
RUN BUSINESSES BETTER



WHAT DOES IT MEAN TO RUN BUSINESSES BETTER?

Isn't running your business better what every consultancy promises? Isn't that why companies hire consultants in the first place?

OVERVIEW

We are going to make the case that improving your company's financial and operating performance - every time and with every engagement - is the standard you should use when retaining consultants.

To help businesses run better requires three essential elements: **Real-Time Analytics, Improved Operating Workflows, and Innovation.**

REAL-TIME ANALYTICS

To effectively manage any business, leaders need to track **revenue and profitability** on **operating P&Ls** on a **daily or weekly** basis making sure they are **accurately capturing field data** and figuring out what **triggers** events. Let's parse that last sentence for its five essential elements. The first is pretty simple: **revenue and profitability** are essential "must-knows" for any business. The second is more nuanced. When we say **operating P&Ls**, we mean that they are different than legal entity P&Ls which are typically housed in an ERP like Oracle or JD Edwards. ERPs are designed with reporting in mind and thus are really proficient at tracking what gets reported to shareholders and for tax reporting purposes. And while reporting is an important function, if that's also the source for operating information - and the operating entities do not track with the legal entities which is almost always the case - the resultant output is both difficult to use and poor at prediction.



Real-time analytics is the first key to helping companies run better.

More often than you would think, companies are operating their business with only pieces of real-time information and even those may not be reliable.

DAILY OR WEEKLY

Operating P&Ls need to be created by the product, business line, business unit, region, country, etc. and this information should be generated on a **daily or weekly** basis. Too often companies aren't closing their books on a timely basis or if they are, they have many correcting journal entries in subsequent months. Not only does this create more work for the accounting function, but it also obliterates a company's ability to use this information predictively.

ACCURATE FIELD DATA CAPTURE

The next piece is **accurate field data capture** - again, on the surface this seems simple. But no matter the industry, every minute of every day, somewhere in the field, information is being turned in late, inaccurate, or incomplete. This is human nature. It's how a company manages this challenge that determines how accurately they close their books.

TRIGGERING EVENTS

And finally, once companies are getting accurate information, they can start mapping the **triggering events** and activities that cause revenue and cash flow to change, further enhancing their ability to predict.

IMPROVED OPERATING WORKFLOWS

COMPANIES NEED TO IMPROVE THEIR FIELD DATA CAPTURE TO ENSURE THAT THEIR FINANCE AND ACCOUNTING FUNCTION IS GETTING THE RIGHT INFORMATION IN A TIMELY MANNER.

SO HOW DO YOU GET MORE ACCURATE INFORMATION?

Workflows are essential to any business. They describe exactly how a process works, which people do what, where data and information move through an organization, and how. These are the maps that chart the connectivity within a company. They are analogous to the human body. Just like arteries bring oxygen and nutrients to organs, employees transmit data that are essential to business operations. And just like the nervous system provides a feedback loop, IT infrastructure and the platforms and applications that ride on it provide the backbone for how that data is moved.

TRUE INTEGRATION

Many companies grow through acquisition. And as often happens in acquisitions, essential finance and accounting functions are cobbled together rather than being truly integrated. It is not uncommon to find multi-billion-dollar companies with 5 or more ERPs supporting the same business unit. Acquisitions and mergers often come with the promise of synergies that drive down cost. So once the dust from the transaction has cleared, managers often find it cheaper in the short run to retain legacy systems and not fully integrate the processes. Their motives are pure: keep down initial costs to deliver on the promised merger synergies. But the long-term impact of not better integrating workflows can be large.

PROCESS FLOWS

Well run companies have well-mapped process flows. These begin with what I'll term as a desk which is an individual contributor, say an accounts payable clerk. Then they move to the function, which is a team, say accounts payable. Then they move to the department, which is a collection of teams, say accounting. At every step along the way, companies should endeavor to define each role based on output - what they produce - and cost - the fully loaded expense of performing that function. The best way to capture this information is in a desk output model, a tool that not only captures exactly the work being done and its cost but provides a benchmark against other resources within the company or even against a peer group.

COMPANY MORALE

Finally, well-mapped processes deliver not only less wasted time and lower cost, but they also deliver higher employee morale. There is nothing more frustrating than working in a poorly mapped system. For example, if employees need to perform multiple manual steps to clear their queue, not only are they unhappy about it, they're also more prone to error.

COMPANIES SHOULD DEVELOP OPERATING WORKFLOWS THAT SIMPLIFY PROCESSES, REDUCE COST, AND IMPROVE EMPLOYEE MORALE.

