



Managing Chaos in the Finance Department

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As hard as they might try to plan and prepare, most organizations occasionally experience situations that could be described as chaotic. This includes the finance department, where the busyness of the end of the quarter or the year can present unique challenges to financial staff and leadership.

Finance leaders need to be sensitive to the impact that a chaotic environment can have not only on the finance department, but on the entire organization. Even if the chaos is temporary, it still needs to be managed and controlled to the greatest extent possible. Otherwise, a wide range of negative impacts may occur that can cause long-term damage to the organization.

Challenges of Chaos Management

Finance departments face many challenges when it comes to managing chaos, including the following:

- The staff can become demoralized, which can lead to lower morale and productivity.
- If this low morale leads to significant staff turnover, the result could be a critical skills gap within the finance department
- An inability to access critical data when it's needed can hinder the overall performance of the finance department.
- Continual and ongoing time constraints could make it difficult, if not impossible, for the finance department to initiate positive organizational change.

Being aware of these challenges and proactive in dealing with them is one of the most important responsibilities of finance department leaders. There are many negative impacts that can occur if leaders fail to do so, including the following:

- The financial statements are outdated, which results in delayed closing of the books.
- This lack of accurate and timely data leads to other problems, such as slow accounts receivable collections, poor inventory management, etc.
- Management reporting is late due to limited use and the passage of time.
- Leaders fail to set priorities for the department so business issues aren't addressed, or if they are, they're addressed in a haphazard and chaotic manner.

How an Outsourced CFO Can Help

The best way to make sure that chaos is managed and its negative effects are minimized is to hire an outsourced CFO services provider to help in this effort. An outsourced CFO will have the hands-on experience and technical expertise needed to see the big picture and recommend necessary trade-offs so the department can become functionally efficient again. For example, an outsourced CFO will:

- Understand the necessity to dig into the details on order to provide the staff with necessary support.
- Set priorities while also understanding the issues that are facing the organization, such as why accounts receivable haven't been collected in a timely manner.

- Perform analysis to determine what are the biggest contributors to the chaos and the best ways to minimize them.
- Serve as a filter to the rest of the management team so they understand the issues and priorities being addressed by the finance department.
- Introduce processes and procedures that help eliminate confusion and conflicts within the finance department.

Hiring an outsourced CFO services provider to help manage chaos in the finance department can result in many positive outcomes for your organization, including the following:

- Improved staff morale as the team receives clearer direction from leadership and better understands department priorities, thus putting everyone on the same page.
- Less time spent reacting to problems and more time spent developing solutions.
- The implementation of automated solutions that mitigate, if not eliminate, the issues that are leading to the chaos.

Concluding Thoughts

Most finance departments occasionally experience situations that could be described as chaotic. Finance leaders need to be sensitive to the impact that a chaotic environment can have on the entire organization. Even if the chaos is temporary, it still needs to be managed and controlled to the greatest extent possible. An outsourced CFO services provider can help you manage chaos in your finance department and minimize the negative effects that chaos can lead to.

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