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# How CFOs Can Tackle Rapid Organizational Growth

The impact of high growth can hit the finance function hardest. These five best practices will help you prepare for the impact and minimize the growing pains.



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Rapid growth impacts every business function, but the pressure is often greatest for the finance function, where there’s no margin for error and a missed deadline can spell catastrophe.

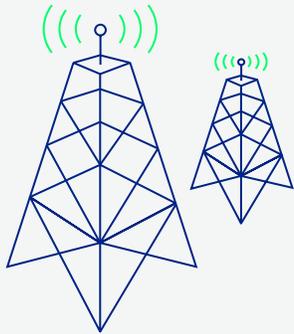
Throughout my career, I have supported many organizations—including Corcentric—through periods of significant growth, and focusing on these best practices has enabled me to successfully prepare for and manage that growth.

## **1. RECOGNIZE THE WARNING SIGNS**

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The impact of growth is hard to predict, but monitoring cycle times can give you a helpful early-warning system.

If you’re struggling to meet your benchmarks or your cycle times are trending in the wrong direction, it’s time to step back and revisit the resources and processes supporting cash flow. Tracking the time it takes to close the books as well as monitoring trends in invoice processing, payment terms, and days sales outstanding can help to bring potential issues into the light before they become critical.



**77% of CFOs** are heading up efforts to improve efficiency through adoption of digital technology.<sup>1</sup>



**87%** agree that technology is impacting the way their finance function operates.<sup>2</sup>

<sup>1</sup>Accenture, The CFO Reimagined: From Driving Value to Building the Digital Enterprise, 2018.

<sup>2</sup>Grant Thornton, 2019 CFO Survey Report: All Systems Go: CFOs Lead the Way to a Digital World.

## **2. INVEST IN TECHNOLOGY SOONER**

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Growth imposes capital constraints that can make it seem prudent to delay an investment in financial technology, but fast-tracking it is a smarter move. Implementing a solution before the growth wave hits enables you to expend fewer resources, refine the system while it's a manageable size, and be ready to scale smoothly when the time comes.

## **3. GO FOR SCALE, NOT PERFECTION**

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Customization is the enemy of scale. As the volume of vendors and customers increases, you can't continue to adjust your processes to meet the unique needs of each one.

Follow the 80/20 rule: aim for a consistent, standardized process that makes 80 percent of the people happy. Think of it this way: while a small number of customers and vendors may not get exactly what they want, everyone ultimately benefits when your processes support greater efficiency and accuracy.

## **4. SHIFT THE FINANCE CULTURE**

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As the company grows, finance stewards the company's valuable data resources as well as its cash. The finance function holds a wealth of information about the company's vendors, customers, and cash flow, and that data source becomes more vital and more valuable as the company expands and visibility becomes more critical.

Finance leaders need to understand the organization's data requirements and begin the process of changing the mindset, the technology, and the talent within the finance function to ensure that they're capable of delivering on the expectation.

## **5. KEEP SCORE**

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As the company grows bigger and more complex, it becomes increasingly important to set priorities and measure your ability to deliver on them. Every organization should have

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a scorecard that lists the five or six targets they need to hit in order to reach their performance goals, and the finance leader should create a cascading scorecard that identifies the targets they need to hit in order to support those goals.

The goals will be different for each company, but the process is the same: choose what's important, set targets, and track your progress against them.

## CHANGE IS NOT OPTIONAL

The impact of growth hits the back office hard, and finance leaders need to be vigilant about monitoring the KPIs and recognizing the early warning signs of critical issues. Being able to recognize the challenges is the first step; the second is to be ready to address them by changing the processes, priorities, and culture that drive the finance function.



Procurement and Finance Solutions

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