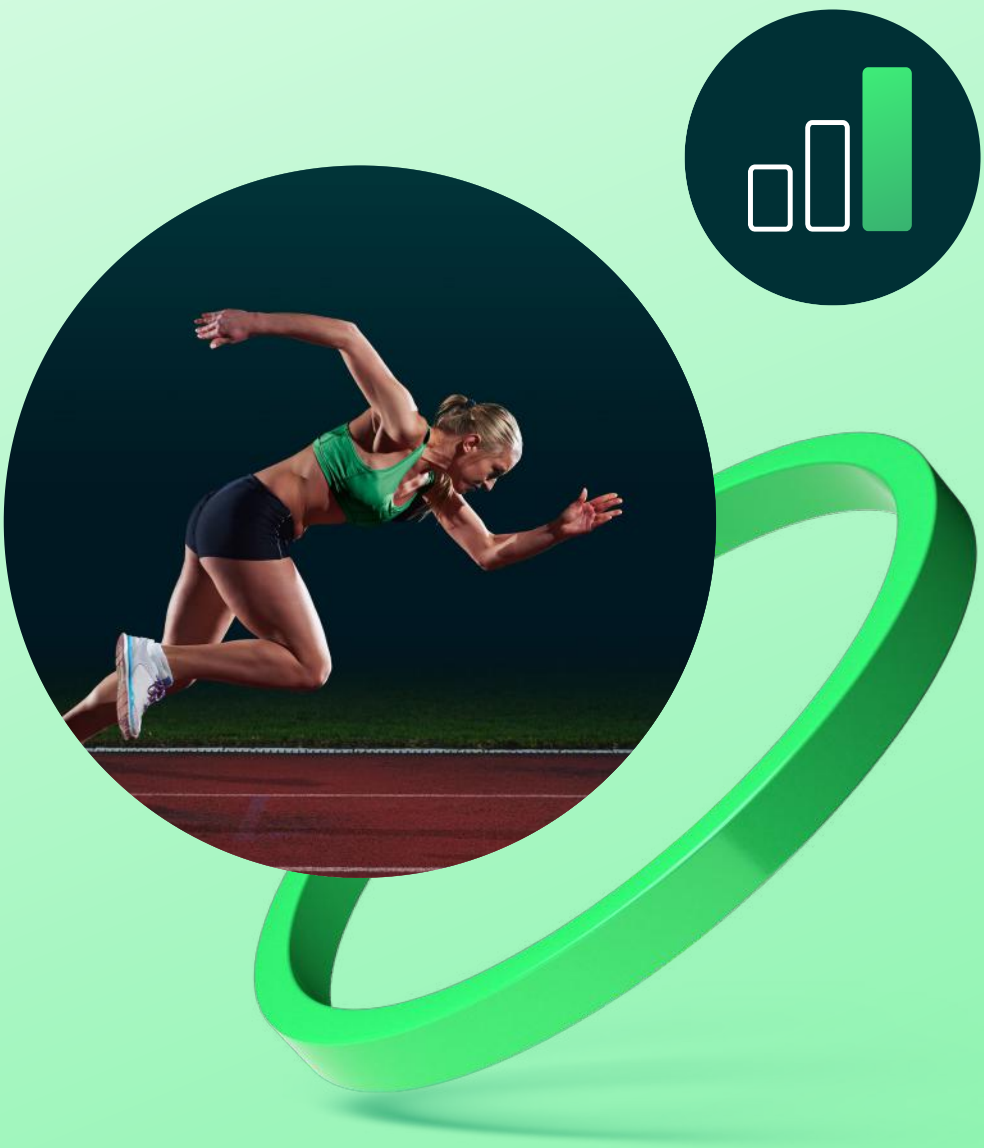
WHITE PAPER

The Productivity Imperative

Why apex performance matters most in 2024



Introduction

> With the constantly changing business landscape and increasing demands for efficiency, CFOs are facing a major challenge in 2024 and beyond – how to maximize the productivity of their teams.

This is especially true in the accounting and finance department where tight deadlines and complex processes can often lead to bottlenecks and delays.

This challenge is amplified by complex regulatory requirements, escalating market demands, and the notable talent shortfall plaguing the industry. A recent study by the US Bureau of Labor Statistics highlights a 17% decrease in accounting roles between 2020 and 2022, further strained by a decline in accounting majors.

