

Getting the Basics Right

Consolidate and Close



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

The consolidation and close process is one of finance’s most important functions. How you manage the close has a direct influence on reporting, planning, audit and compliance. With so many areas of the business impacted, it’s critical to get it right. Bottlenecks and errors can lead to long nights in the office, not to mention late reports to executive management.

But if every organisation knows what’s at stake, why do so many still suffer through painful, inefficient closes with excessive manual processes and tedious spreadsheets? Many accountants spend most of their time simply preparing data and resolving anomalies in transaction and accounting processes – meaning they spend much less time generating reports and analysing results. In fact, Deloitte states that controllers spend 70 percent of their time on traditional tasks, such as closing the books, but would like to double their time spent strategising and driving execution.¹

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



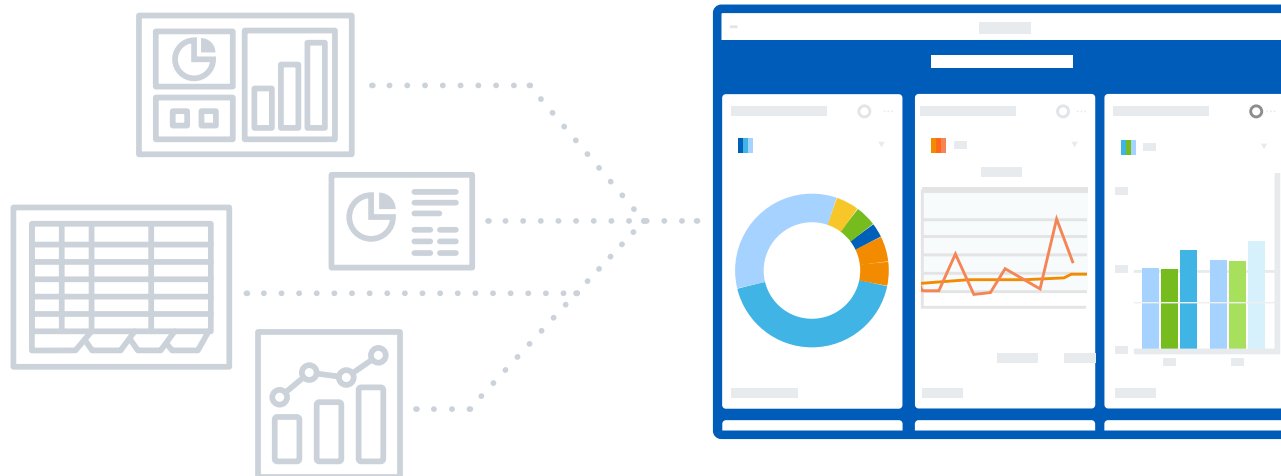
A better way to consolidate and close.

Mastering finance's traditional responsibilities is essential to becoming a more strategic partner to the business. When you eliminate bottlenecks and reduce errors for each period close, you can free up time to support larger, value-adding initiatives, such as:

- Thinking critically about how to apply new accounting standards accurately and efficiently
- Providing meaningful insight to your business partners throughout the period and at period-end
- Driving strategy and enabling the execution of the business's primary objectives

As finance's role continues to gain prominence across the organisation, selecting a technology partner that offers a seamless, comprehensive and smarter period close process is a sure-fire way to help elevate finance's role across the organisation.

