

8 attributes of successful FDs

It works for them.
Could it work for you?



While no one is breaking open the champagne just yet, there are signs that the UK economy is making a subdued recovery from what has been an extremely challenging period. However, as any upturn remains fragile, it makes sense to look at those characteristics that have enabled some British businesses to maintain operations – and even flourish – in recent years.

This whitepaper covers eight attributes of successful financial directors. We highlight the practical and proactive ways in which these FDs step back from constant fire-fighting to take a more strategic approach. In particular, we look at how they:

- Avoid the problems of a 'data deluge' and/or data silos, by integrating data and transforming it into meaningful information
- Automate routine day-to-day processes and communications, to ensure consistency and free up resources
- See the wood and the trees, by ensuring that both the big picture and the underlying detail are instantly available to them

We refer to the experience of the following IRIS clients, whom we thank for their assistance: Halo Leisure Trust, a charitable trust formed to run Herefordshire's leisure facilities; Metrow Foods, a specialist manufacturer and distributor of packaged frozen foods; and Nu-trel Group, a UK leader in the development, manufacture and marketing of fertilisers and associated products.



Integrating data and transforming it into meaningful information

1. Unify islands of information – don't waste time sifting and sorting data

It may be the tool of choice for the majority of organisations, but for too long FDs have been constrained rather than empowered by their Microsoft Excel spreadsheets. While relatively easy to use, spreadsheets have consistently failed to deliver the detailed, timely information required for proactive business management. Typical problems created by an over-reliance on spreadsheets include:

- With a proliferation of unconnected spreadsheets, it is impossible to gain a rounded view of the business
- Combining numerous spreadsheets to attain a single financial view consumes time and energy
- Issues around conflicting, unreliable information have to be resolved before the information can be used
- Creating a new spreadsheet, for example each time a new budget is set, means valuable historical information is wasted and the in-depth financial history cannot be tracked

As a result, too many organisations avoid complex financial analysis and opt for simple metrics, such as debt and credit figures. With no facility for measuring key performance indicators (KPI) and a lack of trustworthy data, tracking performance against business objectives often means adopting 'a finger in the air' approach.

The Microsoft Excel spreadsheet becomes a powerful tool if, and only if, organisations can integrate it into a real-time financial infrastructure. To proactively monitor business and track KPIs, the process for exporting information from the accounts system to a spreadsheet has to be simple, automated and completely accurate.

Successful FDs have long since replaced hand-crafted reports and spreadsheets with a single, integrated source of financial information. They use the technology available to link the cells of a spreadsheet directly with the data contained within their business management software. Then, every time the spreadsheet is opened the figures are automatically updated. This gives them accurate, consistent data to work with and supports the regular monitoring of KPIs and business performance.

The benefit is that FDs and their teams can spend time analysing data, rather than sifting and sorting it. This creates an unprecedented opportunity to review business performance, understand cost structures and undertake more complex forecasting activity.

2. Focus on the quality, not quantity, of management information

Successful FDs recognise the value of highly targeted information. In fact, they positively demand easy access to real-time information in an intuitive format. They know this is essential to support decision-making across the organisation, from board to budget holder, in a way that mirrors business objectives and business roles.

If management information is not delivered in a timely, relevant way, companies will fail to capitalise on their ability to respond quickly to business change or new opportunities. Worse, without visibility of key business issues, many will become victims of the UK's late payment culture.

Today's business management systems have gone some way to overcoming the problem, but in many cases, the result is a data deluge that FDs have neither the time nor inclination to wade through and analyse.

Your business management software should equip you with the answers to key business questions, such as: will new business be profitable; and is an expansion strategy sustainable or will it put too great a pressure on cash flow?

Having a customised view of the information according to role will support the organisation at every level of decision making, from ensuring profitability on a new customer order; to managing resources in coping with new business growth; to identifying potential cash flow problems in advance.

Underlying this information should be a data structure that provides easy integration with Microsoft Excel and other Microsoft Office applications and that creates a platform for a range of business-enabling tools such as real-time alerts and exception reporting.



Automate routine day-to-day processes, to ensure consistency and free up resources

