

GETTING THE BASICS RIGHT

Ten Steps to a More Efficient Close



“Critical” doesn’t have to mean “painful.”

The close and consolidation process is one of finance’s most important functions. How you manage the close and the technology you select to support it have a direct influence on ensuring the accuracy and timeliness of financial reporting, planning, and analysis. With so many areas of the business impacted, it’s critical to get it right. Bottlenecks, broken integrations, and errors can lead to long nights in the office, not to mention delayed reports to executive management.

And as businesses expand internationally, the financial consolidation process becomes more complex. Businesses experience technology challenges with the use of different financial systems across subsidiaries, an increase in intercompany transactions, the need to manage multiple currencies for financial reporting, and the adherence to local country regulations.

With this layer of complexity, it is more important than ever that organizations have automated tools with built-in controls to support the process from end to end.

But if every organization knows what’s at stake, why do so many still suffer through painful, inefficient closes with excessive manual processes and tedious spreadsheets? Many controllers spend too much of their time simply preparing data and resolving anomalies in transaction and accounting processes—meaning they don’t spend enough time on analysis and action. In fact, based on recent findings from Ventana Research, 71% of companies that use substantial automation complete their close in 6 days or fewer, compared to 43% that use some and 23% that use little or none.¹

It really shouldn’t be this way—and it doesn’t have to be.



¹ Ventana Research Analyst Perspectives, “Not Your Grandpa’s Consolidate and Close Software”; 2023.

A better way to consolidate and close.

When relieved of the burden of transaction processing and reconciling accounts with AI-infused processes and built-in financial controls, you have more time to focus on:



Adding strategic value to the business



Providing meaningful real-time insight to your key stakeholders at any point



Driving strategy, supporting the business, and responding to market changes proactively

As the business turns to finance to guide it, the finance team needs technology that not only automates processes, but that also offers them the adaptability and rich insights needed to support strategic decision-making, elevating their business contribution.



Here are 10 steps to mastering the period close with help from the right technology.

STEPS	HOW TO GET IT RIGHT	SUCCESS STORIES
Standardize processes: putting the right controls in place.		
<p>1 Set controls up front.</p>	<p>Ensure the correct controls are defined up front for accuracy. With the right controls and approvals in place, you can avoid the need to fix errors later in the process. Modern cloud ERP systems provide approval workflow, financial controls, and security at the foundation, which drastically reduces errors. Now you can have more confidence in your numbers and audit with ease.</p>	<p>“I liked the built-in controls and auditability as soon as I saw Workday. It’s all so visible—you can see the controls, the segregation of duties, and everything else you can build into the system. We can easily configure it for our own business processes in the system.” —First Central Services UK Ltd</p>
<p>2 Leverage a unified solution for a single source of truth across the business.</p>	<p>Simplify complexity with a unified solution for consolidation across international subsidiaries. This prevents data silos and the risk of errors from moving data back and forth between different systems—providing standardized controls and a single, accurate data source for reporting and analysis in return. Running processes such as allocations, accruals, intercompany eliminations, and consolidation once for the entire organization can save you time and reduce errors. You also gain access to real-time financial reports and a single data source that makes it easier to analyze data, share information with stakeholders, and comply with regulatory reporting requirements.</p>	<p>“Workday has enabled our team on the back-office side to spend less time curating and entering transactions and more time focusing on finding errors and evaluating financial impact.” —CAI</p>
<p>3 Simplify your chart of accounts.</p>	<p>A streamlined chart of accounts can improve the close in multiple ways. It can reduce the time required to categorize transactions, reconcile accounts, and prepare financial statements. It can also simplify the reconciliation process and reduce the chance of errors. And as you expand, it allows for easier integration of new entities into the existing consolidation process without major overhauls.</p> <p>To keep your close agile, look for a system that enables you to modify your chart of accounts, organizations, and consolidation hierarchies as your business needs change and that immediately reflects those changes across processes and reports.</p>	<p>“We’re using Workday Accounting Center to ingest all of our point-of-sale data, down to the customer invoice line-item detail. We’re not just focused on what we need to post to the GL to get by and post revenue. We’re actually bringing in all the detail that is required to operate our business.” —Team Car Care, dba Jiffy Lube</p>

