

## Strategies and Tactics to Take Your Reporting Beyond Finance

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**This essay is part of a series, *Controllers' Corner: Two-Minute Essays on Financial Management and Control*, which asks industry thought leaders for their opinions on critical issues facing today's finance organizations.**

*In spite of the time and resources that Finance and IT teams have spent to gather, prepare and report on information, there is still a large, unfulfilled demand for quality and detail.*

### **Q. What options are open to the Controller's office for improving the reporting ecosystem?**

Tackling the information requirements of finance and business stakeholders, or more simply, ensuring the right level of quality and detail for financial reporting, continues to be a very high priority for virtually all organizations. Recent economic events have exacerbated the problem, with many organizations suffering from inadequate reporting across financial and operational systems. The Controller's office, as stewards of certified financial information, feels the pressure at both ends of the spectrum – to ensure data quality and accuracy, as well as to distribute information to those who need it.



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This essay will discuss some effective steps – both strategic and tactical – that can improve financial reporting and analytics. To lay the groundwork, let's establish three recurring reporting priorities that guide finance teams.

#### **1. Financial statement reporting**

The primary activity and output from financial consolidation systems and processes are the highly formatted,

structured financial statements that align with the specific information and layout unique to the particular organization. This foundational set of statements is the cornerstone of reporting. Key requirements include a single chart of accounts, a centralized, validated set of financial results, controls for overseeing the process, and the delivery of the statements.

### 2. Financial reporting and analytics

A secondary, but related activity is supporting financial and operational decision making, typically by supplying financial reports that compare data over time. Typical outputs are current month vs. same month last year, current quarter vs. same quarter last year, year-to-date vs. year-to-date last year, and the appropriate variance calculations. Financial reports communicate important performance metrics and results to the company and the business units. The same data also supports the many ad hoc requests from CXO's that send finance teams off on emergency fact-finding missions. Key requirements include the same financial data that supports financial statements, plus supporting financial details, analytical tools, self-service report creation and distribution.

### 3. Management and operational transaction reporting

Many, many reports across transactional and operational systems are required to get to the right level of detail for decision making. Business stakeholders, while gaining value from reports that measure financial performance, also need access to the supporting

transaction detail, perhaps by customer, product, sales channel, region or all of the above. Important comparisons across history, plan, budget, forecast and actual add considerable value for business analysts. Key requirements are enterprise reporting systems that can coordinate and manage data across multiple systems, a wide variety of reporting, analytic and scorecarding tools, and multiple delivery mediums including print, web and mobile.

Without a doubt, finance has a leadership role in each of these areas. While finance teams are generally confident in their ability to deliver financial statements, most companies separate financial reporting, analytics and enterprise reporting tied to IT projects, management and infrastructure. The opportunity here and, frankly, the *requirement*, is for finance to assume a leadership role and, working with IT, to define the complete set of reporting requirements.

A long-term strategic linkage between finance reporting leadership and IT is, of course, the ideal. Short of that, however, what can be done in the near term? There is a starting point for critical time-sensitive financial reporting that provides a foundation for other reporting.

*“But it does not require an approach that ‘boils the ocean.’ An effective process can deliver value one step at a time, starting with financial statements, then extending to financial reports and ultimately to broader enterprise reporting.”*

## *Strategies and Tactics to Take Your Reporting Beyond Finance*

### **1. Start by renewing financial consolidation systems and processes**

This investment alone can help standardize and organize the chart of accounts for reporting, and centralize financial data for statement reporting—two very important conditions for delivering financial reports. While those are important, the opportunity here is to not accept financial statements alone as the end result. The investment of money, time and learning can and should be directly connected to broader demands for financial reporting as well.

### **2. Extend financial consolidation to deliver financial reporting and analytics**

Upon completion of a consolidation system renewal, extend the information, complete with security and rules, to a high-performance environment specifically designed to support a broad community of finance and business users. The reporting process should offer self-service access, dimensional analysis, slice-and-dice analytics,

integrated charts, ad hoc reporting, and report/dashboard/scorecard portal creation for regularly scheduled distribution.

### **3. Embrace enterprise BI for management and operational reporting**

Once financial consolidation systems are confidently delivering financial results, and finance teams are leveraging the information for financial reporting and analytics, it is time to take the next logical step. Enterprise business intelligence (BI) is specifically designed to meet the reporting challenge, functioning at the layer above transactional and operational systems, and capable of coordinating and aligning data across multiple sources and definitions into one business reporting layer, aligned with validated financial results.

What are the rewards to this approach? Establishing the proper framework to satisfy the many reporting demands of the organization will cost money as well as time. But it does not require an approach that “boils the ocean.” An

effective process can deliver value one step at a time, starting with financial statements, then extending to financial reports and ultimately to broader enterprise reporting.

Why IBM Cognos solutions? We have been at the forefront of financial and business reporting for more than 20 years. Through the careful application of fit-for-purpose consolidation functionality, combined with high performance reporting solutions, we offer a unique approach to both the short- and long-term reporting needs of the Controller’s office.

#### **About Delbert Krause**

Delbert Krause is the Business Unit Executive, Financial Performance Management Solutions, for Cognos Software in the Information Management division of IBM. In addition to his formal training in finance, Mr. Krause has more than 20 years of experience in consulting, selling, and marketing performance management software solutions for finance, business and IT users. Mr. Krause can be reached at [delbert.krause@ca.ibm.com](mailto:delbert.krause@ca.ibm.com).

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