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mid-sized businesses (SMBs) can have a challenging time producing timely, accurate and valuable financial calculations.

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With little access to financial resources and even smaller amounts of time, small to mid-sized businesses (SMBs) can have a challenging time producing timely, accurate and valuable financial calculations. According to Chris Meyers, a contributor at Forbes, this fact can be blamed on the “90% Challenge,” signifying that the vast majority of SMBs financially “operate in a state of utter chaos, even if they use an accounting system of some kind.”

Traditional processes of organizing and managing finances that larger enterprises find convenient and efficient prove to be too complex, too difficult, and too time consuming for smaller businesses. According to research compiled by Meyers, approximately 90% of SMBs are unable to produce dependable financial statements when prompted.

The root of the challenge is complexity. While complexity plagues both small and large companies, enterprises have the luxury of hiring people who can dig through piles of information to find the needle in the haystack. For SMBs, however, eliminating as much complexity as possible is vital since resources are limited and the answer does not always lie in an outpouring of finances to hire a new employee in order to solve a problem.

Small to midsize business can follow three best practices in order to limit complexity in their finance department and, as a result, to improve efficiency.

Centralize the finance function

The day has come when the finance world must move beyond a collection of Excel

spreadsheets. Even SMBs must make the transition from simple data templates to

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statements. Standards such revenue recognition and leasing are currently undergoing improvements; those attempting to comply with these changes will certainly face increased accounting complexity during implementation. According to David Duckwitz, CPA at Rubin Brown LLP, without an integrated solution, smaller companies might not be aware of options that are available to them because they may not allocate resources to follow emerging developments.

An integrated finance function will allow small business to comply with these changing regulations in a streamlined and efficient way, limiting risk of not following disclosure requirements.

In addition, central finance processes can be managed by a global business services organization integrating the treasury function for cash related optimization potential as well as leveraging global business networks connecting your organization to your business partners. This results in integrated payables, receivables and payment processes.

Automate time-consuming processes

According to a recent survey by Concur, seven out of ten SMBs do not have automated expense management functions and use outdated expense methods. However, automating expenses can decrease the cost of expense claim transactions by 75 percent and reduce the time to process expenses by 35 percent. Research firm, Ardent Partners recently wrote a report that described the importance of automated financial processes for SMBs.

For today's SMBs, cloud-based, automated solutions provide tremendous value because they allow companies to "move key resources away from the more tedious and tactical tasks to the higher value activities that have a much greater business impact." A good example is a touch-less procure to pay process that enables your organization to positively manipulate DSO and DPO key measures

SMBs face a number of challenges in growth – so why wouldn't they do everything in

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you out of business.”

Embrace the next generation

The hiring process is a daunting one. Do you choose the applicant with years of experience or the one with a natural knack for tech and finance? For SMBs, one could argue that the millennial pool of applicants is an invaluable resource that must be tapped sooner rather than later.

According to a recent IDC report, Millennials and SMBs share a great deal of views when it comes to technology: both show interest in leveraging technology, have comfort with advanced mobile capabilities and resources available on the cloud, and possess a genuine interest in doing things better and more efficiently to improve business outcomes and also enhance the quality of life they enjoy. Millennials provide value to small businesses, addressing many of the challenges that these organizations face with effective technology solutions that will have distinct competitive advantage that will only increase in the future.

Whether a company has 100 employees and 50 million in revenue or 5,000 employees and two billion in revenue, the complexity of today's finance-related world does not allow for exemptions to be made for those companies with fewer resources. All companies must do their due diligence to remain competitive by centralizing and automating functions and attracting the “cream of the crop” from the tech-savvy millennial applicant pool. The smaller the company, the greater the opportunity for finance to make an impact in the long run.

Henner Schliebs is vice president and Head of Global Finance Audience Marketing for SAP. He has over 15 years of experience working in the big data and finance industries, and is part of the team spearheading SAP's Simple Finance initiative.

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