7 Ways to Increase Trust in Accounting From Top to Bottom

Trust Is Fundamental at Each Level of Accounting

Just as organizations strive to build trust externally—with customers, shareholders, and stakeholders—they must also build it within the accounting organization.

BLACKLINE

Trust at Each Level of Accounting

New accountants trust they will have the opportunity to do meaningful work, using the best solutions and technology available.

Existing accountants trust they are following processes and using technology designed to deliver the *most accurate results* in the *most efficient way*. They also trust that the controller and the CFO will advocate for accountants' best interests, such as implementing processes and technology that enable continuous improvement and professional development.

Controllers trust that accounting teams can and will deliver accurate results, be accountable for all tasks, and close the books on time.

CFOs trust the results from the accounting organization—data and analysis that underpin every strategic business decision and drive the organization's success.

Yet the reality within the accounting organization is often far different.

New accountants may expect to use technology that drives efficiency and accuracy. However, many are still stuck doing repetitive, manual work using antiquated tools.

This is despite the fact that Millennials, who will make up 75% of the workforce by 2025, are more likely to leave a job that does not provide the right technology. Research by Penn Schoen Berland, as reported in Forbes, found that 42% of surveyed Millennials stated they would quit a job because of "substandard technology."[1]

[1]Meeting Millennial Expectations in These Four Areas of Technology, Forbes, 2018

Existing accountants, regardless of the transformations in accounting software in the past decade, are still expected to hand-enter data, manually tick and tie transactions, and work hours of overtime every month to manage a close that does not mirror the pace of the business.

The most repetitive tasks of the close are the easiest to automate. Additionally, reducing the amount of manual work for accountants can yield greater accuracy and efficiency.

Controllers find that while accuracy is a core value of every accounting professional, it is often threatened by increasing amounts of data and demands for more ad hoc, real-time reporting.

Today's business environment is at odds with a manual, once-per-period, backward-looking close process, where accountants are overwhelmed by an increasing number of transactions and controllers are less able to guarantee a timely, accurate, efficient close.

CFOs are less involved in the day-to-day work of Accounting and instead, are expected to play a far more strategic role, including using information—not simply reporting it—to improve the operations of the entire organization. Trust at this level is critical.

But this shift may come at a cost.

A recent study by BlackLine of 1,100 C-level executives and finance professionals shows that a majority of CFOs do trust the numbers, but only 38% of finance professionals—those "responsible for preparing statements and reports" and who are arguably closer to the numbers—felt the same. And 69% thought that they or their CEO or CFO "made a significant business decision based on out-of-date or incorrect financial data."[2]

In summary, CFOs may be relying on numbers that simply aren't trustworthy.

[2]"Mistrust in the Numbers: BlackLine Study into the Potential Global Scale of Financial Data Inaccuracies, BlackLine, 2019

Building Trust From Top to Bottom

The Three Elements of Trust

Organizational trust exists when accounting professionals at every level can deliver on three elements: *reliability, consistency,* and *timeliness.*

Reliability

Human beings base feelings of "trustworthiness" primarily on past actions: people who follow through on promises are trusted more than those who do not.

Within Accounting, the controller must depend on accountants to do what they say they are going to do, like finish a certain task. CFOs must be able to count on their controller to deliver an accurate, on-time close.

In leadership roles, advocacy is essential. Can the controller be depended upon to advocate for accountants, for more time, better technology, and evenly distributed workloads? Does the CFO consistently advocate for the entire accounting organization?

Consistency

While reliability refers to dependability, consistency is specific to performance. Accounting professionals who are consistently delivering high-quality work day in and day out build more trust than those who do not. If you get something right nine times out of ten, we all know that everyone will remember the one time you didn't hit the mark.

Real-Time Results

Accountants are expected to close the books on time. However, timeliness has an expanded meaning in the context of trust. Accountants have long been responsible for processing data to illuminate the past.

The current pace of business demands that accountants step out of the role of history teachers. Thriving in today's business environment requires accounting professionals who have the time and the skills to analyze real-time data and use it predictively.

Seven Practical Steps for Building Trust

How can organizations help accountants at every level to fulfill the need and drive to be consistent, reliable, and timely?

With seven steps designed to build trust:

1. **Eliminate labor-intensive, error-prone, manual processes**
2. **Enable accountants to do their best work**
3. **Evolve beyond SALY**
4. **Drive change management, not just change leadership**
5. **Define "value-added activities"**
6. **Invest in your people**
7. **Enable a stronger relationship between A&F**

ONE

Eliminate labor-intensive, error-prone manual processes

A recent survey by The Workforce Institute at Kronos Incorporated found that 35% of employees felt that work was more difficult than it should be due to “outdated processes and legacy technology.”[3] And yet many accounting organizations still rely on manual close processes. This, despite the fact that 56% of surveyed accountants said they “need to automate more, just to keep up with growth.”

Manual close processes are not just time consuming. Research shows they result in more (and often hidden) mistakes that, once found, can destroy years of trust in an instant. A CFO cannot trust accountants who deliver flawed reports.

Equally, accountants cannot trust a CFO who does not understand, appreciate, nor act to change the frantic nature of the close, the impossibility of manual processes, and consequently, the need for better accounting and finance solutions.

Forward-thinking organizations are using modern finance platforms to help Accounting and Finance keep pace with the business. Organizations that embrace digital transformation within A&F see greater efficiency, accuracy, visibility, and accountability.

But that is not all.