STEPS	HOW TO GET IT RIGHT	SUCCESS STORIES
Closing the books: a streamlined approach.		
<p>4 Create a period-close checklist.</p>	<p>Formalize the close process with a close checklist to ensure all necessary tasks are completed accurately and on time. Leverage workflows that define a standard set of tasks, deadlines, and responsible parties—making the process more manageable and less prone to errors. Automate the period-close workflow with a solution that can send notifications and report packages to appropriate stakeholders at the end of the process.</p>	<p>“With Workday, we were able to reduce time to close by 50%, even with fewer staff members on our accounting team.” —John Muir Health</p>
<p>5 Automate your allocations and recurring journal entries.</p>	<p>Run allocations in <i>pro forma</i> status based on preconfigured definitions without having to post or unpost prior to close. Automating allocations in a core general ledger helps ensure your allocation basis is correct and eliminates the need for manual journal entries and spreadsheet calculations. Investing in a system that allows you to run allocations in draft form allows you to view the potential results in the context of your financial statements at any point within your close.</p>	<p>“For most companies, the race is on to remove wasteful interactions and unnecessary steps in a process. For us, that means automating as much repetition as we can out of people’s jobs.” —SEEK Limited</p>
<p>6 Configure rules-based bank reconciliation.</p>	<p>Reconcile bank activity to financial transactions with automated rules rather than manually matching transactions to bank statements. Leveraging automated rules-based bank reconciliation allows you to quickly identify and match large volumes of transactions, streamlining the reconciliation process. Modern cloud ERP solutions easily enable you to create flexible user-defined rules and deliver workflows for managing exceptions.</p>	<p>“I love how Workday easily integrates with our other systems. It frees me from the painful chore of manual monthly bank reconciliations involving millions of lines on spreadsheets so I can do more meaningful work.” —ABC Fitness Solutions</p>
<p>7 Establish automated, rules-based eliminations.</p>	<p>Set up rules for intercompany eliminations and subsidiary ownership scenarios. Using a rules-based, automated process for eliminating entries reduces cumbersome batch processing and manual intervention, especially for large organizations with multiple subsidiaries and complex financial structures. Viewing consolidated results throughout the period enables you to provide recommendations for corrective action mid-period and reduces the number of surprises at period-end.</p>	<p>“As a finance leader, I want to make sure that my team is creating value. The Workday tools have taken away a lot of the busy work and allowed the team to do more value-added work. We’re able to make better decisions quicker.” —Teranet</p>
<p>8 Run currency translations in real time.</p>	<p>Automate currency translations with a cloud ERP solution that supports multiple exchange-rate types. Operating across international markets, it’s important to have a solution that enables you to capture transaction currency, functional currency, and reporting currency. Your solution should also have the ability to automatically generate realized or unrealized gains and losses, as well as currency translation adjustments.</p>	<p>“With Workday’s multilingual, multicurrency capability, NEXTDC is ready to expand into almost any country and achieve its growth ambitions.” —NEXTDC</p>

STEPS**HOW TO GET IT RIGHT****SUCCESS STORIES****Reporting and analysis: driving finance strategy.****9 Deliver self-service insights and analysis.**

Empower your organization to discover drivers behind the numbers by investing in self-service reporting, dashboards, and analytics that drill down to transaction details for richer insights. Building central reports and providing managers with the information that matters most in one secure system helps reduce ad hoc requests to create and reformat reports and data. With less time spent managing data during the close, you can spend more time analyzing and discussing results with the business.

“Our finance team is an advisory partner to the business, helping to guide and lead it. And our guidance requires good, actionable data that’s accessible, accurate, and all in one place, like Workday provides.”

—LiveRamp

10 Select tools that enable effective collaboration with FP&A.

Drive collaboration across the accounting and finance function with a rich data set both teams can work from for effective business strategy and performance management. Data silos and poor processes erode data quality and delay time spent on analysis, which leads to a lack of confidence in setting the strategic direction of the business. By leveraging a more efficient close process with an enriched data set, FP&A gains real-time access to actuals, fueling more accurate scenario planning and deeper insight into drivers. With both teams working side by side, they can easily identify, investigate, and resolve variances, with the ability to drill into transactions and leverage higher-quality data to make strategic decisions.

