The FP&A and Tax Dynamic: Using Business Process and Technology to Break the Silos

From a webinar by Mike Sabbatis
CEO of XCM Solutions

About XCM
XCM provides a SaaS-based workflow and resource management platform that improves process efficiency, increases capacity, and drives productivity in accounting / professional services firms and corporate tax/accounting departments. XCM’s solutions centralize tax, accounting, finance and audit processes within a single platform for streamlined workflow automation.

XCM has over 550+ customers, with approximately 40 percent of the Top 200 firms using XCM products and services. The productivity platform handles over 3 million processes annually.

Agenda
1. Decrease cycle time and simplify tax compliance business process
2. Increase accuracy and align financial accounting results better with tax calculations
3. Gain better insight to interdepartmental data and improve reporting flexibility
4. Improve capacity and empower team members to focus on strategic, higher-value work
Intersection of FP&A and Tax

The intersection of financial planning and analysis with tax can be dysfunctional process management. On the FP&A side you have budget, financial statements, forecast and reporting functions, while on the tax side you have tax adjustments and tax sensitized data; data gathering, preparation and review of tax returns; tax return filing and remittance; provisioning; and state and local tax duties.

Today’s tax departments are confronted with eight simple truths: They must work under high-pressure deadlines, and their projects are often complicated by handoffs. They must adapt to interdependencies, as well as work compression. They have to sort through competing priorities, and often work through a lack of visibility. Manual processes persist for many tax departments, and they must learn to function with varied point solutions.

Assessing the Root Cause of Risk

More than 50 percent of tax material weaknesses reported in the United States are driven by a lack of review, lack of personnel or poor process execution. The leading sources of operational tax risk for the largest companies are: insufficient resources to cover tax function activities, cited by 75 percent of the companies, followed by insufficient internal communication, cited by 64 percent, and then a lack of process or technology for 57 percent.

How to Increase Capacity

How do you increase capacity? Ask yourself: What’s my role in creating capacity to support the strategic objectives of my business? You can:

• Be an accelerator for your business partners, and provide real-time visibility to tasks and project status
• Provide rapid response to project prioritization and status at all levels, and automate tracking of recurring and ad hoc projects in a central location
• Ensure the right people are on the right tasks and manage interdependencies, and enable agile resource allocation that helps budget hours and balance team workload
• Deliver clear objectives, instruction and counsel to leadership, peers and team members, and document processes, workflows, deliverables, milestones, tasks and actions in one platform
• Drive performance through continuous improvement strategies, and leverage data on process and people to measure, improve and control year-over-year

Roadblocks to Productivity

What are the roadblocks to productivity? To name a few, there’s the “busy-ness” roadblock, described by marketing and leadership books author Seth Godin as: “We’re so busy doing our jobs, we can’t get any work done.” There’s the decision-making roadblock and the cost roadblock. And there’s the skills roadblock, when you consider that in five years, more than a third of the skills that are considered important today will no longer be relevant, according to the World Economic Forum.
Case Study

A company with thousands of compliance events, 25 users and 30 legal entities face some significant business challenges, including wasted time, employee retention and engagement problems, workflow bottlenecks and risk issues. After adopting XCM, the company has more time for strategic planning. Its employee morale improved, and its managers knew who was productive. They identified bottlenecks and then addressed the issues causing those bottlenecks, all while decreasing risk.

XCM solutions help bring about a focus on strategy. Consider talent sourcing and retention, for example. How might teams strategize if silos were broken, and reporting was easy, and business processes were optimized for efficiency and accuracy?

Analytics and Reporting

With measurement, there are three key questions: What is being measured today? How does technology help? And what could be measured for future forward planning?

XCM’s solutions provide productivity enabled through technology and process to offer visibility, control, flexibility and accountability. Visibility means having a 360-degree view that provides the insights needed to make resource adjustments or changes. Control means identifying departmental bottlenecks and implementing process efficiencies that will let you deliver quality results. Flexibility is enacting continuous process improvements that will help deliver increasing efficiency. And accountability means gaining a real-time “single source” of the status for every assignment, task and deadline. That supports greater accountability.

Productivity Roadmap

It is helpful to break down the path to productivity improvements by applying a productivity roadmap, which has five stages:

• Define, where process issues are discovered and defined, and a strategy is developed
• Measure, where key performance indicators and other metrics are developed, as well as a framework to communicate output
• Analyze, where reporting procedures are analyzed and bottlenecks are identified
• Improve, the stage where guidance is provided for process improvements
• Control, where governance models are established and project deliverables are managed

XCM is indispensable for tax, accounting and finance executives because it helps them along the path to greater productivity. It organizes the chaos and creates a single thread of the truth for ownership. It centralizes information across systems, functions and tasks, and it absorbs existing technology without disrupting your culture.

For more information, visit xcmsolutions.com or call 781.356.5152.