INNOVATION

INNOVATION IS REVOLUTIONIZING BUSINESS OPERATIONS, DRIVING DOWN COSTS, AND CHANGING HOW BUSINESSES RUN.

INNOVATION EQUATION – BG&O → S → I

Innovation begins with strategy. Companies looking to innovate need to answer this question: **how will your company need to evolve in the years ahead?** The answer often lies in investigating the gap between their current capabilities and how the industry is expected to change in the near future. Strategy starts with business goals and objectives which need to be set out ruthlessly. Too often firms confuse strategy with vision. A strategy is not aspirational, it needs to be grounded in reality. Thus: **BG&O → S → I**



EMERGING TECHNOLOGIES & AI

In today's environment, the process of meeting business goals and objectives continues to be accelerated by emerging technologies. Machine learning has changed the game in many tasks, allowing AI engines to make decisions.

AUTOMATE

By re-designing existing workflows along these lines, firms can take advantage of automation to bring significant value. They must be unafraid to engage technology platforms to develop custom solutions and prepared to automate complex processes in areas like HR, Accounting, Treasury, and Finance.

MEASURE THE IMPACT

What sets the best companies apart is their belief that it is equally important to measure the impact of these and other technologies like Blockchain, IoT, etc. on the future of a company's business model.

PROCESS AND CULTURE MATTER



INNOVATION IS ABOUT DISCIPLINE

It's not revolutionary to state that the process and culture of innovation are drivers of success. But there is an inherent dichotomy here. On one hand, corporate innovation is about stretching the boundaries and thinking of the art-of-the-possible. On the other hand, innovation is entirely about discipline. Successful firms manage the blue-sky thinking that success requires with diligent attention to process. Importantly, this discipline must be delivered by humans.

THE HUMAN ELEMENT

Most well-run consulting engagements have as much focus on the human element as the technical. Simply replacing a process with automation lowers costs and reduces errors. But doing it within the context of well-designed workflows that incorporate not just software but insights from psychology and sociology creates an even more efficient process overseen by happier, more fulfilled employees.

THINK BIG. START SMALL. FAIL FAST.

The value created by driving innovation in your business is large. Not keeping up with technology cannot be measured because there is no ROI for going out of business. Finally, companies should focus their efforts on engaging technology to look for new sources of revenue and make businesses run better, faster, and cheaper. The secret to innovation is actually quite simple: it's the art and science behind thinking big, starting small, and failing fast. Just that. Over and over again.

VALUE BASED CONSULTING

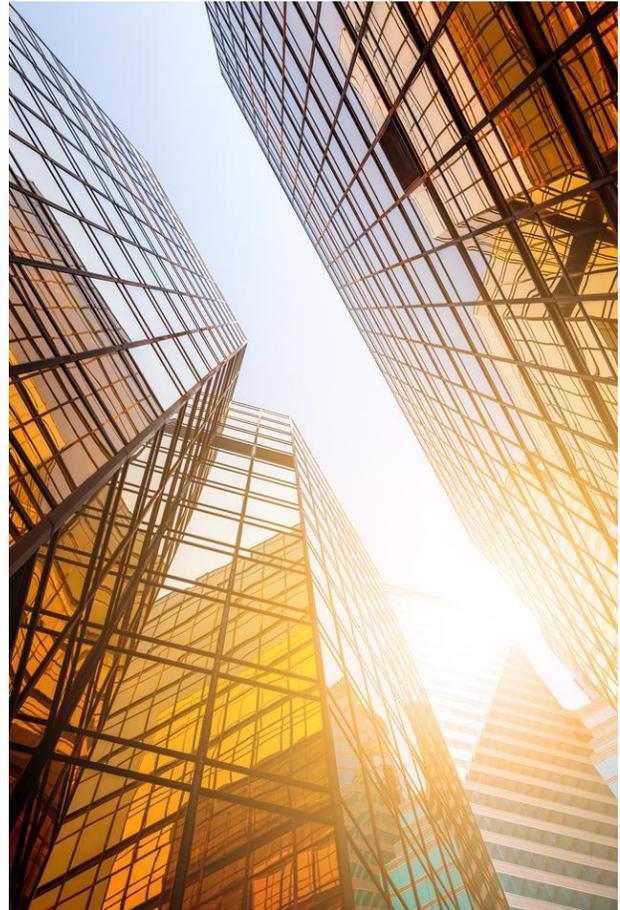
CUSTOM SOLUTIONS.
IMPACTFUL RESULTS.

RUN YOUR BUSINESS BETTER

For more information regarding helping you run business better, contact us.

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