

Streamlining Your Month-End Close

A Faster and Better Financial Consolidation Process



Closing out the company books can be a tedious task, whether it's the end of the month or the end of the year. And the longer you draw it out, the more tasks you give yourself, and the worse it is for you and your company.

But closing your books doesn't have to be complicated— or take a long time. Instead, you'll increase accuracy by troubleshooting obstacles, creating a concise closing list, and optimizing your use of automation while decreasing company time.

This ebook will address each of these issues through three sections:

SECTION ONE: **OBSTACLES TO SMOOTH CLOSING**

SECTION TWO: **CONSOLIDATED CLOSING SCHEDULE**

SECTION THREE: **STREAMLINING TASKS WITH AUTOMATION**

Each section will cover actionable tips to help your finance department enjoy closing up financial books while increasing the value of your reports.

SECTION ONE

Obstacles to _____ **Smooth Closing**

A smooth month- or year-end closing often runs into the same handful of obstacles:

- It takes too long.
- The report uses too many sources.
- Data collection methods are unreliable.
- Systems are outdated or updated.

Timeline for Closing Books

Many companies report that month-end book closing takes six business days, with annual closings taking three weeks. So in a month with 20 business days, book closing takes 30% of your finance department's time. That is simply too high a ratio of your team's time.



Need a Single Source of Truth

A top contributor to an expedited book closing is a lack of a single source of truth fueling your reports. When financial data comes from multiple spreadsheets maintained by hand, it's impossible to weigh the value of the information.

Data Collection Methods Create Unreliable Data

Many financial departments begin their closing routine by emailing key players to submit expense reports and sales numbers. However, the reports often use variable methods, systems, and levels of detail. In addition, hand-collecting financial data creates inconsistencies and, thus, unreliable data.

Outdated or Redundant Systems

Finally, many companies rely on outdated systems. Often, this is because companies continue to run on habits rather than updating based on new technology or updated industry standards. For example, companies running their finances primarily using spreadsheets and emails create extra work for themselves.

What Solutions are Available?

Fortunately, most common business obstacles have easily-available solutions. The following two sections will explain how to streamline your closing schedule and implement the best tools to improve your financial closings.

Section One Summary:

- Company closings take too long proportionate to working days on average.
- The same few obstacles are often the culprit of paying too much and taking too long to close books.
- Lacking a single source of truth.
- Outdated data collection methods result in unreliable data.
- Outdated and redundant tracking and reporting systems.
- Creating a concise closing schedule significantly reduces closing time.
- Using the best tools will increase accuracy and reduce closing time.



Defining a _____ **Consolidated Closing Schedule**

The first step to streamlining your closing time is accurately defining what you need to close. Then, break those tasks down into time increments and create a schedule. We recommend the following steps:

1. Define Categories of Financial Data
2. Break Down Categories into Tasks
3. Prioritize Tasks by Assigning them to Days
4. Create a Report, then Review

Let's cover these steps in more detail.

1. Defining Categories of Financial Data

While your financial categories seem essential, having a clearly defined list for the entire team will keep everyone focused on the basics.

Common categories include:

- Cash
- Assets
- Liabilities
- Payroll and benefits
- Equity
- Revenue
- Expenses

Break down these categories or create new ones depending on your unique needs.

2. Break Down Categories into Tasks

After defining your data categories, you need to break them down into tasks assigned to specific people or teams. For example, give someone to update the cash report and someone else to verify the payroll and benefits expenses.

There is a fine line between creating clear expectations and accountability and creating an overly detailed list that overwhelms the team. Ensure that the fine points are detailed, but don't state the excessively obvious.

3. Prioritize Tasks by Assigning them to Days

Once you've determined your tasks and assigned them to your team members, it's time to create your timeline. Start with the final tasks and work backward to ensure that you have sufficient time to generate the report.

Creating your closing schedule lets you objectively estimate the time it will take your team to close accurately. Next, check to see if that time allotment is appropriately to scale for their work schedule. If not, it's critical to review your systems and tools and see where you can reduce mistakes and redundancies.