“With Workday, we were able to drive our annual variance to less than 1%. For some drivers, even lower. And that is remarkable.”

—Telus



Same old finance systems. Same old problems.

While many tools help organizations successfully close the books and consolidate results, they often only provide incremental improvements in efficiency. Generally, traditional systems lack innovation and automation, requiring additional:

- Cutting-edge technology that can surface insights and increase efficiency and accuracy
- Tools that can streamline the collection of financial data from various sources
- Machine learning algorithms that can surface anomalies in journal entries
- Automated consolidation tasks with strong financial controls

The Workday difference for period close.

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We used to have a problem in that while we were using an excellent payments platform, there was no way of turning the generated data into accounting entries. We'd have hundreds of spreadsheets, but no way of interrogating anything or joining the dots between them.

Checkout.com

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With Workday, we reduced 262 systems down to a few overarching applications while increasing security, gaining functionality, and pressing forward with innovation.

Accuride

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When we went with Workday, we increased our automation and efficiency and reduced our HR transaction costs. It has been a significant enhancement.

Ingevity Corporation





Continuous accounting and close in a single system.

In Workday, the close process is managed in a single solution, which means less data movement and reconciliation and complete visibility of progress as you move through the close.



Dynamic consolidation architecture.

Workday runs key consolidation processes such as currency translations and intercompany eliminations at report runtime. Now finance can make decisions based on real-time consolidated financial results at any point in the period without running batch processes.



Pervasive workflow.

Workday puts approval workflows and business processes at the core, enabling you to define workflows and tie them directly to organizational structures and role-based security. And all activity is modeled and governed in one place, meaning everything that happens in Workday is fully reflected in the business process framework—not just approvals, but also the period-close process itself.



Insights to drive strategy.

The object data model in Workday maintains all the rich details around business events, from transactions through financial statements and management reports. This enables analysis by configurable dimensions with strategic significance to the business beyond the accounting key. In other words, you can analyze the business across virtually every dimension: legal entity, cost center, account, campaign, location, team, supplier, customer, and more.



Seamless integration of operational transactions.

Workday Accounting Center enables you to integrate and blend operational data with your accounting data in Workday—helping you gain deeper insight into performance across the business. This process simplifies account reconciliation and consolidation, enabling you to achieve a faster and more accurate close.



AI innovation.

Innovative technologies, such as AI, are embedded into the core of our platform, helping to eliminate inefficiencies, save time by intelligently automating repetitive tasks, and effectively manage risk as the machine continuously detects patterns and anomalies surfacing areas of concern—resulting in accelerated data-driven decision-making.

When applied, AI can help move finance teams toward a zero-day close. With your financial data and processes in the same system, AI can help optimize the close process, detecting anomalies and patterns that finance can address immediately instead of at the end of the period. It's innovation that will provide meaningful improvements to how the close and consolidation process is run.

As finance continues to support more aspects of the business, you need a system that frees you up to focus on what really matters. And when it comes right down to it, using one source for all your financial data is the best way for you to achieve a smarter, faster, more flexible close process. Getting these basics right is key to helping finance become a stronger partner for the business.

By partnering with Workday, your teams can make confident decisions faster, drive flawless business and financial operations, empower your people for maximum performance, and get up and running quickly. We take pride in partnering with organizations of all sizes that not only face change, but that also make change happen. In fact, more than 75% of our 10,000+ customers have fewer than 3,500 employees.

Learn how Workday supports growing organizations.
Visit: workday.com/medium-enterprise

To explore how a Workday solution can work for you, please contact Sales at workday.com/contact or +1-877-967-5329.

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With Workday, we have all the data on our people and finances in the same place. This is important to our growth through acquisitions as we move the firm forward.

Stout

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We implemented Workday Financial Management, which basically brought together all of the disparate teams across Deakin that undertook finance into functionally aligned, customer-focused teams.

Deakin University





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