

# THE CASE FOR A CONTINUOUS CLOSE





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## Introduction

Throughout my career as a CFO/CIO, I have found in most cases it takes an inordinate amount of time to close the books and report information to key stakeholders in a timely and accurate manner. I have seen it take anywhere from three days to four weeks, and in a few cases even longer to “close the books”. I will share some of the experiences the teams I have had the pleasure of working with have accomplished at companies where there are several entities, locations, and stakeholders that not only included employees, but investors, auditors, tax accountants, banks, vendors, landlords and customers.

## Continually Closing is not a Continuous Close

The term “financial close process” implies that closing the books has a defined beginning, middle and end. It doesn’t. Frankly, the financial close process had to be defined this way as businesses were pigeon-holed by technology that couldn’t efficiently and accurately close

the books. That is, until the advent of the cloud and the emergence of the best-of-breed modern day financial management solutions, like NetSuite. Organizations are now turning to modern solutions to help them deliver a modern financial close. Consider this—never let the financial close process end! Why not always be closing the books, never stop—the continuous close.

Closing the books is a resource intensive task requiring business acumen and a concerted effort not only by the finance team, but across all functional segments in the company. If you are at a company that has disparate systems, on different platforms, with middleware and integrations, think carefully about efficiently, accurately and cost effectively closing the books. Yes, you can redesign your processes, remove inefficient activities, etc., but without a modern day financial management system, you may not meet with success.

## Transform Finance with the Continuous Close

Taking a continuous close approach to closing the books has many benefits. In the current business environment, it is imperative that companies gain faster access to the financial and non-financial information that is at the heart of decision-making. The mindset around taking a continuous close orientation to closing the books should not solely focus on doing it faster; the objective is two-fold:

1. Design a process for continually monitoring critical business information.
2. Be able to deliver critical business information on a real-time basis.

The role that technology plays in both objectives of a continuous financial close (or any close for that matter) cannot be overstated. Efficient close requires the ability to generate and compile a huge volume of financial and non-financial information quickly and efficiently in order to provide that information to the company's key stakeholders. Leveraging market-leading financial solutions allows for all information from the front office to the back office to reside on one platform. The ability to push that data to decision makers and stakeholders via dashboards and automated reporting is a must. There is no need to have middleware pulling from several databases, parsing, merging, compiling data—the information simply falls out of the process if properly configured in your modern day ERP.

## Extending the Continuous Close to Continuous Compliance

While decision makers in the business need this information, it is vital for compliance to statutory requirements, such as Sarbanes-Oxley, Federal, State and Local Tax Reporting, and Cumulative Translation Adjustments. In cases where reporting is required for third parties—say a bank for covenants, a landlord for lease requirements, etc.—one can easily build a custom report that is automatically emailed once parameters are set. Don't stop at the continuous close. Consider the annual audit. Yes, the annual audit all day, every day! Crazy? Yes. But consider this scenario:

A key part of any financial close process are the detailed financial analyses performed by the finance and accounting departments. In many cases, these analyses—spreadsheets, emails, presentations, etc.—are decentralized and not accessible in a central repository. An efficient solution for a company using NetSuite is to simply post them to the NetSuite file cabinet and attach them to the appropriate records and/or transactions. By doing this, internal stakeholders, *as well as external stakeholders* (such as auditors and regulators) need only click through to see the documentation behind the analysis and answer any questions they may have for themselves. If you make this information part of closing the books, it is available on a real-time basis to the third parties who require it. So imagine if you could have your auditor

login to NetSuite, pull their transactions and reports for audit testing at any time of the year. This allows for the audit to be almost completed even before year-end is upon you, and since the majority of the work can be done off cycle—it should result in reduced audit fees.

