BEST PRACTICES

A Collection of Best Practices for:

Shared Services

Includes Detailed Best Practices for:

- Finance
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- Master Data Management
- Procurement

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Finance

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- Tax

- Treasury Management

- Payroll

Human Resources

Information Technology

Legal

Master Data Management

Procurement

A Finance Department manages a firm's long-term and day-to-day monetary operations and strategy. Finance groups oversee incoming and outgoing payments, budget creation, cash management (treasury), accounting, financial reporting and many other tasks related to the finances of the company. Finance organization size varies based upon total company-wide head count, company revenue, industry, and overall business strategy.

Best Practice 1-A

Enforce Strict Vendor Invoice Submission Guidelines to Improve Quality of Submitted Information

Enforce strict guidelines on the submission of vendor invoices. A thorough checklist and tracking system should be used to ensure that vendors submit the necessary information. They also accelerate response times if an error or inconsistency is found.

Typical Practice (the Status Quo): Return invoices received not in good order (invoices with missing or incorrect information and/or documentation) immediately to the vendor to correct and resubmit. Delays are unfortunate, but are to be expected.

Benefits of this Best Practice: Vendor invoices that are not in good order may (invoices with missing or incorrect data and/or documentation) cause long delays in the fulfillment of the invoice (delays as long as 1 week, for example) because they must be returned, corrected and resubmitted. Providing a checklist and a strict tracking system for the vendors to follow reduces the number of returned invoices and accelerates invoice processing and payment.

Related KPIs: Invoices Processed per Employee, Cost per Invoice, Vendor Payment Processing Cycle Time

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⚙ Automate Late Payment Notifications to Increase Awareness of Delinquent Payments

Ensure that Accounts Receivable (AR) processors work closely with the IT Department to standardize and automate late payment notifications. Standardizing late payment notifications reduces the chance errors will be made within the notifications themselves; automating them allows notifications to be sent out in a timely manner.

Typical Practice (the Status Quo): Ensure that Accounts Receivable (AR) processors notify customers of unpaid bills as soon as delinquent accounts are discovered. The sooner delinquent accounts are discovered, the sooner customers can be notified.

Benefits of this Best Practice: Working closely with the IT Department to automate late payment notifications reduces the number of times customers miss notices of late payments because the notifications were sent late or were not sent at all. Furthermore, standardizing automated notifications reduces the number of notification content reviews necessary and frees up Accounts Receivable (AR) processors to perform other tasks.

Related KPIs: Retirement & Savings Expense as a Percentage of Total Compensation Expense, Benefits Administration Expense as a Percentage of Total HR Expense, Non-Salary Compensation per Employee

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