



Improving Communication with Your Finance & Accounting Department

Randy Miller, Partner, CFO Edge, LLC

It is sometimes said that finance and accounting is spoken in a language all its own, one that may as well be “Greek” to non-finance and non-accounting people. This can often be one of the biggest frustrations for Los Angeles and Southern California business owners and entrepreneurs when it comes to working with their finance and accounting department.

And it’s not always a matter of not understanding basic finance and accounting concepts or terminology. Often, it’s simply a matter of poor communication between senior management and employees in finance and accounting. As a result, the finance and accounting department is sometimes viewed by owners and entrepreneurs as a necessary evil, rather than a valuable asset.

Common Communication Complaints

There are a few complaints that are common among owners and entrepreneurs when it comes to communication and interaction with finance and accounting:

- The information from finance and accounting is not delivered on a timely basis.
- The information that is delivered is not relevant.
- Reports originated in finance and accounting are not understandable.
- Information doesn’t enable other departments to see where they are strong and where they need to improve.

Concurrently, the accountants may feel that department heads don’t communicate what they need or cooperate in providing information for the analysis.

The following hypothetical example demonstrates how poor communication between the finance and accounting department and senior management can lead to problems:

On April 25th, the accounting department of ABC Manufacturing Company delivered the financial statement package for the quarter ended March 31st to senior management. This package included an income statement, balance sheet and cash flow statement. Glancing over it, the owner saw that sales were up \$50,000 in the quarter, but net income only increased by \$10,000 and cash actually went down by \$30,000. But nothing in the statements made it clear why this happened.

When the owner showed the statements to the company’s department heads, they were just as frustrated. The consolidated numbers in the financial statement package did not provide them with any insight into what was going on in their departments. Not only that, but the technical accounting language made the analysis confusing, or it was so buried in disclaimers that it was hard to determine the changes that needed to be made.

This is not an uncommon scenario in many businesses today. At many companies, there are weekly sales and production meetings, but senior management only meets with the finance and accounting department

on a monthly or even quarterly basis. Of course, this communication problem can be exacerbated by the finance and accounting staff, who are sometimes more comfortable staying in their offices and keeping their heads buried in spreadsheets than they are interacting with senior management and department heads.

Finally, as a “cost” center that does not generate revenue for the company, the accounting department is often under-supported in staff and resources. The result is a work mentality that focuses on keeping up with daily tasks over longer term objectives.

Take the First Step

The best solution to this problem usually is for senior management to take the first step in improving communication with finance and accounting. Creating an environment where there is consistent, open and honest communication between finance and accounting and the rest of the company can result in many benefits, including:

- Better understanding within finance and accounting of the needs of other departments.
- Better understanding among other departments of what they need to provide to finance and accounting in order to get the information they want.
- The delivery of clear and concise analytical reporting that allows senior management to see business trends that can help them improve financial and operational performance.
- Departmental reporting that allows each department to see the income and costs associated with their operations and the impact of any changes on the company’s overall financial health.
- Better business planning through a collaborative process.
- Better overall reporting, leading to improved results and more business opportunities.

An outsourced CFO services provider can play a valuable role in helping improve communication between finance and accounting and your company’s senior management and other department heads. This includes helping your finance and accounting staff develop the relationships and implement the improvements in information delivery that will provide you and your department heads with the information you need on a consistent and timely basis.

Concluding Thoughts

Poor communication with the finance and accounting department is often one of the biggest frustrations for Southern California business owners and entrepreneurs. As a result, finance and accounting is sometimes viewed as a necessary evil, rather than a valuable asset. The best solution to this problem usually is for senior management to take the first step in improving communication with finance and accounting. An outsourced CFO services provider can play a valuable role in helping improve this communication.

About CFO Edge

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