3. Root out time-consuming manual processes

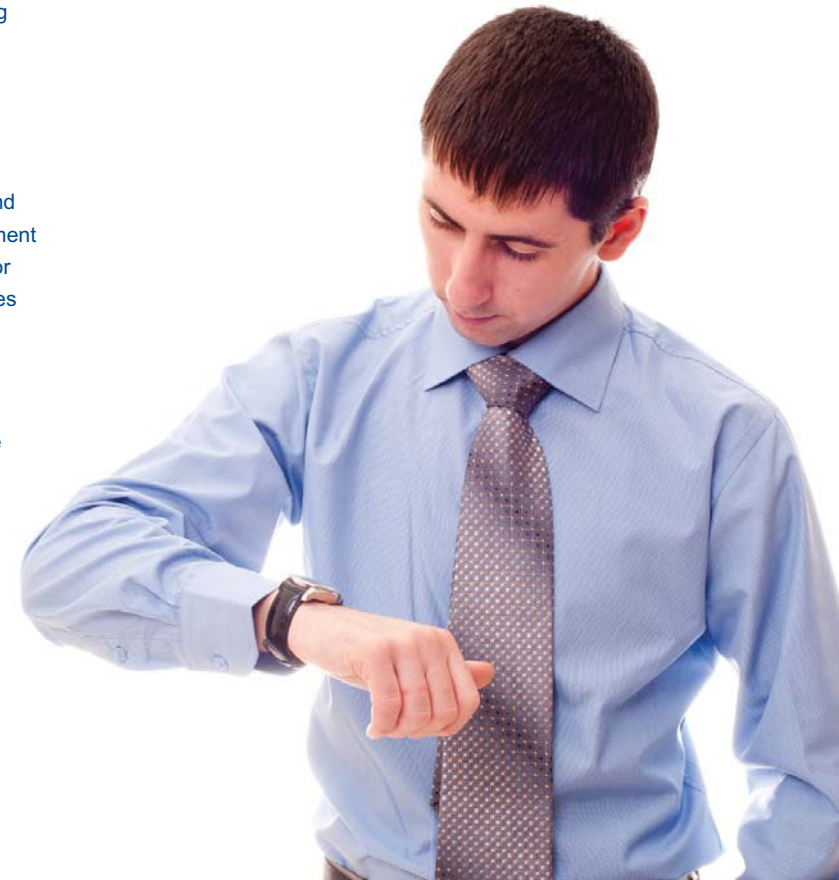
Good software that is tightly integrated with Microsoft Office applications will not only deliver improved real-time information to aid decision-making but will also transform the productivity of the accounts team.

Successful FDs maximise their use of technology to eliminate unnecessary manual processes, such as making multiple entries of the same information and repeated consolidations when trying to reconcile diverse sources of information.

Freed from laborious, manual administration, your staff can spend time on higher value tasks, such as credit control and reducing debtor days.

This automated approach can be extended to creating month end management accounts and statutory reports, such as the Statement of Recommended Practice (SORP) within the not-for-profit sector and the Construction Industry Scheme (CIS). This further reduces manual overheads and costs, while providing confidence in the accuracy of the reporting process.

But remember that any business management software is only as good as the people who use it. Wise FDs are not penny-wise pound-foolish in this area. They ensure users receive the initial training and occasional refresher training they need to utilise all the features of the software.



4. Automate workflow to shave costs and ensure consistency

A system with fully integrated alert functionality offers further opportunity to include the alerts within a workflow. Such functionality not only streamlines processes, such as credit control, but also removes many day-to-day mundane tasks from the FD's workload, freeing time to focus on more strategic initiatives.

So, for example, within credit control, if a customer exceeds their credit limit or fails to meet a payment deadline, these events could be set to trigger an alert, which could activate an automatic notification to the credit control team, or the production of a statement which can be sent to the customer via email.

The same approach can be applied to purchase orders – a bugbear of every organisation: invoices cannot be paid without a purchase order number yet most companies are still extremely lax about providing them. Using automated alerts, requests can be emailed out on a regular basis until the purchase order is received, all without manual intervention.

When dealing with suppliers, the purchase order authorisation process can also be expedited. When a user enters a purchase order that exceeds their limit, an email can be sent automatically to their supervisor who can then choose to authorise the order with their own unique authorisation code. This reduces the risk of overspending, removes bottlenecks in the buying cycle and increases efficiency.

Purchase requests can be authorised or rejected directly from the email and a further level of expenditure control can be introduced with particular personnel assigned to approve purchases and authorise expenditure. All this can be done at the touch of a button, from any location.

The automated issuing of purchase order numbers through IRIS Exchequer's Paperless module and Authoris-e has eradicated what was a very time-consuming manual task, which often resulted in the order remaining stagnant because a manager was not available to authorise it.

Now employees can create an order and send it to a manager for authorisation electronically, reducing the volume of paper in the office. Authoris-e will also electronically re-route the purchase order to another manager for authorisation if the first manager is unavailable. This makes the authorisation process much quicker and easier than it was before.

Halo Leisure Trust

5. Cut the cost and effort of being an excellent communicator

The cost of sending out essential documentation such as purchase orders, invoices and statements in a timely way can be a significant annual overhead.

Successful FDs leverage the automated production and authorisation of these documents to significantly reduce the need for manual intervention, while ensuring they communicate effectively with customers and suppliers. By using paperless technology, documents can be delivered electronically or by fax, which removes the cost of stationery and postage from the budget.

