Improving financial close, consolidation, and reporting processes: Time to revisit old foes
The Dbriefs Controllership Perspectives series

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Agenda

• Overview of Close, Consolidate & Report (CCR)
• Common CCR challenges
• Levers for improvement
• Key takeaways
Controllership navigator

The controllership navigator is used as a tool to help define the key responsibilities and corresponding enablers for the controllership function. For the purpose of this discussion, we will be discussing the CCR process and the key enablers that are being used to improve this process.
CCR process overview

The graphic below outlines a broad view of the close, consolidate and reporting process. Although represented as a linear process, it is understood that this process is actually a series of critical activities that can also happen concurrently.
Polling question #1

How many days does it take for your organization to close the books and produce external and management reporting?

- Less than 5 days
- 5-7 days
- 8-14 days
- 15-30 days
- More than 30 days
- Don’t know/not applicable
External forces

The external forces shown below impact the CCR processes, creating new challenges for the controllership function.

- Globalization
- Industry consolidation
- Accounting changes
- Technology advances
- Shareholder expectations
- Talent acquisition
- Regulatory changes
- Industry convergence
Internal constraints

Constraints internal to the organization can impede the controller’s ability to improve the CCR processes.
Based on previous surveys, pain points continue to be noted throughout the CCR process. In 2008, the key pain points was external reporting while in our last bi-annual survey, the highest pain point was master data mapping.

While the controllership says external reporting has become easier, they are struggling more than ever with management reporting and master data mapping -- the key areas that allow them to drive value and enable decision-making.
Polling question #2

What do you see as the “greatest” challenge and/or pain point in your CCR process?

- Master data mapping
- Transaction detail capture
- Management reporting
- Consolidation activities
- External reporting
- Other
- Don’t know/Not applicable
Controllership navigator – Focus on enablers

While focusing on the enablers in the controllership navigator, it is important to assess the current maturity of your CCR process and of setting direction for where the controllership function would like to focus on improvements.
Evaluating our enablers

For each of the three enablers in the navigator, we will discuss the various levers to advance the maturity of the CCR process - from common, to leading, and then future.
Levers for improvement – Common

- Defined CCR calendar and/or checklists
- Defined processes supported by limited automation
- Centralized governance

- Roles and responsibilities clearly defined
- Limited shared services and/or outsourced sub-processes
- Skill sets aligned to tasks and activities

- Basic analytic capabilities to support management reporting
- Automated system interfaces with some manual reconciliations
- Consistent reporting/data requirements

Common levers provide a level of consistency and governance throughout execution with limited automation
Polling question #3

What common levers has your organization utilized to improve the close, consolidate, and reporting process?

• Defined CCR calendar and checklists
• Workflow automation
• Improved system integration
• Shared services and/or outsourcing
• Other
• Don’t know/Not applicable
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Levers for improvement – Leading

- Master data governance handled through a formal structure
- High focus on automation
- Controls monitored continuously with automated tools

Activities managed and monitored somewhat centrally
- Expanded use of service delivery centers (i.e. managed services)
- Expanded analytical skills & capabilities

Integrated systems with workflow capabilities
- Increased use of data warehouse/data lake for analytical capabilities
- Accounting rules engines

Leading levers involve the use of new technologies that are tested and proven to streamline the close, consolidation, and reporting processes
Polling question #4

What leading levers have you used to improve the CCR process in your organization?

• Formal Master Data Governance structure
• Accounting rules engines for complex accounting
• Increased data lake/date warehouse for analytical capabilities
• Expanded use of service delivery centers (i.e. managed services)
• Continuous controls monitoring to manage risk
• Other
• Don’t know/Not applicable
Levers for improvement – Future

- Core processes automated
- Analytic processes and capabilities
- Continuous closing process

- Use of managed services and/or robotics for core processes
- Highly centralized with core responsibilities on analytics

- In-memory computing leveraged
- Extensive use of cloud ERP applications
- Cognitive machine learning to automate decision-making
- Risk sensing capabilities

Future levers involve emerging technologies and the use of technology in a strategic manner to change the focus on analysis vs. closing
Polling question #5

How would you describe your organization’s use of robotic process automation (RPA) in its financial close process?

- **Optimized**—we leverage robotic process automation as much as possible
- **Building**—we leverage robotic process automation somewhat
- **Starting**—we have robotic process automation software, but have not yet begun using it for financial close
- **Lagging**—we do not have robotic process automation for our financial close processes
- **Don’t know/not applicable**
Key takeaways
Key takeaways

Drive innovation

Leverage emerging technology

Simplify operating model

Increase skills and capabilities

Govern master data
Questions
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