

3c Point of View

As you know, the economic volatility over the last 18 months has changed the game. What was good enough before, isn't anymore. As 3c InSight has worked with finance and shared services executives to sustainably improve finance business processes, we have observed some recurring themes for all but the best performing companies:

- Overspending on outsourcing by not automating or eliminating transactions
- Misconception of the the number of manual transactions (over-estimating automation rates)
- Reluctance or inability to consistently measure process performance
- Employees not taking responsibility for process improvement as an integral part of their job
- Misaligned IT support
- Underutilized ERP capabilities
- Month end close cycle times are too long

The bottom line, despite the difficult economic time, most companies are materially overspending on their finance business processes.

With this in mind, we challenge you to answer the following questions:

1. What are the three top 2010 objectives for each of your key managers?
2. Is your staff incented to achieve the objectives?
3. How will you measure if they achieve the objectives?

Metric in the Spotlight

Automation Rates are Over Estimated

Overwhelmingly we have found that companies over estimate their actual automation rates. In addition, companies are more focused on moving repetitive, manual transactions to an offshore processing center rather than automating the transactions.

The gap between leading and average companies is vast. Leading companies automate 80+% of their basic transactions versus less than 40% for average companies. This translates to leading companies spending less than half what an average company spends to process a transaction.

Increasing automation rates is not rocket science but it does require collaboration with vendors, customers, business operations and most importantly IT. Knowing which specific transaction types, vendors, customers, and internal sources are driving the highest manual volumes is the starting point to determine where to attack first.

