



# ENHANCING COMPANY PERFORMANCE BY STRENGTHENING THE FINANCE FUNCTION

Is your finance team enhancing corporate value through its people, processes, and systems?

In addition to delivering on core financial activities, today's finance teams often have to manage issues of risk, compliance, and corporate strategy. A strong finance function will be a business partner to the CEO to support strategy execution, both for your company's current state as well as



its anticipated future.

In this edition of *Executive Issues & Insights*, we explore key insights drawn from the extensive

C-suite and Board experiences of the NextLevel team on how to enhance your company's performance by strengthening the finance function.

## NEXLEVEL CASE STUDY

*Finance function rebuilt from scratch following acquisition leads to company turnaround*

A leading company in a rapidly growing segment of the software-as-a-service industry acquired its primary competitor to gain market share and economies of scale. The chosen headquarters location for the combined company left it without a CFO and only remnants of a finance and accounting staff. The new ERP system implementation for the combined business had failed several months earlier, leaving the company with no working accounting and financial reporting system. The company was also unprofitable, out of compliance on its bank covenants, and due to run out of cash within five months.

A finance executive, now a NextLevel partner, was called in as interim CFO to assess the situation, help achieve stability, and right the ship with respect to the finance function. He quickly built a new finance team and established a performance-based culture in Finance that directly supported the CEO and the new business strategy developed for the new competitive environment. Within two

*(more)*

## NEXLEVEL INSIGHTS

### Evaluate your finance team

Consider the credentials, experience, and culture of the team. Each member of the finance team should understand the department's critical role in enabling the executive team to implement strategy and help steer your business to success. The entire team needs to be appropriate, not only for the company's current state but also for its anticipated future state. Cull, promote, hire, and train to reinforce the right culture and credentials for Finance.

### Optimize the finance team's structure

Adjusting the finance team's structure often pays dividends in improved culture and efficiency. A more vertical structure can tighten control standards when staff lacks experience or credentials, and a more horizontal structure can give lower-level staff the ability to communicate policy throughout the company. Whatever adjustments you make, keep the structure simple so Finance can grow without becoming unmanageable as your company grows.

### Take a deep dive into your balance sheet

Often there is something on the balance sheet that hasn't been reconciled or updated in years and your finance team has grown blind to it. This may be because accounting staff grew with the company and lacked credentialed CPAs or audits. Or Finance may have been focused on other activities during rapid growth and failed to make sense of legacy balances. Make sure that your financial foundation is correct, which starts with the balance sheet. If something doesn't make sense, look into it and make necessary adjustments without delay.

*(more)*



*(continued)*

months, he filled key Finance positions by recruiting from outside as well as by elevating existing staff members who understood the new direction for the finance team and company and were capable of taking a proactive role for Finance.

In addition, he cut costs by reducing positions, added transparency by changing the revenue recognition policy, brought financial reports up to date, and renegotiated bank covenants.

Within five months of the interim CFO's coming on board, the company was stable and profitable. The NextLevel partner soon became permanent CFO, and the company's market value steadily increased. Within two years, its market value had more than doubled and the company had a successful IPO.

**"A STRONG FINANCE FUNCTION  
ALWAYS COMES DOWN TO THE  
PEOPLE, PROCESSES, AND SYSTEMS."**

**When you can engage  
these in the right way  
with the rest of the  
company to execute  
strategy, they will boost  
performance and scale  
with you as you grow.**

## More Information

To learn more about how NextLevel can help you enhance your company's performance by strengthening the finance function, call us at (800) 833-NEXT or email (800) 833-NEXT or email [info@nlbev.com](mailto:info@nlbev.com).

*(continued)*

### Standardize finance processes and systems across the business

If you've grown by acquisition, there can be different accounting policies and ways of doing things in different parts of the business. This creates inefficiency. If your company didn't review processes before integrating, you should do it now and develop a plan for standardizing as much as possible as quickly as possible. To ensure buy-in on new process standards, prepare and communicate an explanation as to why standardization will be critical to your company's achieving its long-term growth plans and reducing potential legal exposure.

### Look for opportunities to automate

Automating processes provides shorter cycle times and integrated reporting to ensure one clear version of reported results. This enhances reporting credibility and usefulness. However, automate selectively as it may be possible to achieve greater results by streamlining or eliminating processes without incurring the costs and delays of automating. As long as costs and risks are reasonable and delays can be managed, automation can significantly enhance your company's performance.

## KEYS TO ENHANCING COMPANY PERFORMANCE BY STRENGTHENING THE FINANCE FUNCTION

- **Your finance team makeup:** Do you have people with the right credentials and experience?
- **Your finance team structure:** Have you optimized it for your company's needs?
- **Your balance sheet:** Have you taken a deep dive to ensure your financial foundation is correct and understandable?
- **Your financial processes and systems:** Are they standardized across the company?
- **Your opportunities for automation:** Have you evaluated and implemented all reasonable options?