AUTOMATING AND IMPROVING GENERAL ACCOUNTING: ADVICE FROM AN IMPLEMENTATION SPECIALIST

Q&A with Liz Feltman (BlackLine Practice Lead, SandPoint Consulting)

Technology offers tremendous potential to improve the efficiency, transparency, and security of general accounting and the month-end close process. The automation and real-time tracking tools embedded in the latest accounting platforms help teams make faster, more informed decisions and free up time for more strategic work.

In June 2019, APQC spoke with Liz Feltman, BlackLine Practice Lead at SandPoint Consulting, about how organizations can advance their accounting processes, the ways technology can improve speed and quality in closing, and how organizations can successfully deploy automation in accounting. SandPoint Consulting helps organizations implement solutions for optimizing budgeting, planning, forecasting, and close processes.

ABOUT FELTMAN AND SANDPOINT CONSULTING

APQC: Tell us about yourself and your experience with general accounting.

Feltman: I currently lead the BlackLine Practice for SandPoint Consulting. I started my career in public accounting with a Big Four firm in the auditing area. This exposed me to a variety of industries, company sizes, and processes for closing the books. After I left public accounting, I went to an agricultural company working in internal audit, business analysis, and accounting manager roles. After that, I went to a global manufacturing company where I started as a technical accounting manager and ended up as the corporate controller for North America, overseeing the entire month-end close and reporting process.

I joined SandPoint Consulting in 2017 as a BlackLine implementation consultant, and since then have progressed to leading the BlackLine practice. (BlackLine is a cloud-based tool for automating and controlling the close process.)

Before we implemented automation at the manufacturing company, I would accumulate hundreds of paper-based reconciliations that needed to be approved at month-end. It would take hours to go through every reconciliation, so I'd have to plan meetings and trips around it. Then, at audit time, the amount of paper created a lot of confusion and rework, and in some years, extra audit fees. The complications of doing everything manually was overwhelming, such as the lack of consistency from person to person, errors in spreadsheets, lack of communication, and we always had problems due to "I thought somebody else was doing it" reasoning. With the

cloud-based tool, all the information I needed was at the touch of a button, and that was game-changing.

Moving to SandPoint gave me the opportunity to help companies improve their close process. SandPoint is a boutique consulting firm focused on improving accounting processes such as month-end close, management reporting and budgeting, and forecasting and planning. Our consultants have real-world experience in the general accounting, month-end, reporting, and audit processes, so we can provide best practice advice and guidance to people on the other side of the table.

IMPROVING GENERAL ACCOUNTING

APQC: What are the critical success factors for effective and efficient general accounting and close-the-books processes?

Feltman: Communication is probably the biggest thing, and it's an area where most organizations are lacking. There's an assumption that accounting doesn't need to know about everything that's happening, and that the close process is just a routine. But at the end of close—or even shortly after close—issues arise that we wish we had known about earlier. Communication is huge.

You also need an overall understanding of your accounting process, including the timing, roles, and the endgame. Everyone involved needs to be on the same page, and that ties back to communication. If you expect everyone just to do the same thing over and over and not understand why they're doing it, you're setting yourself up for wasted time and headaches.

APQC: What are some of the tools that you use to ensure a structured accounting process?

Feltman: You need to have a checklist to ensure every task is completed. The more detailed, the better. You need the pre-close activities, closing dates, post-close, all the way through to issuing financials.

If you can automate that checklist with technology, visibility becomes a lot clearer. You won't have to track people down when the CFO has a question about who did what and when—instead, you can just run a report and look at the results. You can see how everything relates to each other, so you don't jump ten steps ahead without completing the nine before.

APQC: What role do people play in ensuring effective accounting?

Feltman: Your people are critical. Whether your accounting is automated or manual, you have to treat your people like people. You can't assume that they know what to do and why. You have to communicate that and make sure they know their responsibilities.

It may seem like overkill, but you have to make sure nobody feels left out. That's something I learned both in my experience as a manager and as the person doing the detailed work. You

have to be engaged with your team during the close process and not take your team for granted, so spend time with them communicating and getting them on board.

APQC: How do you manage change and help people get on board?

Feltman: We see successful change when senior management supports the initiative. Their support is critical to the success of the project and they should be part of the ongoing communication. Once we have management buy-in, we have to communicate early and often. Make sure everyone feels they have a voice and that they understand the reasoning behind the change. Set up a time to talk to people individually or have a roundtable where people can come and ask questions. Whether it's the month-end process or implementing one of these new tools, make them feel part of the process. Go further than you think you need to and maintain an open-door policy.

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Remember that someone who never speaks up may have great ideas—they just don't feel comfortable sharing them. Help them feel as comfortable as possible. People who are involved in the process at a detailed level may have a better idea than you do at the fifty-thousand-foot level.

THE BENEFITS OF ACCOUNTING TECHNOLOGY

APQC: What are the key benefits of technology for general accounting?

Feltman: Manual accounting takes a lot of time. Technology makes everything faster and gives better transparency into the whole process. The document retention aspect of these technologies is also incredible. Instead of having to go look through file drawers and piece together what happened, everything is right there in the tool.

This technology also reduces the potential for error. A lot of these tools are meant to replace spreadsheets and the manual re-keying of data; they have built-in capabilities to handle things like an amortization or accrual schedule and do calculations within the reconciliation itself. If you're doing everything in Excel, it only takes one error in one cell to mess everything up. The technology gives you a template to follow and calculates it for you. Working in one closed system like this reduces the potential for errors to multiply.

