The top twenty mistakes corporate accountants make (mistakes 1 to 5)

Performance management thought leader David Parmenter completes his analysis of how to avoid the top 20 mistakes made by corporate accountants.

5: Working hard but not being smart
Many accounting teams are characterised by hard working, serious and committed staff who unfortunately often do not take the smartest option. Why do we open our emails first thing in the morning, at home, on romantic dates? Why do we have morning meetings? Why do we always defer celebrations? Why do other departments have more fun?

Even looking at emails first thing in the day is a destructive habit. It risks losing at least one potentially productive hour, as you get bogged down in them. The facts are that nobody dies, or is at the risk of death because we have not looked at our emails. If you wanted to be that important to the human race you should retrain as a paramedic, a nurse on the emergency ward, a surgeon, an anaesthetist etc.

Action:
Take up an eight week challenge:

- Look at emails two or three times during the working day and never before 10.30am. Eliminate weekend email correspondence.
- Have an open ended debriefing every evening in the last 15 minutes of the working day covering how best to help a particular in house client who is having difficulties, ways to improve operations, plans for the next day and next week.
- Implement ‘kaizen’ (continuous improvement) by aiming for two successful innovations in the eight week period.
- Ban morning meetings for the finance team.
- Implement Action Meetings practices.
- Find a mentor.
- Make inroads into getting rid of your personal baggage.
- Put more emphasis on a service culture.
- Have a team intranet page.

4: Not investing enough in accounts payable
An accounts payable team is the centre of an accounting function. Without its smooth operation, monthly accounts cannot be prepared promptly. The company will not know its total liabilities, budget holders will spend too much of their valuable time processing orders and approving invoices for payment, and there will be a low level of accuracy in the monthly accounts due to missed liabilities and posting errors, etc.

Action:
Why do we go from an electronic transaction in the suppliers accounting system to a paper based invoice? It is crucial to change this.

3: Not adopting the purchase card
The average cost of the whole purchase cycle has been estimated at between USD65-85 per transaction – pretty horrific when you realise a high portion of your transactions are for minor amounts.

The bulk of invoices can be for low value amounts, especially if consolidated invoices have not yet been organised. It costs the same to process a USD10 transaction as a USD100,000 transaction.

Is it appropriate to request budget holders to raise an order in your purchase order system for a USD20 transaction? Surely the purchase order system would be better if it focused on larger invoices, where 100% compliance was a given.

Action:
Purchase cards are an ideal way to take control of processing minor value / high volume transactions that cannot be organised through an electronic consolidated invoice. They offer three liability options: limited to genuine business, company has sole liability, and individual has sole liability.

2: Not investing effort and time into leadership
Not intending to offend the reader I make this observation. In all the finance managers, financial controllers and CFO's I have met I have noted that of the many qualities they possess leadership has been conspicuous in its absence. I believe this is mainly due to a lack of focus in the area rather than a lack of leadership ability.

I would recommend all readers carefully absorb the lessons from the great leaders I have written about, see www.management.davidparmenter.com. . By practising these traits you will rapidly improve your leadership style.

Action:
Read these books, in this order:

1. Jack Welch with Suzy Welch, 'Winning', HarperBusiness (2005).
2. Ken Blanchard and Mark R. Miller, 'The secret: what great leaders know and do', Berrett-Koehler (2009).
3. At least one of the following books by Peter F Drucker: 'The effective executive' (2002); 'Managing in turbulent times' (1993), 'Management challenges for the 21st century' (1999); and 'Managing the non profit organisation' (1992).

1: Not celebrating enough
Accountants have yet to realise that a celebration is a great communication tool. I once came across an accounting team who were too busy to organise even their Christmas celebration!

By being too busy to celebrate your achievements, you are effectively saying you have nothing to celebrate.

Action:
Schedule your next celebration and make it happen. Invite members of the senior management team along.

In future:

- celebrate every project completion
- hold a staff meeting in a café once a month
- celebrate all team birthdays
- during team meetings thank at least three team members
- give cinema tickets / meals vouchers to those who go beyond the call of duty.

This article is an extract from a 110 page white paper that can be purchased from his website www.davidparmenter.com.