In addition to reducing overheads – and releasing storage and filing space – this automation enables improved customer service and credit control, as your team can simultaneously fax or email copy invoices to customers while chasing payments over the phone.

See the wood and the trees, by having both the big picture and the underlying detail instantly available



6. Stay tuned in to changing conditions

Successful FDs use automation within their business management software to set up alerts and exception reports to inform key personnel of potential problems based on pre-defined thresholds. In effect, they are letting the software do the leg-work for them.

This means that they can intervene and take action to head off any problems before they escalate and damage the business, but without the effort of having to stay constantly on the case. They can concentrate on the task in hand, knowing that their system is quietly monitoring key thresholds in the background.

Typical alerts include:

- Warning an FD if the bank balance is approaching a set threshold (often a percentage of overdraft limit)
- Alerting a budget holder if the budget is exceeded, significantly improving the financial management of an organisation
- Identifying a sudden drop in margin – is this due to sales people excessively discounting in a bid to hit quarter end targets?



7. See at a glance what matters most

It's all too easy to become mired in the detail and fail to see the big picture of what's happening in your business and operating environment. Implementing a user-definable dashboard will enable the key performance indicators (KPIs) that are vital to your business to be displayed and linked to an everyday business application such as Microsoft Outlook.

With a dashboard, you'll have an at-a-glance view of vital information such as top customers, most popular products and problem debtors. You'll still have the option to drill-down to the underlying data.

Because KPIs can be regularly updated throughout the day or on demand with a single mouse click, it is possible to keep a watchful eye on sales performance, stock levels, the all-important cash flow and any abnormal transactions. The monitoring of these and many other indicators ensures that swift action can be taken to remedy a problem and prevent it escalating.

Our reports are run automatically which means they are sitting in my inbox when I arrive each morning.

Metrow Foods



8. Take a proactive approach to reporting

It is a common myth that reports can be produced only when you are sitting in front of a PC or laptop. It is now possible to produce reports on demand while you're on the road and at any time of the day...or night.

By setting up a whole host of proactive alerts, key members of the organisation can be continually informed of developments, such as when the bank balance is nearing the overdraft limit. Customers and account managers can be notified when an account is placed on hold. Credit controllers and account managers can be warned when an account is within, say, 15% of the credit limit.

Reports can also be scheduled to be sent to employees and key partners including top customers and suppliers. This keeps everyone informed with minimum effort, helping to create a highly efficient environment and enabling them to take prompt action at an early stage.

IRIS Exchequer's proactive business alert module Sentimail gives us the ability to keep our sales staff much better informed. Fast access to information is what gives you the edge and IRIS Exchequer facilitates that for us from an accounting perspective.

Nu-trel Group



8 attributes of successful FDs

Having survived one of the most challenging periods of their careers, successful FDs are looking to maximise the value of the information they hold across their business and drive down costs by constantly hunting out inefficiencies and automating wherever possible.

They ensure their decision-makers are equipped with the information and tools to react with speed and agility to changing conditions.

To summarise the findings of this whitepaper...

Integrate data and transform it into meaningful information

1. Stand-alone spreadsheets are the enemy of meaningful business intelligence. Unify islands of information and integrate spreadsheets into your business management software, so they can be linked to real-time financial data.
2. What matters is the quality, not the quantity, of management information. Expect to have real-time data presented in an intuitive format that supports decision-making, with customised role-based views of the information.

Automate routine day-to-day processes, to ensure consistency and free resources

3. Root out time-consuming manual processes. Squeeze every drop of value out of your business management software to free your teams from mundane but important tasks that can drain your resources. Ensure staff are trained to get maximum ROI on your investment in your business management software.
4. Automate workflow to shave costs and ensure consistency. Avoid bottlenecks and ensure work flows smoothly through your organisation by using automated alerts within workflow to notify the relevant people of delays and exceptions.
5. Cut the cost and effort of being an excellent communicator. The production and distribution of essential documentation such as purchase orders, invoices and statements can be automated to help you to build close, profitable relationships with your customers and suppliers.

See the wood and the trees, by having both the big picture and the detail instantly available

6. Say alert to changing conditions. Let your business management software do all the work of monitoring your key thresholds, so you are kept fully up to speed with alerts and exception reports.
7. See at a glance what matters most. Dashboards linked to common business applications, such as Microsoft Outlook, will let you view the big business picture instantly and then drill-down to the underlying data.
8. Take a proactive approach to reporting. Pushing out reports to staff, according to pre-defined criteria, helps to create a highly efficient environment where key players have the information they need to take prompt action at an early stage.

Some of the concepts discussed in this guide can be applied whatever business management software you use. If, however, you would like to find out how IRIS Exchequer could help you to maximise the value of your business data and increase efficiency and profitability, please don't hesitate to contact us:

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