Despite being potentially short on resources or not fully ready or prepared to modernize their technological infrastructure, the finance department is still held accountable for their performance. The only viable solution is to maximize their efficiency using the tools currently available to them.

ROBERT KUGEL

Executive Director,
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In this context, productivity becomes the vital cog driving success in 2024. As Robert Kugel, finance expert and Executive Director, Business Research at Ventana Research, now part of ISG, emphasizes, **"Technology is all about productivity."** Embracing it is crucial for finance departments to thrive. Technological innovations, particularly in accounts receivable (AR) automation and Artificial Intelligence (AI), hold the potential to revolutionize finance functions by automating mundane tasks and liberating teams to concentrate on strategic initiatives.

In this white paper we'll delve into strategies to harness technology for boosting productivity in the finance sector, which is more important than ever in 2024.

The modern finance leader's dilemma

The traditional responsibilities of the finance team, such as reporting tasks and financial closing, have evolved. In today's fast-paced and ever-shifting business landscape, finance leaders face a dilemma. On one hand, they are expected to provide accurate and timely financial information to guide strategic decision-making, leveraging his or her comprehensive understanding of the organization. On the other hand, they must navigate the complexities of compliance, risk management, and technological advancements.

To maintain a delicate balance between traditional finance duties and the demands of a rapidly changing business environment, finance executives must embrace technological changes and accept automation. The expectation remains that, in spite of these complexities, the finance team will continue to deliver and perform effectively.

Efficiency alone doesn't cut it, says Robert Kugel. "Increased efficiency can lead to greater productivity, but typically efficiency equates to doing the same things faster or with fewer resources. But focusing on incremental gains misses the opportunity to significantly improve departmental performance."

True productivity involves **redefining work** using technology, not just doing things faster, he argues. "When I use the term productivity, I mean wherever possible, using technology to restructure how work is done to improve overall performance. Automating invoice delivery or cash application. Replacing paper based systems with electronic ones. These are examples of how enterprises can easily become more efficient but also more productive. You're going beyond efficiency because productivity gains produce positive knock on effects."

While gaining efficiency is a tactical approach, increasing productivity is strategic because it demands a redefinition of how work is performed in the department. Advances in available technology make such a reappraisal both possible and necessary.

Despite advancements, finance leaders continue to make errors, as highlighted by Kugel, in failing to recognize that technology is no longer a choice but a necessity. The hesitation to fully embrace technological progress promptly is a significant drawback.

"Today, technology is essential to the smooth functioning of the finance and accounting department. I would recommend having at least one person in the department who understands technology, and how it interacts with accounting and finance. You can rely on them to help make the right choices and understand how to get full value from technology investments."

A change in work dynamics

The aftermath of the pandemic has brought about a significant transformation in work dynamics. While some individuals have returned to the physical office, remote or hybrid work and distributed collaboration have become indispensable for businesses and organizations worldwide.

The finance department was no exception: the impact of COVID prompted many senior staff accountants to retire early or exit the profession, creating a scarcity of accounting and finance talent, as noted by Robert Kugel. With decreased interest in accounting majors, organizations faced challenges in finding skilled staff. To address this, enhancing staff productivity and providing modern technology became crucial.

While seasoned professionals may have coped with outdated technology, enticing new top talent necessitated equipping them with state-of-the-art tools. Kugel compares this to the progress of reconciliation software in the last twenty years, now a sector with an impressive $2 billion in annual recurring revenue (ARR). In this case, CFOs recognized the inefficiency of manual tasks and embraced automation for simpler processes, freeing up valuable time for more strategic initiatives.

Tackling the challenges and pitfalls of data

In the era of big data, an excess of information and data overload hampers decision-making and productivity rather than aiding it. Every transaction, every customer interaction, every market trend generates a multitude of data points. However, when these multiply exponentially, they can cloud vision rather than offer clarity. The result? Decision-making slows, productivity dips, and the potential for missteps increases.

Moreover, it's not solely about the sheer volume of data. The complexity and quality of the data also pose significant challenges. Unstructured data or data from disparate sources present formidable obstacles. The process of sifting through such data and extracting meaningful insights can consume substantial time and resources.

