

# Ten victories for the Accounting function

By David Parmenter

In our seven years of running better practice exercises for the Accounting function, we have accumulated a wealth of better practice ideas. Based on participants' experience, the following suggestions have been made to assist you in aligning your Accounting function to "better practice".

**1. Take your accounting team off site** once every six months for a one day meeting. The agenda could include refocusing back to corporate goals, the finance goals, internal client feedback (e.g. results from a telephone survey), followed by discussion and setting of team and individual KRAs. You will find that when an individual agrees to be responsible for a KRA in front of colleagues, that commitment is more binding.

**2. Develop an "account management" culture** within the accounting function. The client base should be spread among your accounting function "advisers". One participant espouses the benefit of an "account management culture" within the accounting function. The accounting team is now totally driven towards creating value for internal clients and always ensure they have a one to one meeting at month end to discuss the numbers.

**3. Introduce more regular performance feedback for your accounting staff** - better practice is now four times a year. You can achieve this if you make your quarterly forms a paperless exercise. One manufacturing participant has found that it is most beneficial to have quarterly formal appraisals of their accounting teams with quite specific measurement criteria which go across the company. Measures need to slot into one of these five categories: top line, EBIT (earnings before interest and tax), service quality, LT contribution, and HR. One government participant has a way of ensuring that all performance assessments are performed on time. The six monthly bonus cannot be divided up until all assessments have been completed. The peer pressure ensures managers meet their commitments.

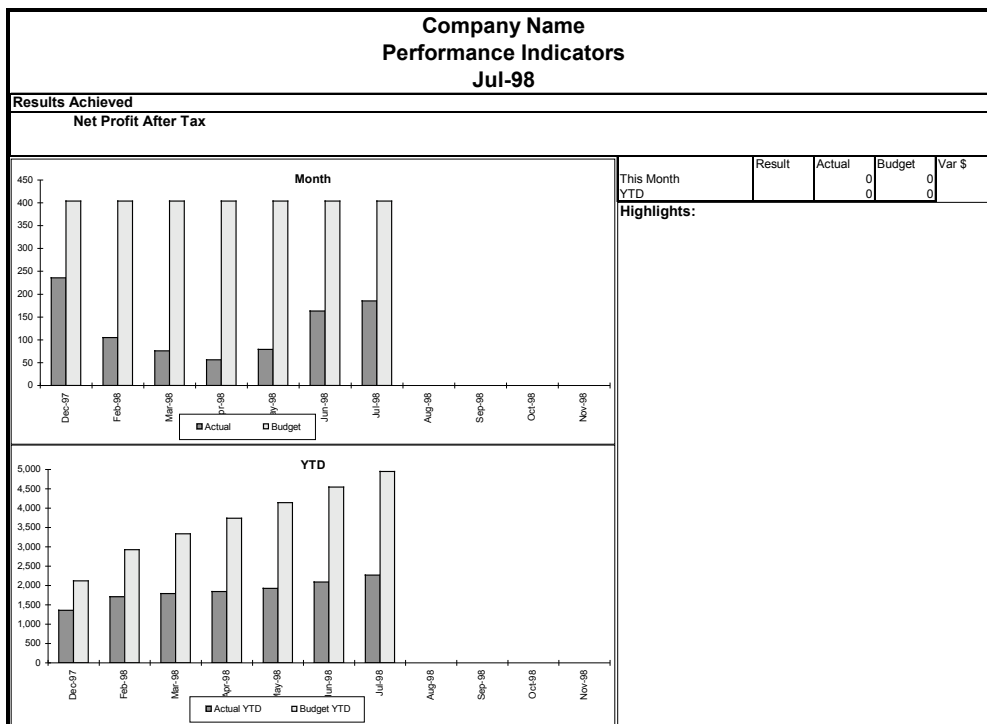
**4. Electronic commerce can revolutionise your accounting**, especially your accounts payable and receivable. Invest time now to understand the ramifications. One insurance company participant has made significant benefits by developing a "partnership relationship" with suppliers. For instance they were processing 9000 window screen claims and processing 9000 related payments each year. Now they have no claim forms and only 12 payments. Answer, a national glass company does all the work for them, they provide the call centre, they check to ensure car is a active policy, they then provide a schedule of weekly activity and process a monthly invoice, electronically of course.

**5. Use the supplier's GST number as the unique supplier's code.** As one participant pointed out the accounts payable staff can now search on, say, the first 5 digits and select from a list of 5 or 6 unrelated suppliers, whereas using the first 5 digits of their name will bring up like-named suppliers, making it harder to pick the correct one.

**6. Tighten up month end processing** by setting a goal initially of 5 working days with preliminary results going to CEO by the 2nd working day. Then progress to a deadline of the 3rd working day for the finance report. It takes 3 working days for one government participant to complete its monthly reports. The accounts are closed off on the last working day. Accruals are handled 2 days before month end with standing accruals for payroll etc. The focus of commentary is on the year-to-date so accrual precision is not necessary. Budget managers are required to provide their commentary in 5 working days. The final commentary is sent to the CEO by Email and is available to all staff.

One finance sector participant closes off on the nearest Friday and they manage to complete their report within 2 to 3 working days. On the Monday morning they present a one page "first look" at the results. This one page and the final results ignore any non "core business" accruals such as professional fees, tolls etc as they are "not material enough to warrant the effort".

**7. Make your monthly finance report work for you by introducing clear performance indicators and graphics.** Better practice is where tables, graphics and highlight commentary are on the one page. Clever graphics can summarise the situation much more clearly than detailed paragraphs of commentary. The accompanying commentary need only focus on the key points and the actions and decisions to be taken and made.



**8 Complete a user satisfaction survey for the accounting function.** Better practice is now to perform one of these once a year, and also to link it with your action plan for the coming year, so that you have already stated your commitment to undertaking the actions. These surveys do not need to take up major staff resources. The key is to make it electronic and to focus at least half the effort on working with the comments.

Companies such as Waymark can undertake this for you inexpensively, and also ensure you and your “customers” the benefits of third party confidentiality. We have found that customers who are secure that their comments will be in confidence give the freer and franker feedback which functions need.

**9 Look at replacing your Excel budgeting models** with something more robust. Participants are reporting gains from using Microsoft ACCESS, ESSbase, Adaytum and other standalone systems. One regional council participant has set up a budget database, on-line, using Microsoft ACCESS. The database accommodates budget phasing, funding calculations and non financial data. All users are entering directly into ACCESS. One participant in the education sector uses the **Adaytum budget programme** which provides a consolidated environment much more robust than Excel.

**10 Have an “accounting systems newsletter”** to cover the “gems” that are found from time to time in the system. A participant who has recently input a new accounting system has instigated a regular update newsletter to the key users. This update traps all those "system gems" that you discover by accident which make your life much easier. Not surprisingly, they have greatly advanced the use of their system.

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