Review the time it takes to close your books at least quarterly to ensure that you stay on top of actuals and trends.

4. Create a Report, then Review

Consolidate all information into your final reports, including Profit & Loss and your Balance Sheet. Review this report with department heads before submitting it to company leadership.

Special Note Enable Collaboration

Creating meaningful reports requires high-level collaboration throughout the company. Ensure that your systems and reporting methods enable transparency so departments can correct or provide context to data.



Section Two Summary:

- Smooth, efficient book closing depends on a well-defined, condensed closing schedule.
- Start with a basic system, then customize steps according to your unique needs:
 - Define Categories of Financial Data
 - Break Down Categories into Tasks
 - Prioritize Tasks by Assigning to Days
 - Create a Report, then Review
- Financial categories often include:
 - Cash
 - Assets
 - Liabilities
 - Payroll and benefits
 - Equity
 - Revenue
 - Expenses
- Collaboration is critical for a smooth closing, so define communication methods and responsibilities ahead of time.
- Repeat this system for your annual closing, ensuring that books are updated throughout the year to streamline the final close.



Streamlining Tasks **with Automation**

Understanding your needs and required tasks is essential— but equally crucial to efficient closing is the systems you use. If your closing takes too long on average, take inventory of your current financial tech stack and how you use them. It's often the simplest tasks that cause that create the highest losses— both in time and money.

Here are our top time-wasters with readily available automation solutions:

- Manual data input
- Custom formula creation
- Unique report generation
- Manual reminders and requests

Manual Data Input

Manual data input is a top offender in time-wasting and financial mistakes. Reliance on spreadsheets often creates opportunities for mishandled data, creating billions of dollars of losses for larger companies.

Solution:

Use cloud-based financial software that provides third-party integrations. Integrations will allow financial institutions and apps to feed real-time transactions, balances, and other data. This greatly enables a single source of reliable information.

Custom Formula Creation

Building spreadsheets is another large waste of time in creating, maintaining, and error checking. Furthermore, the formulas are based on the preferences of specific employees, leaving companies open to significant upsets during employee turnover. Spreadsheets also leave data vulnerable to simple mistakes, like accidental edits.

Solution:

Financial software generates standardized reports based on preset formulas and configurations. Initial setup may take time, but once the program is up and running, you'll spend little time changing systems. Your company will also protect against employee preference, accidental edits, and turnover.



Unique Report Generation

Financial reports are often long and dense, leaving room for error. They also are often difficult for company leadership to read and interpret. Long, detailed files leave company leadership unable to make quick, decisive decisions or even ensure that the data is accurate.

Solution:

User-friendly software automatically generates reports, including easy-to-read visuals. These reports are easy to create and read, even without specialized financial education and training. As a result, you'll reduce reliance on specific employees while increasing leadership's ability to make empowered decisions.

Manual Reminders and Requests

Even the best systems often require messages and emails to ask departments to update reports. However, these emails and reminders do not need to be sent manually every month.

Solution:

Great software will automate reminders and create specific prompts to help company leadership submit reports on time without tedious email generation from the finance team.

Section Two Summary:

- Simple tasks often lose the most time and money.
- Your financial tech stack is the first place to look for clues for inefficiencies.
- Updating your tech stack creates high ROI and protects against needless waste.
- Top automation applications include:
 - **Data input:** reduce manual data entry with live, third-party integrations for real-time, accurate information.
 - **Formula creation:** skip the time and maintenance of custom formulas with pregenerated, tamper-proof programs.
 - **Report generation:** increase information reach and utility with automatically generated reports.
 - **Reminders and requests:** streamline data collection across the organization with automated report requests and reminders.

Streamline Your Book Closings _____ With Upgraded Financial Tech

Proper schedules and expectations are critical to any financial department-- but the right tools can turn tedious checklists into smooth automation. So if your month-end or annual closings take too long, have too many mistakes, or feel too vulnerable, it's time to update your financial stack.

At Cofi, we provide high-quality software with live integrations, forecasting abilities, and more.

Request a demo today!