Access to data, or lack thereof, and data controls are equally vital factors. Robert Kugel sheds light on the challenges posed by spreadsheets in technology, underscoring the negative impact of limited data access and data-related issues. While spreadsheets excel in individual tasks or initial prototyping, integrating them into broader enterprise processes can hamper productivity due to their lack of workflow management and robust data controls present in software solutions.

Prioritizing productivity

Improving productivity is about working smarter to optimize inputs and maximize outputs. Even if immediate modernization isn't feasible, prioritizing productivity remains vital for companies. By analyzing current productivity bottlenecks and pain points, and maximizing existing resources first, companies can gain valuable data and insights into where modernization efforts can deliver the most significant impact. This helps prioritize future investments and ensures modernization addresses actual needs.

The phrase "We've always done it this way" might be the six most expensive words in managing a finance and accounting department, according to Robert Kugel. The inclination to maintain the status quo is common in finance due to the emphasis on consistency. However, **improving performance requires a continuous improvement mindset.** The methods employed should evolve if they enhance performance or mitigate risk.

"Continuous improvement is about an ongoing effort to identify opportunities for improving processes, reducing costs and achieving higher quality in the final product. It revolutionized manufacturing and should be the culture of the finance and accounting department. We found in our research that even without substantial investments in new technology, most departments can enhance productivity by adopting just that continuous improvement culture. Adopting such a culture can not only unlock hidden potential within the department but also serve as a catalyst for making the right technology investments, leading to faster time to value."

Actionable steps

Identify areas for improvement

Analyze processes and workflows to pinpoint inefficiencies.

Take smaller steps

Modernization isn't an all-or-nothing proposition. Many smaller, incremental improvements can be implemented even within existing infrastructure. It eases the transition to new tools.

Set achievable goals

Define measurable objectives with clear timelines.

Embrace continuous learning

Encourage upskilling within the team through training and development programs.

Building a culture of continuous improvement

By focusing on productivity processes and workflows, and creating this culture of efficiency and continuous improvement, companies can unlock significant benefits and lay the foundation for successful long-term modernization when the time comes. This approach also instills a forward-thinking, adaptive mentality in employees, crucial for the ever-evolving business landscape.

"Technology enhances customer responsiveness by providing readily available information, ensuring swift and precise payment processing for customers to maximize their credit line utilization."

Introducing technology in finance teams

Embracing technology as a key player can significantly boost productivity levels. In today's landscape, CFOs and finance teams are urged to ditch manual, paper-based processes and spreadsheets. Robert Kugel explains that through technology, CFOs have the opportunity to automate specific processes, relieve the workload on their staff, and empower their teams to concentrate on more valuable activities and strategic initiatives.

But with so many different technologies available, how do CFOs know which ones are the right fit for their department? The key is to understand the specific pain points within the finance team and then find solutions that directly address those pain points. For example, if your team struggles with manual data entry and reconciliation, it may be worth investing in automated finance software that can streamline these tasks. If your team has trouble collaborating and sharing information across different locations, a cloud-based platform could help facilitate communication and document sharing.

"Technology enhances customer responsiveness by providing readily available information, ensuring swift and precise payment processing for customers to maximize their credit line utilization", says Kugel. "By preventing lost sales and boosting productivity, companies become more customer-friendly, leading to increased sales without compromising profitability or risk."

A departmental culture shift

While investing in modernization, short drops in productivity are to be expected. There is a learning curve involved when introducing new tools and technology in finance departments, according to Robert Kugel. One way of mitigating the impact of these short term drops in productivity, is having a culture that accepts and embraces change by adopting that continuous improvement mindset.

When finance leaders focus on shaping the department's culture, they can boost their team's willingness to change and minimize resistance to change. This shift eases the challenging aspect of change management when adopting new technology. Gradual adjustments to processes can help employees acclimate, reducing the need for significant changes and alleviating anxiety and operational disruptions that hinder productivity. This approach not only facilitates faster productivity gains but also streamlines the transition, as highlighted by Kugel.

Advanced collaboration tools

To enable seamless teamwork, teams need to have advanced communication technologies at their disposal. Digital collaboration tools facilitate efficient information sharing, real-time communication, and streamlined workflows, thereby enhancing productivity and expediting decision-making processes. This newfound flexibility will also allow companies to tap into a global talent pool and foster innovation through diverse perspectives.