APQC: How do you make the business case for investing in accounting software?

Feltman: Usually, when we see successful ROI, it's related to the ability to access information faster and have greater transparency into whether all the controls are complete, on time, and of quality. It's really about the accessibility of real-time information, which reduces time spent tracking things down and cleaning up the books.

Headcount reduction shouldn't be the sole motive for implementing automation in accounting. It might look good on paper, but it's not the direction most companies want to go. Focus on the time and cost savings potential and the ability to identify and resolve issues faster.

PREPARING TO IMPLEMENT ACCOUNTING TECHNOLOGY

APQC: What are the most important focus areas for preparing to implement accounting technology?

Feltman: Start by evaluating the current state to identify what works and what doesn't, then develop an ideal future-state process. Any technology change is an opportunity to improve processes. Find those pain points and identify ways to improve them. It's important to focus on how you can use the technology to make every accountant's life better in the organization.

APQC: What process and people steps do you need to take to prepare for implementation?

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Feltman: In my work as a consultant, that always starts with the client, their culture, and their current state. Conversations about preparedness and the appetite for automation start early in the sales process, and then escalate to a higher-level stakeholder group of people during the engagement. These are the people who are going to make decisions about purchasing tools. We get a high-level vision of what these executives want, then we talk with the accounting team.

If the accounting team is large and global, we'll have multiple small group conversations and talk to individuals that touch the close process; we won't assume that one person or group has all the knowledge of the whole process. Getting feedback from the entire close team will improve the outcome of the implementation. As a consultant, I always pay attention to who is not saying anything and who isn't engaged so I can follow up with them later. Sometimes these people have something important to say but don't want to speak out in front of the whole group.

People are often afraid that automation is going to work them out of a job, and you have to address that very early on. Explain that automation is going to help them be more effective and save time. Most accountants work overtime during the close process, so a good way to frame this conversation is, "I don't want you to work overtime just as much as you don't want to work overtime."

Then beyond that, it's "I would rather have you be doing something that's actually adding value to the business." There's probably a project they've expressed interest in working on, but they

just don't have time. These tools free up time for them to do other things that will help them add value to their company.

You have to have these conversations very early on, and if individuals are really hesitant, that conversation needs to be one-on-one. You have to help them understand that the goal of the project is *not* to take away their job.

IMPLEMENTING ACCOUNTING TECHNOLOGY

APQC: What are the key steps in implementing accounting technology?

Feltman: SandPoint has a proven methodology for implementing accounting software that starts with understanding your project goals and being able to clearly identify the current state and desired future state. Alongside the client, we work our way through the configuration and setup of the product. That includes gathering the data needed to establish the system, testing it, and training users. This can be an iterative process to ensure that the client is receiving the system they want in the end along with all of the supporting documentation to maintain and improve the system in the future.

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After go-live, we'll have a hyper-care phase. Just because people are in the system doesn't mean that the project is over. As people start actually using it, they're going to have more questions. The hyper-care or post-go-live phase is probably the most critical point of any implementation, because people are starting to really understand what the technology does and how it can benefit them. You want to be there to support those users, answer their questions, and help them feel comfortable with the new technology. After this phase it is important to evaluate the project as far as what went right, what went wrong, and any future steps to take.

APQC: What is the typical cycle time for implementation?

Feltman: It depends on the scope of the project, the type of technology, and the size of the organization. For a basic implementation at a smaller organization, it could be as fast as three to four weeks. But for a large global company, it may sense to do the rollout over a longer period across different locations.

APQC: How much time is needed for hyper-care/post-go-live support?

Feltman: It's usually between six and eight weeks, but it's not full-time on the consulting side for that entire period. Right after go-live is when all of the questions come up and there's a lot of support needed. After about a month, things start to come together, and users and administrators begin to understand the system and support questions tend to drop off.

APQC: What are the biggest mistakes organizations make when implementing accounting technology?

Feltman: One of the biggest mistakes is going live just to make a deadline regardless of what stage the project is in. Make sure everything is absolutely correct before you press go. The consequences of starting before you're ready will be worse than missing the deadline. Sometimes there are legitimate reasons to delay a project, but most people are so afraid of missing deadlines that they'll just forge ahead without understanding the consequences. If you're not ready, don't do it.

AUTOMATION AND THE FUTURE OF GENERAL ACCOUNTING

APQC: What can we expect to see in the future for general accounting?

Feltman: The move toward automation is not going to slow down any time soon. In fact, I'm getting more and more questions about what this technology can do. It's not a passing fad. I expect to see more automation and AI coming into play. The future is now, so it's time to start evaluating how these technologies can help your organization.

TAKEAWAYS AND LESSONS LEARNED

APQC: What advice would you give to companies implementing accounting technology?

Feltman: Make sure that you're not closing off the conversation about automation just because it's scary or new. Investigate, research, and talk to other companies about their journey. There are so many vendors out there, and they all have references. Don't just talk to the salespeople; talk to other companies. Learning about their real-life experiences will make the conversation a little less scary.

ABOUT APQC

APQC helps organizations work smarter, faster, and with greater confidence. It is the world's foremost authority in benchmarking, best practices, process and performance improvement, and knowledge management. APQC's unique structure as a member-based nonprofit makes it a differentiator in the marketplace. APQC partners with more than 500 member organizations worldwide in all industries. With more than 40 years of experience, APQC remains the world's leader in transforming organizations. Visit us at www.apqc.org, and learn how you can make best practices your practices.