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



Ten steps to mastering the period close

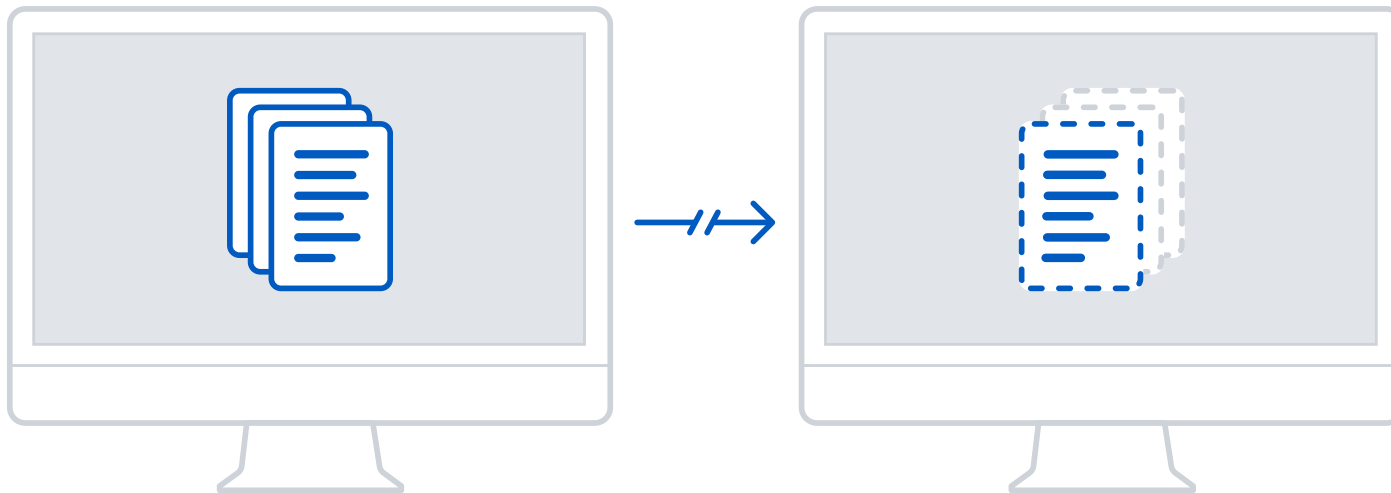
Steps	How to Get It Right	Workday Customer Success Stories
Preparing data		
1. Set controls up-front	Much of the close process is fixing errors and making adjustments. Setting the correct controls and approvals up-front helps to reduce that. Modern cloud ERP systems provide approval workflow and controls and security at the foundation, which drastically reduces errors. You can be more confident in your numbers – and audits become easier, too.	“Another challenge of fast global growth is keeping processes and controls consistent. Workday has enabled us to standardise processes worldwide.” ² – Jim Kendall, Vice President of Finance Solutions, Aon
2. Adopt a one-system strategy for subsidiaries	Shuffling data back and forth to account for subsidiaries in different systems wastes time and increases your risk of making errors. But a single finance system eliminates the need to move data, allows for standardised controls and gives you one data source for reporting and analysis. Only having to run processes such as allocations, accruals and consolidation once for the entire organisation saves you time and reduces errors. And preparing reports in one place means you know the business is always looking at the same up-to-date numbers.	“We had armies of accountants massaging things together. We never knew where we would actually end up at the end of the month or the year. With Workday, you know where you stand.” ³ – Siobhán McFeeney, Chief Operating Officer, AAA Northern California, Nevada, and Utah
3. Simplify your chart of accounts	A streamlined chart of accounts can improve the close in multiple ways. On the front end, it reduces errors in transaction coding that require reclassification during the close. It also eliminates the need to manage accounts with insignificant balances and makes it easier to understand the business when viewing your financial statements. To keep your close agile, look for a system that enables you to modify your chart of accounts, organisations and consolidation hierarchies as your business needs change, and immediately reflects those changes across processes and reports.	70% reduction in time to close and 75% estimated reduction in its chart of accounts ⁴ – CustomInk
4. Automate your allocations and recurring journal entries	Run allocations in <i>pro forma</i> status based on pre-configured definitions without having to post/unpost prior to the close. Automating allocations in a core general ledger helps to 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 of your close.	“The level of effort involved in preparing for the close process has decreased significantly. In our old ERP system, we would go through three or four iterations of financial statements before they went final. With Workday, we can do that same process with two iterations. So we’ve cut back the level of effort to prepare by 50 percent.” ⁵ – Joseph Fanutti, CFO, Bill Gosling Outsourcing

Steps	How to Get It Right	Workday Customer Success Stories
5. Configure rules-based bank reconciliation	Reconcile bank activity to financial transactions with embedded rules rather than manually matching transactions to bank statements. With one cloud ERP system, you can import and automatically reconcile bank activity with flexible user-defined rules and delivered workflow for managing exceptions.	220 bank reconciliations daily ⁶ - Schumacher Clinical Partners
Consolidating and closing the books		
6. Create a checklist	Formalise the close process with a workflow that defines a standard set of tasks, deadlines and responsible parties. Automate the period close workflow by using a system that can send notifications and report packages to appropriate stakeholders at the end of the process.	50% decrease in quarterly close ⁷ - AAA Northern California, Nevada, and Utah
7. Establish automated, rules-based eliminations	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. Viewing consolidated results throughout the periods enables you to provide recommendations for corrective action mid-period and reduces the number of surprises at period-end.	“We have financial results the minute a transaction is posted. No waiting. This makes a significant impact on our ability to close the books and gives us the insight and confidence we need to make sound decisions.” ⁸ - Vice President of Global Finance, Aon
8. Run currency translations in real time	Automate currency translations in a system that can handle all types of multi-currency transactions and reporting scenarios. If you’re managing large volumes of currencies, integrate your cloud ERP system with third-party services for loading currency rates. Modern systems calculate complex translations in real time, eliminating the need to run and re-run a batch translations process.	“Workday handled all of our translations and revaluations very efficiently. We’re able to accelerate our close and get consolidated numbers on the CFO’s desk much quicker.” ⁹ - Daniel Giurleo, Finance Systems, Care.com
Generating reports		
9. Enable report drill-down	Move reporting from Microsoft® Excel into a cloud ERP system to more easily drill down into the data from financial statements. Drill-down capabilities can help you better understand both the transactions that make up a balance and performance drivers without having to create additional reports or moving to other tools.	“The ability to drill into data and to provide thoughtful reports is challenging. Workday makes it very easy.” ¹⁰ - Talia Mauck, Associate Vice President for Supply Chain, Adventist Healthcare
10. Deliver self-service insights and analysis	Empower your organisation to discover drivers behind the numbers by investing in self-service reporting, dashboards and analytics. Building central reports and providing managers with the information that matters most, distributed securely in one 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 analysing and discussing results with the business.	“Workday has helped us evolve from just reporting the numbers to being able to analyse the numbers and provide value back to the business.” ¹¹ - CFO, TripAdvisor

Same old finance systems. Same old problems.