Additionally, a fundamental approach from project management is crucial: establish achievable goals, stay informed, communicate proactively, and ensure thorough training for all involved.

Massive investments in Artificial Intelligence are paving the way for AI to have a profound impact on long-term productivity.

The potential of AI to boost productivity

Massive investments in Artificial Intelligence are paving the way for AI to have a profound impact on long-term productivity. AI is positioned to address the shortage of finance professionals and ease the increasing burdens and workloads faced by the current workforce.

With today's technology, we can delegate mechanical tasks to computers, freeing up time for people to concentrate on more meaningful activities. This shift often opens doors to pursuits that were previously out of reach due to time constraints.

Robert Kugel firmly believes that AI will revolutionize the operations of finance and accounting departments more significantly than any computer technology has in the last five decades. According to him, this transformation will be truly groundbreaking, as software will finally be able to fulfill long-standing visions and promises made over the years.

Productivity killers

Tech stack & processes

- Manual data entry
- Outdated and slow technology
- Paper-based processes
- Unstructured, unclear or inefficient workflows
- Lack of automation for routine tasks

Communication & collaboration

- Miscommunication
- Unclear expectations and deadlines
- Inefficient meetings
- Information silos

Individual & team dynamics

- Multitasking
- Distractions (emails, phone calls, or colleagues)
- Unrealistic workloads
- Lack of training & development
- Poor work-life balance

Reinventing teamwork with Billtrust

The shortcomings of singular, standalone products in the accounts receivables (AR) realm are well-documented—a lack of scalability, integration challenges, fragmented views, and a subsequent delay in return on investment.

The siloed systems of yesterday cost organizations not only in efficient resource allocation and productivity, but hinder data reconciliation, and, ultimately, impede strategic decision-making. It also places them at a competitive disadvantage as they strive for adaptability and comprehensive training for their teams.

> Now, envision a workspace where data flows unimpeded between systems, yielding actionable insights and creating a cohesive, efficient environment. Leaders are therefore turning their gaze towards holistic end-to-end systems.

Overcoming disparate systems with a unified platform

Shifting from this piecemeal approach to a robust, end-to-end AR system doesn't just streamline operations—it redefines them. It's a journey from scattered data and disjointed infrastructure to a world where AR activities sync seamlessly, where each function from invoicing to collections is interconnected. This cohesion brings about measurable efficiencies, reduces manual labor, and transforms AR teams from back-office executors to front-line strategists.

Billtrust's unified AR solutions advocate for a comprehensive, data-centric approach that integrates various AR processes into a holistic system. This approach not only breaks down silos but also harmonizes buyer and seller interactions, thereby reducing manual workload and enhancing customer satisfaction. With practical tips such as starting with AR automation and blending human expertise with AI, Billtrust guides organizations through optimizing their AR processes and reaching their financial aspirations.

Connect finance data together

Billtrust goes beyond automation. From the early stages, Billtrust seamlessly integrates with ERP systems to retrieve invoice and balance data, empowering AR departments with up-to-date information at their fingertips. Finance teams gain access to accurate data, enabling them to generate insightful reports and leverage advanced analytics for a deeper understanding of the business. And for fully-fledged international enterprises, they gain better insight into every and each one of its entities and subsidiaries. We also handle the seamless transmission of invoices to tax authorities, all from a single, reliable partner.

Aligning productivity with business impact: Measuring what matters

Monitoring the productivity of your finance team goes beyond simple metrics. While direct measures like Days Sales Outstanding (DSO), the number of disputes or billing enquiries, and error rates - to name a few - offer valuable insights, understanding the broader impact on business objectives is crucial.

As Robert Kugel points out, consider the "easy to do business" factor. Implementing solutions that free up time, like order-to-cash technology, can improve customer satisfaction, potentially leading to increased sales and a competitive edge.

Additionally, measure the positive impact of improved efficiency by tracking how much faster tasks are completed, like having key reports available earlier or even created at all. This empowers executives to make quicker and more informed decisions.

Ultimately, **productivity metrics should not exist in isolation but be tied to how they contribute to the overall success of the organization.** This approach ensures your team is focused on activities that drive real business value.

