation's financial health and to help make the correct business decisions when it comes to managing spending and investment.

In a paper-based world, with all the pains of collating and filing information, providing such reports is costly and time-consuming by itself. Even worse, data quality suffers due to the resulting time delays and broken decision-making process — and the reports become less valuable because of it.

The reason for declining data quality is the loss of business context when finance approvals are made weeks or months after the payment has left the bank. Business approvers — who actually hold the business context — simply do their review too late to remember what a particular transaction was about and generalise the spending description.






Implementing Change



IMPLEMENTING CHANGE

Finding the path towards better efficiency implies undergoing the following principal changes:

-  Technology change
-  Process change
-  Mind-set change



TECHNOLOGY CHANGE

In accounting, the starting point for driving technology change is the introduction of a modern cloud-based accounting platform such as Xero. Xero provides for data digitisation and centralisation, and enables quick and easy access to all your accounting and finance data.

It is a perfect solution for establishing a secure environment for remotely operating teams in need of efficient collaboration and the ability to work on the go.

Another advantage of a cloud-based accounting platform compared to a desktop ERP is the ability it gives organisations to flexibly outsource bookkeeping and accounting and retain the required level of financial control while increasing process efficiency.



AUTOMATION AND DECISION CONTROL

Enhancing the cloud accounting platform with a decision control system would be your next step in implementing the digital change. A decision control system -or an approval workflow solution as a subset thereof — will take care of automating your approval process.

This includes the setup of granular review and authorisation roles, and keeping the approval process running by sending notifications, generating reports, and handling approval exceptions.

Complementing a cloud accounting platform with a decision control app to replace a manual or email-based system is very rewarding. It will boost productivity and help you establish a proactive, real-time decision-making process that ensures better process efficiency and higher executive accountability.



A FULLY DIGITAL AND AUTOMATED APPROVAL PROCESS

ApprovalMax enhances cloud-based accounting software with multi-step and multi-role finance document authorisation as well as complete decision control.


PROCESS CHANGE

Migrating from a legacy software while retaining the existing processes won't help move forward on the efficiency improvement path. All business processes, meaning the way your business activities are done, need to be carefully reviewed and adapted to reflect not only your current but also your future business needs.

First, review industry best practices and then do a mapping to associate them with what you already have and what you would like to achieve.

Next, single out a not business-critical process or a set of processes that you are most familiar with and start modelling. A great thing about the next-gen cloud software like Xero and ApprovalMax is that they are truly no-code and let you do the modelling without calling on IT resources for help.

When you're happy with a process subset, do the roll out for the whole organisation. With all the experimenting and testing over and the new expertise under your belt, it's a good time to take care of your more complex and interconnected processes.



PROCESS CHANGE (CONTINUED)

And last, but not least: keep in mind that planning is key! Spending sufficient time planning the transition ensures the implementation and the post-implementation support will run smoothly.

For example, it sometimes happens that after testing a very good piece of software that appeared to be great for your organisation, you ultimately find it difficult to adopt because of the unforeseen and unclear scenarios that no-one knows how to cover.

The reason is likely that you have not spent enough time planning for the process change and a lack of planning resulted in an impossible execution.

This is oftentimes quick and relatively easy to fix and only requires some additional time of your team working on modelling and planning the process change.



As noted by Paul Struckman, here's an average implementation effort split:

- **50% Planning**
- **20% Implement with staff**
- **30% Post-implementation support**


PEOPLE AND MIND-SET CHANGE

Overcoming legacy practices bears an even greater challenge though: changing people's attitude.

To lead this change process, you'll need to argue your way through people's minds and implement the desired change as efficiently as possible. Although it might seem logical to engage your most enthusiastic supporters first, you should instead start with those who are emotionally invested in legacy approaches the most.

Noteworthy too: involving all stakeholders early in the review and assessment of new technologies and processes ensures a maximum chance of negotiating and adapting the change, if necessary, and it also helps avoid last-minute red flags.

“A big part of my role has become people change,” says Paul. “Convincing people to alter the way people usually do things is the most challenging task. But the benefits are appreciated almost immediately.”





Select Best Practices

SELECT BEST PRACTICES

Looking at best practices reveals that there are several aspects to a successful change management.

One is applying best practices from similar types of organisations and business scenarios to speed up process adaptation.

Of course, it's essential to get all stakeholders on board as early as possible and to maintain their active engagement throughout the project.

A safe and proven implementation strategy is to start rolling out new processes in a single department and then expand to all processes across the organisation once positive results are yielded and benefits are confirmed.

Finally, find the most change-resistant members in the client's team that have a firm stand on the old paper-led ways and start work with them. This will indeed accelerate the whole change management process.



Summing up the Benefits

SUMMING UP THE BENEFITS

The great thing about going clutter-free is that benefits are immediate. Changes brought on by an innovative technology can literally happen overnight and, given the right processes are in place, will skyrocket the individual and team productivity.

At the same time, optimising the underlying business processes facilitates long-term agility and enables organisations to differentiate themselves among competitors and scale. And as a final point, process improvement reduces financial risks — which is always a good thing.



Thank you!

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