While many tools help organisations successfully close the books and consolidate results, they often only provide incremental improvements in efficiency. Generally, traditional systems present a few major challenges:

- **Less insight:** When data is stripped at every step of the close, it reduces the strategic value of financial reporting for planning and decision-making.
- **More data movement:** Migrating data from subledgers to the general ledger, and to external systems to close the books and produce reports, takes a lot of time and introduces a lot of risk.
- **More intervention and reconciliation:** Moving data also requires reconciling it, and any issues that arise in this process can create serious bottlenecks.
- **Delayed distribution:** Consolidated financials can only be accessed at period-end, limiting the ability to make adjustments mid-period when strategic decisions might have the most impact.



The Workday difference for period close.

Workday takes a different approach, using a multi-dimensional model and real-time accounting and reporting for a more efficient close with richer period-end reporting and analytics.

One system

A single system for transactions, consolidation, consolidated reporting, management analytics and planning underlies the power of Workday close and consolidation. Not only can you consolidate data, pull meaningful context from reports, and drive timely planning all from one source for data, you also benefit from one security model, native auditability and no integrations to maintain.

Dynamic consolidation architecture

Workday runs key consolidation processes, such as currency translations and intercompany eliminations, at report run-time so 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 workflow and business processes at the core, enabling you to define workflows and tie them directly to organisational structures and role-based security. All activity is modelled 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.

Complete visibility

The object data model in Workday maintains all the rich details around business events from transaction 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 analyse the business across virtually every dimension: legal entity, cost centre, account, campaign, location, team, supplier, customer and more.

Innovation

Innovative technology, such as machine learning, is also a critical area of investment for Workday. When applied, machine learning can help move finance teams toward a zero-day close. With your financial data and processes in the same system, machine learning can help optimise 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 improvement to how the consolidate and close 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 finance data is the best way for you to achieve a smarter, faster, more flexible consolidation and close process. Getting these basics right is key to helping finance become a stronger partner to the business.

To learn more about how Workday supports growing organisations, visit: workday.com/midsize-suite.



Endnotes

¹Stepping Outside the Box: Elevating the Role of the Controller, Deloitte, 2018
<https://www2.deloitte.com/us/en/pages/audit/articles/role-of-the-controller.html>

²Solving Global Business Challenges with Workday: Q&A with Aon's VP of Finance Solutions
<https://blogs.workday.com/solving-global-business-challenges-workday-qa-aons-vp-finance-solutions>

³Workday and AAA Northern California, Nevada & Utah
<https://www.workday.com/content/dam/web/en-us/documents/case-studies/workday-aaa-case-study.pdf>

⁴Workday and CustomInk
<https://www.workday.com/en-us/customers/customink.html>

⁵Workday and Bill Gosling Outsourcing: Making a People Business Work Better for its People
<https://www.workday.com/content/dam/web/au/documents/case-studies/bill-gosling-outsourcing-case-study-au.pdf>

⁶Workday and Schumacher Clinical Partners
<https://www.workday.com/en-gb/customers/schumacher-clinical-partners.html>

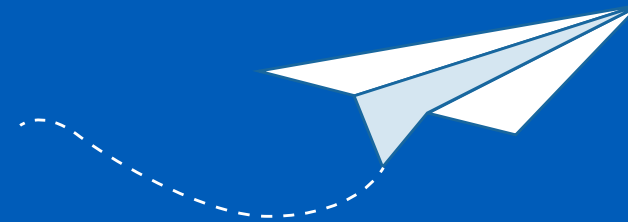
⁷Workday and AAA Northern California, Nevada & Utah
<https://www.workday.com/en-gb/customers/aaa-ncnu.html>

⁸Q&A with Aon and WeWork: The Business Impact of an Agile Financial Management System
<https://blogs.workday.com/interview-aon-wework-agile-financial-management-system-impacts-businesses>

⁹Workday and Care.com
<https://www.workday.com/en-us/customers/care-com.html>

¹⁰Workday and Adventist Healthcare
<https://www.workday.com/en-us/customers/adventist-healthcare.html>

¹¹In Our Customers' Words: Driving Better Business Decisions and Growth
<https://blogs.workday.com/in-our-customers-words-driving-better-business-decisions-and-growth>



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