5 takeaways for workplace productivity

1

Watch out for technology liability

Robert Kugel emphasizes the choice between investing in technology today or facing the consequences of technology debt later on. It's what he calls technology liability, the impact of not keeping up with modernization on a timely basis. By not paying for technology today, you're increasing the impact, the liability of not being as productive and as effective as you might be if you use the technology. If you manage the implementation of the technology well you can get immediate returns.

2

Have IT knowledge within your team

Research from Ventana reveals a common tech knowledge gap among finance and accounting leaders. It's one of the reasons why Robert Kugel emphasizes the value of team members versed in both financial intricacies and IT, adept at navigating multidimensional databases. While not advocating for IT integration into the team, he underscores the importance of having relevant knowledge readily available. "What we've found in our research is that there's actually a correlation between having those kinds of people on staff and how well the department operates. These individuals mitigate the perceived risks associated with tech adoption by articulating its benefits. They possess a comprehensive understanding of software and technology, and can explore ways to get full value from those investments."

3

Become a fast follower of technology

Finance executives should consider becoming fast followers of technology. This means not rushing to adopt bleeding-edge tech nor being early adopters, says Robert Kugel, but rather being prepared to embrace technology once the pioneers have ironed out major issues, and it's ready for widespread use. With the gradual roll-out of AI in the next 3 to 5 years; he advises to start with small, easily understandable changes that are simple to implement and update. By demonstrating limited risk and gaining buy-in from staff and the finance team, it's easier to introduce new tech in manageable increments than to overhaul everything at once.

4

Create an organization-wide continuous improvement mindset

Productivity shouldn't be the sole concern of individual employees or teams; it should be part of an organization's culture. This involves setting productivity as a key performance indicator at all levels of the organization and fostering a culture that values continuous improvement. By embracing this mindset, you'll not only enhance productivity but also increase employee engagement and satisfaction. Robert Kugel: "This continuous improvement mindset minimizes the negative impact that you might have without it. I would suggest taking things in smaller steps as opposed to one big bang."

5

Fold productivity into daily operations

Incorporate productivity strategies into your finance team's daily operations to enhance effectiveness. This can be achieved by implementing streamlined systems and processes, such as automation tools for routine tasks and targeted and efficient meeting structures. Regularly review and update these systems to ensure they contribute to improved productivity.

Finance as the engine of productivity

The finance department plays a critical role in fueling a company's overall productivity. Its reach across various departments positions it as the engine that keeps the organization running smoothly. Finance possesses a holistic understanding of a business's operations and its contextual environment. It is uniquely positioned to dismantle siloed thinking, identify connections, and forge novel associations between individuals and data.

Smarter strategies for managing accounts receivable, enabled by the latest generation of AR automation software, provide a much-needed surge in productivity and free up vital resources for initiatives that empower employees throughout the organization. This, in turn, enables them to thrive in their respective roles, paving the way for enhanced productivity, scalability, and growth for the business.

As a trusted advisor and solution provider, Billtrust stands ready to guide you towards success. If you find yourself questioning your ability to navigate these changes, remember that Billtrust is here to assist. We understand that this journey may seem daunting, but with Billtrust as your trusted advisor, you can confidently embrace these advancements, knowing you have a reliable partner to guide you every step of the way.

Faster turnaround times, accurate outputs, and improved error reduction – all hallmarks of good productivity – contribute directly to better customer experiences. As Robert Kugel puts it: "Technology can increase responsiveness to customers needs because the information you need is always available. It can ensure that payments are credited quickly and accurately so customers can have full use of the credit line. These productivity gains make a company easier to do business with."

> By prioritizing **a culture of productivity, continuous improvement, and technology adoption,** finance teams can **transform from cost centers to strategic partners,** enhancing customer satisfaction, driving sales, and ultimately propelling the entire organization forward.

billtrust

Learn more

Visit billtrust.com or contact our sales team.

ABOUT BILLTRUST

Finance leaders turn to Billtrust to get paid faster while controlling costs, accelerating cash flow and maximizing customer satisfaction. As a B2B order-to-cash software and digital payments market leader, we help the world's leading brands move finance forward with AI-powered solutions to transition from expensive paper invoicing and check acceptance to efficient electronic billing and payments. With more than 2,400 global customers and more than $1 trillion invoice dollars processed, Billtrust delivers business value through deep industry expertise and a culture relentlessly focused on delivering meaningful customer outcomes.

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