Unfrequently Asked Questions During Transitions

The most important questions that finance and accounting departments should be addressing during times of change—but don't think to ask.

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Dealing with transitions is a fact of life for all business units in an age of disruption. While periods of rapid change are challenging for any business unit, transitions can be particularly painful for finance and accounting departments, whose processes and information flows are intertwined with every aspect of the organization.

Mergers, acquisitions and divestitures grab the most headlines, but the types of transitions that affect finance and accounting departments take many forms. Some are caused by external forces such as regulations that create new reporting requirements or an economic downturn that leads to a round of layoffs. Other times transitions are caused by internal changes such as turnover in the CFO office or a company's decision to expand into a new business line or geographic region.

But transitions don't have to be just a source of pain. They can be opportunities to make your finance and accounting departments run more efficiently—if you know to ask the right questions.

Here are six questions you need to ask across your finance and accounting team to make sure you're using periods of change to drive productivity.

Do we view the transition as burden to survive … or an opportunity to thrive?

Too often organizations—and finance teams in particular—view transitions as something that's scary or painful. So, their only goal is to simply get through it. Instead of going into survival mode, finance teams should see the transition as a chance to rethink processes, resources and tools—and improve them.

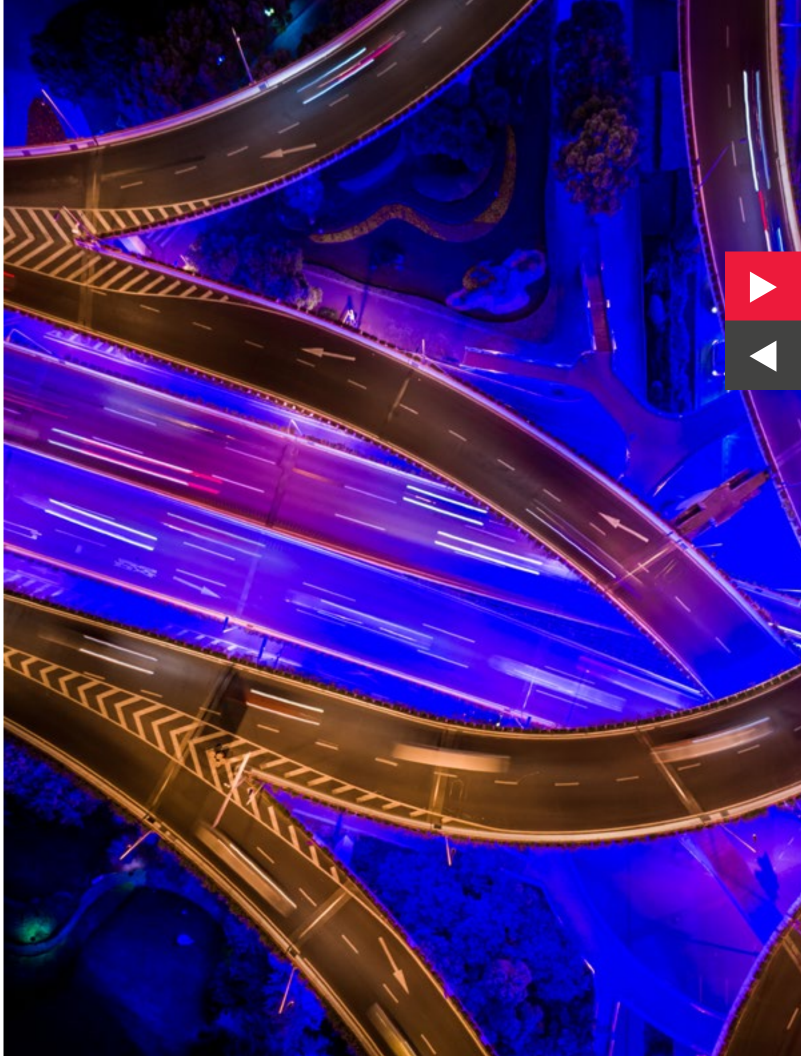
Often, the barriers that have prevented teams from making these improvements in the past—inertia, risk-aversion, inter-office politics, budgets and headcounts that have been set in stone, or legacy technology platforms and relationships with vendors that are viewed as untouchable—are much lower during a transition. People are more open to change during transitions because they realize that the change is inevitable and it's being instigated by some larger, external force.

