

Communicating Financial Information to Non-Financial People

By Geni Whitehouse

As automated tools have become increasingly more prevalent, the role of the accounting department has shifted. Accounting teams are spending more time on procedures and controls and less time looking for the missing \$.01 on a bank reconciliation. There is tremendous pressure to deliver information quickly as department leaders depend on accounting for timely, relevant information to make the kinds of quick decisions needed to survive in today's world. Add to that the need for accountants to maintain system integrity, validate and synchronize data stored in disconnected systems, and manage version control over myriad spreadsheets, and you are still looking at 12-hour days.

- But does all this time and effort actually benefit the members of the organization that accountants serve?
- Are department leaders able to connect their goals and activities with the company's financial results?
- Do they understand the information reflected on financial statements and how to influence the results reflected on them?



New Role

It is the job of the accounting department and its leaders to not only create and verify financial information, but to make that validated information relevant and useful to the rest of the organization. The language of accounting can no longer be a foreign language spoken and understood only by accountants. It is time for a shift in focus from the CFO level throughout the accounting department.

Today's accountants must learn how to translate financial information in a way that it can be understood and applied by everyone in an organization.

That means that today's financial professionals must not only automate; they must also educate and communicate if they are to be valued contributors to organizational success.

Automate

With the right ERP solution, many traditional accountant chores are already being reduced or eliminated, freeing accountants to spend more time on education and communication.

The first step in improving communication across an organization is to have a centralized, consistent view of the information.

Area of Focus	Traditional Activity	Benefit of Automation
General Ledger	Create and enter manual journal entries each month	Create recurring journal entries each month
	Search for source transactions	Drill down to source transactions and keep critical documents attached to entries
Banking	Monthly bank reconciliations	Automated bank feeds keep transactions reconciled daily
	Trips to the bank to make bank deposits	Automated bank deposits by phone or desktop device
Accounts Payable	Purchase orders	Tracked and approved and then converted to vendor invoice, then emailed directly from the accounting application
	Invoice entry	Artificial Intelligence is applied to invoice scanning and entry tools. Original document is stored electronically with the system transaction
	Invoice approval	Set up automated workflows and approval limits within the application
	Check writing and mailing	Manage automated bill payments and ACH transfers from the ERP solution
	Manual review of cleared paper checks	Use positive pay to reduce the opportunity for check fraud
Accounts Receivable	Creating and mailing invoices to customers	Generate electronic invoices from inside your accounting application
	Collecting and monitoring past due accounts	Create automated reminders before bills are past due
	Depositing and applying customer payments	Accept and apply ACH and credit card payments
	Manually apply early payment discounts	Optimize the application of early payment discounts – weighing the cost/benefit over time
Customer Relationship Management	Compare sales results in the CRM system with different results in the accounting application and spend hours reconciling and explaining any differences	With integrated CRM and Accounting, all information resides in a single system and is accessible by everyone on the team (with no additional per user cost)
Reporting and Analysis	Managerial reporting in Excel	Generate pivot tables inside your accounting application so data is timely and controlled

Educate

As employees achieve career success and move up the organizational ladder, they are expected to understand and often interact with financial information. However, rarely are they provided with training in basic financial concepts, much less in specific financial considerations that are relevant to their company. It is impossible that these leaders are impacting financial results they don't understand.

Consider the following training opportunities for your team:

Concept	Tools	Who should attend
Basics of Financial Statements	Create a book club and have attendees read and then discuss the information Have them start by reading "Managing by the Numbers" by Chuck Kremer	Accounting staff along with current and future leaders of each department
	Share this brief online slide presentation on Slideshare.net: Understanding Financial Statements	Anyone who impacts financial results
Key accounting concepts that impact your business	Create 1-hour training classes (in plain English) to explain concepts that impact financial results like: <ul style="list-style-type: none"> • Timing and Cut-Off • Matching Principal and How It Impacts Your Sales Commission • Revenue Recognition • Expense Reporting • Travel Expenses and Coding Under the New Tax Law • Accrual Versus Cash Accounting • When Is an Item an Expense, and When Is It an Asset? • Inventory Costing Policies • Capitalization Policy • Tax Considerations • Sales Tax • Internal Controls 	Management first, then their teams



Communicate and Collaborate

Accounting is a foreign language to most people in business. Few people can speak or understand the language of “GAAP”, “Accrual versus Cash”, “Asset versus Expense”, or worse, what makes something a “Debit versus a Credit”. In order to maintain relevance to today’s organizations, however, it is up to accountants and their leaders to shift their primary focus from back office rule following to front office communication.

Rather than spending all their time creating, entering, and reconciling repetitive, routine transactions, today’s accountants need to be partners with department leaders in planning, analyzing, and interpreting results for better decision making.

This requires new skills and new tools, as well as the support of an ERP system like Acumatica that can put relevant information at your fingertips in a controlled but structured way.



Concept	Source of Information from your ERP system	Message
Profit versus Cash	Statement of cash flows	Walk everyone in your company through either a sample cash flow statement or your organization’s if you are able
Financial Ratios	Key performance indicators	Work with department teams to help everyone create visible measures – both leading and lagging to help everyone understand the drivers of critical business results
	Dashboards	Create forecasts and analysis to uncover and display meaningful trends and patterns data in a way that resonates with other departments
Year over Year Customer results	Integrated, re-usable pivot tables built inside your ERP system	Share customer year-over-year data with sales teams to help them identify individual patterns
Budget versus Actual	Comparative financial statements for each department	Walk team leaders through key ratios that impact the bottom line; have leaders identify the critical success factors that influence a given problem result and then meet with their teams so that everyone can collaborate on actions to take
Collection Experience	Integrated CRM and accounting information in one system	Show sales teams how they can monitor credit holds and outstanding customer balances from their own customized screens

Making an impact

As a finance department leader, you are fluent in the language of accounting. You know your way around a balance sheet and can create T accounts in your sleep. You can make sense of both Code section 179 and FASB 157. You can create financial statements that balance and offer advice on the potential impact of pending transactions of every sort.

You have exceptional skills and a lot on your plate, but with the help of the right automated system, you can eliminate some of the drudgery that keeps you from having an even greater impact on your organization. By taking the time to put yourself in the shoes of your non-accounting team members and helping them understand some of the information you create, you can help them both improve the company's financial results and take ownership of the transactions they control. The result is a true partnership between accounting and every other organizational department.