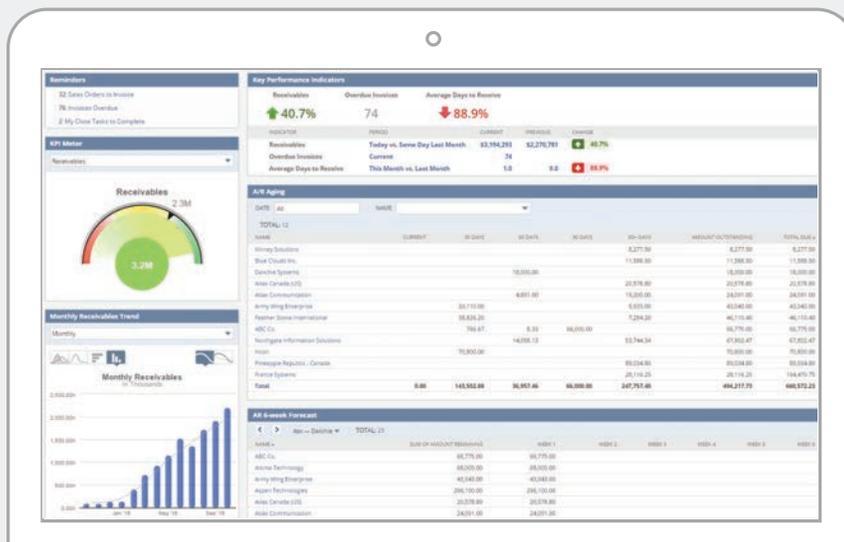
## Modern ERP Makes the Continuous Close a Reality

So why, you may ask, is NetSuite such an important factor in pulling off the continuous close? When you need to get the information that is important to the internal and external stakeholders of a business when and where they want it, you have to involve everyone in the company. Doing this with traditional methods can prove to be costly. NetSuite

enables any company to engage each and every employee at the individual level, while delivering functionality appropriate to their individual responsibilities in a consistent, effective and efficient manner through Roles. Each role in NetSuite is tied to a center, which is a set of tabbed pages that display as the user interface. The tabs are tailored to the business needs of users in a specific functional area, such as sales, accounting, warehouse, or customer. This is a simple yet critical piece that enables any company to engage all employees in the continuous close process—simply by providing access to their role-based dashboard.

Let's look at a dashboard for an individual familiar to most companies—the Accounts Receivable Clerk.

**Role-based dashboard provides an at-a-glance view** of critical accounts receivable, Key Performance Indicators (KPIs), trends and to-do's.



If configured properly, the dashboard for the accounts receivable clerk allows him to act as if his title is—The CEO of Accounts Receivable! All in one place, he can login to NetSuite, get key information at a glance, know what actions he needs to take. This results in ensuring that the CEO of Accounts Receivable is locked-in and focused on all things accounts receivable. This is just one example of what can be done with Roles configured in NetSuite and what can be done to focus the individual on what matters most. In combination, the individual efforts of each employee drives the collective performance of the company.

By configuring NetSuite with a continuous close process in mind, key stakeholders can leverage their respective NetSuite dashboard to monitor the pulse for the areas they are responsible for. Key stakeholders outside the

company are provided with the information required such as satisfying bank covenant requirements, auditors can access the system at any time and not only get insight to the transactions but also see the detailed financial analyses associated with the transaction as they are now linked to the transaction and posted in the file cabinet. Every company wants a way to quickly and easily see, manage, and report on information and metrics regarding business performance across the entity at a local and global level. If a company forgoes adopting NetSuite and configuring a continuous close process, achieving success will be a time-consuming manual exercise, from the journal entry right through to the generation of reports. Any company that wants to thrive in the current economy needs a modern day financial system that ensures real-time data can be delivered efficiently, accurately, on any device anywhere.



### **About the Author:**

**Tom Kelly** is the Founder and Managing Director of T > Edward, a strategic and operational Cloud consultancy providing Cloud expertise and CXO services to Fortune 500 and private equity-backed companies. Tom has held a variety of executive positions with PepsiCo, eFunds and Deluxe Corporation, as well as small cap, privately held entities such as FullContact and PeopleNet Communications. Since 1998, Tom has been a strong believer in leveraging the Cloud to drive performance and efficiency. In the last decade, he has taken several company's processes and entire infrastructure to the Cloud. Tom is a CPA and holds a B.A. degree in Accounting from North Carolina State University and an MBA in Finance from Fordham University.

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