Don't let this valuable opportunity to strengthen your team pass. Take advantage of the lower barriers by implementing changes that will help your team emerge on the other side of the transition as a new and improved version.

Are we ready to grab the transitioning bull by its strategic horns?

Too often the finance team's contributions are viewed as being backward-looking, and senior management simply uses accounting reports as a way to "keep score" about things that happened in the past. As a result, finance is often along for the ride when it comes to the strategic discussions about the future of the organization.

A major transition is an opportunity for finance to elevate its strategic profile. Finance can play a leading role in the decision-making process by using data analytics to tell the story of where the company should be headed and how various strategic options will affect the organization's financial performance. By providing these forward-looking analytics, finance gets to showcase its true value and show that it's an essential part of any strategic discussion.



Is now the time to reimagine our team's future role?

In times of stability, it's easy to think that optimizing your finance department's staffing model, tools and processes means making incremental changes to the status quo every year. But when the organization is going through a monumental change, finance can't assume that incremental changes will be sufficient to ensure that the department is serving the organization's future needs.

A major transition is an opportunity to reimagine your role and modernize your team to become data analysts and strategic partners to the rest of the business. You need to think critically about what size team and what types of reporting capabilities, processes and technology tools will be needed by the organization once the transition is complete. As you think about modernizing, keep in mind that not all of the future functions need to be performed by your existing personnel; a transition can be the ideal opportunity to identify tasks that can be outsourced or automated.

Are we ready to be a catalyst for change throughout the organization?

Finance touches every part of the organization, so the changes being considered for the finance team can't be considered in a vacuum. Whether you view yourself as a change agent or not, you need to realize that the changes your finance team makes will radiate throughout the organization.

For example, if finance implements a tool to automate the collection of invoices from vendors, the business units that work with these vendors on a daily basis need to be looped in so they can make sure that the new system doesn't disrupt the delivery of services. This dynamic goes both directions. For instance, if a business unit decides to switch from a variable pricing model to a fixed-fee model with its vendors, finance needs to be involved so that the invoicing system can be adapted to reflect this change.

Are we counting on this transition to manage itself?

Too often, organizations succumb to the temptation of "magical thinking" when it comes to managing a transition. They think that if they close their eyes and wish hard enough, the transition will just manage itself—and when they open their eyes, they will have magically been transported from Point A to Point B.

Successful transitions don't happen by chance; they require careful planning and communication. Like any complex project, they need to be managed intentionally and proactively. This applies to any department but especially finance, where the stakes are high and missteps have a direct impact on the company's bottom line.

At a minimum, a change management plan should include the following:

- List of all the stakeholders affected by the change
- Team members in charge of the transition and a main point person
- Detailed description of what the end state looks like
- Steps required to get from the current state to the end state
- Timeline for each of the steps
- Checkpoints along the timeline to determine if you're on the right path and adjust to unanticipated results

Our teammates can read our minds when it comes to the transition plan, right?

Unfortunately, mind-reading is a very rare skill. In addition to having a plan for how you will manage the transition, you also need to have a plan for how you will communicate with stakeholders in the finance team and throughout the organization.

A critical element of the communication plan is clearly defining the business case for the transition. You can't expect stakeholders to get on board with a decision if they don't understand the rationale behind it. The communication plan should also address the following questions for stakeholders:

- Who will be their main point of contact during the transition?
- When will various stages of the transition be completed?
- How will various groups across the organization be affected by the change?
- How will we define success and measure progress toward that goal?

It's important to realize that your communication strategy shouldn't be a one-way street. You need to seek out feedback from the stakeholder groups that will be affected.

You have questions. We have answers.

By thinking through these unfrequently asked questions, you will significantly increase your chances of achieving an infrequent outcome: a transition that goes smoothly and results in the finance team emerging as a strategic partner for the organization's growth. At BDO, we're here to make sure you're asking the right questions and to help you find the answers when it comes to your next transition.

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