



Finance Groups: Improvement Overview

Operating Practice Areas

Summary of Improvements

Representative Improvements: Class I



Support Group Practice Areas: Finance Groups

Finance Groups: Improvement

Finance

- Financial Close/Reporting
- Accounts Payable
- Treasury Operations
- Cost Allocation
- Budgeting [Operating; Capital]
- Payroll [See also HR]
- Fixed Assets
- Tax Accounting

Human Resources

- Recruiting & Hiring
- HR Generalist Activities
- Compensation Management
- Benefits Administration
- Training and Development
- Termination and Retirement
- Payroll [See also Finance]

Marketing

- Product Management
- Marketing/Promotion Programs
- Field Support
- Market Research
- Marketing Communications
- Advertising

Information Technology

- Application Development Life Cycle
- Configuration Management
- Architecture Identification/Implementation
- User Support and Services
- Project Development/Prioritization
- Quality Assurance
- Strategic Planning [IT]
- Procurement [IT]

Shared Service Centers

- Customer Service/Order Mgmt
- Finance, Accounting, A/P
- Information Technology
- Human Resources

Corporate Services

- Move Management
- Mail Services
- Temporary Employee Operations
- Security Services
- Facilities Management
- Food Services

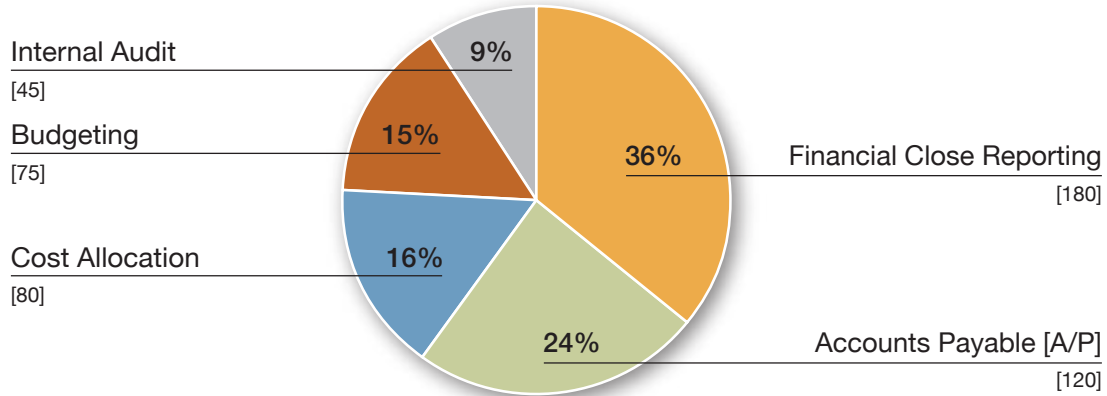
Legal/Compliance

Internal Improvement

Summary of Improvements

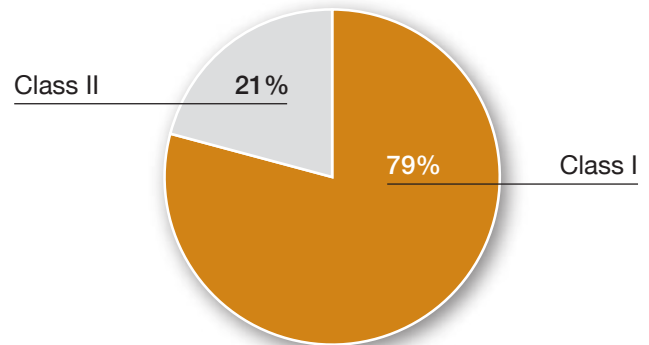
500 Finance Group Improvements Segmented by...

Operating Processes



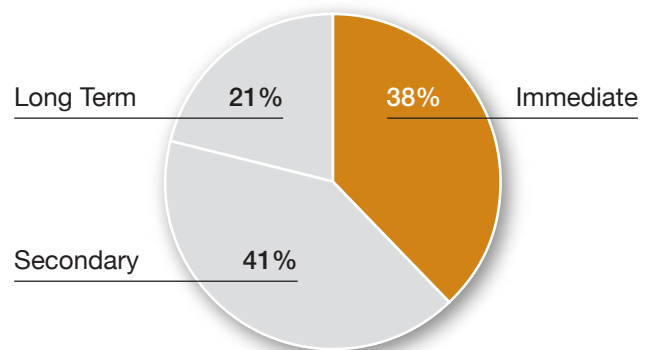
Class I®/Class II® Categories

Requires changes to:	Class I	Class II
Technology capabilities	No	Yes
Physical infrastructure	No	Yes
Product service offerings	No	Yes
Business or distribution strategy	No	Yes
Regulatory issues/approvals	No	Yes



Implementation Timeframe

Timeframe [months]	Complexity	Technology
Immediate [1-3]	Low	None
Secondary [3-6]	Moderate	Some
Long term [>6]	High	Major



Improve Smarter

Representative Improvements: Class I[®]

Examples

% of Total Improvements

Financial Close: Value Imbalance

At peak times, up to 85% of capacity in the close process can be devoted to low value tasks, data gathering, data scrubbing, etc. Only 15% remain for the tasks that line executives value most: analytical review & recommendations.

36%

A/P Invoice Processing: Poor Guidelines

Approval procedures and vendor certification requirements are frequently bypassed and no vendor rationalization process exists. Results: payment delays, multiple approval cycles, poor price negotiation, overbuying of standard items, unnecessary complexity for non-standard items.

24%

Cost Allocation: Inadequate Procedures

Complex, non-transparent cost allocations drive ongoing LOB questions, reducing the time available for trend analysis. Typically, no formal procedures exist to facilitate challenges to allocations, increasing the workload and cycle time devoted to explanation, reconciliation and LOB buy-in.

16%

Budgeting Process: Needlessly Complex

Line items, accounts, allocations and budget calculations generate numerous LOB interactions, and complicate data collection. Lack of revenue-to-staff translation mechanisms, “what if” tools, common submission routines and budget ratio comparisons needlessly increases budget cycle time [30%].

15%

Internal Audit: Intrusive Projects

Internal audits frequently do not clearly inform the lines of business of the time demands of an upcoming audit. The lack of prework checklists, rigorous scheduling mechanisms and graph-based output all contribute to unnecessary, low-value time demands on business line leaders and staff.

9%