Modern finance platforms also enable A&F to fill a less transactional and more strategic role in the larger organization. Ventana Research found that organizations that have “substantially” automated repetitive tasks are 1.4 times more likely to “play an active role in the company’s management” and more than twice as likely to “promote analytical and process excellence.”[4]

[3]Employees Want Technology at Work to Match Personal Technology, EHS Today, 2019

[4]BlackLine Exorcises Accounting Details.” Ventana Research, 2019

TWO

Enable accountants to do their best work

Digital transformation within Accounting helps organizations better prepare for the talent and skills shortage. Giving people the right technology for the job—solutions that enable them to be accurate and efficient—builds employee trust, both in leadership and in the organization. *And trust is a key factor in the ability to engage and retain high-performing talent.*

From a practical standpoint, organizations that streamline and automate a significant amount of repetitive transactional work can:

- **Reduce burnout** with significantly less overtime during the close and other high-intensity accounting periods
- **Increase employee engagement** by enabling accounting professionals to spend less time on the transactional and more on the analytical
- **Attract and engage Millennial talent** by ensuring they have the right technology for the right job

Millennials are digital natives and expect to use the same (or better) technology on the job as they do in their personal lives, like solutions that are cloud-based and mobile. As the war on talent intensifies, organizations that do not provide updated technology may find it very difficult to both attract and retain top Millennial accounting talent.

THREE

Evolve beyond SALY, “same as last year”

Accounting organizations are rarely early adopters of new technology—for good reason. Change is risky, and accountants have always been responsible for mitigating risk.

For decades, the practice of SALY—same as last year—has pervaded the accounting and finance sphere.

But the convergence of rapidly changing technology, the talent shortage, increased competition (with lower barriers to entry), and volatile economies are making SALY a nonstarter, at least for any organization hoping to thrive in the new business landscape.

Technology alone is rapidly transforming every industry, and A&F is no exception. It will no longer be enough to just produce accurate financial statements a few weeks after month-end. Instead, organizations must have access to more financial information, faster and in line with the day-to-day operations of the business because this data and analysis is now the responsibility of A&F.

It takes a special kind of company—and CFO—to admit that long-standing, manual accounting processes and outdated software are no longer sufficient. And yet, it is this kind of company—forward-thinking, willing to explore change, and aware that SALY is not a viable business strategy—that will be successful in times of great change.

FOUR

Drive change management, not just change leadership

Digital transformation plays an important role in building and sustaining trust between all levels of the accounting organization. However, if not managed well, digital transformation itself can erode trust.

How can something so critical to building trust also potentially damage it? *When organizations confuse change leadership with change management.*

Change leadership is responsible for the vision, communicating the "why" of change. *Change management* is responsible for the "*how*"—the orderly and concrete steps designed to bring about the desired results.[5]

Organizations that fail to support the "why" of change with the "how"—the vision with action steps—fail to implement meaningful, long-lasting change.

Research shows that effective change management is not the norm: a mere 5% of change initiatives achieve results, because the majority—the remaining 95%—"do not attend to change management issues."[6] In addition, as reported in the *Harvard Business Review*, one study found that only 40% of employees reported being "well informed about their company's goals, strategies, and tactics."

According to Paul J. Zak, founding director of the Center for Neuroeconomics Studies, this kind of employee uncertainty about an organization's future "leads to chronic stress."[7]

How then can organizations better manage change to engage employees and reduce stress and dissatisfaction? According to one expert, Dr. John Kotter, thought leader, entrepreneur, and Harvard professor, effective change management requires eight steps, beginning with creating a sense of urgency, moving through building a coalition and removing barriers, and ending with instituting the change.

It's a process that relies on gaining buy-in and generating short-term wins, activities that also build trust.[8]

[5]Are You a Change Leader or a Change Manager? NextGenLearning, 2016

[6]ELI Course: Success-Proof Your Change Initiative: The Art & Science of Change Management, EDUCAUSE, 2016

[7]The Neuroscience of Trust, Harvard Business Review, 2017

[8]8-Step Process, Kotter Inc.

FIVE

Define “value-added activities”

Much has been made of how technology will free people from repetitive work and thus enable more strategic activities. *Less has been said about what those activities are.*

Organizations must do more than explain the benefits of large-scale changes with buzzwords like “more value-added activities”. Accountants can interpret “reduced manual work” as a euphemism for “job elimination”.

Building trust at the foundation of the organization—with those responsible for the day-to-day accounting activities—requires being clear, honest, and specific about future changes.

Accountants need to be able to trust that these changes will benefit them in some way, such as reduced overtime, opportunities to learn new skills, etc. Leadership must better explain what it means for A&F to move from a back-office function to a “strategic business partner,” and how jobs will change.

For example, *what will accountants do with their time once automation plays a larger role in the close*—when transactions are automatically matched, reconciliations auto certified, and variance analysis conducted by an algorithm instead of an accountant?

SIX

Invest in your people

HR departments know firsthand that attracting and retaining quality talent is getting more difficult, thanks to record-low unemployment rates, a growing skills shortage, and the expanding gig economy.

One of the ways vanguard organizations are navigating these challenges is by increasing efforts to engage and develop employees. Offering continuous learning opportunities, career development, and continuous upskilling both increases engagement and ensures an organization can take on new challenges and innovate.

People are not just assets. They should be investments. Yet Accounting and Finance is one of the last functions to invest in people development, despite the fact that employees who have access to more learning opportunities at work are more motivated, less likely to leave, and have higher levels of trust in both leadership and the organization as a whole.

Even with automation capabilities—and perhaps because of them—accounting organizations will still need human beings to perform critical functions. And because it is not enough to simply hire smart people in today’s competitive talent market, A&F will need to focus on employee development to keep those smart people from leaving for better offers.

By investing in employees, organizations can not only enable employees to function at their highest and best capacity, but also increase engagement and reduce turnover.

SEVEN

Enable a stronger relationship between A&F

Despite functioning under the same umbrella, Accounting and Finance do not always have a solid business relationship. Yet as the demands on the organization increase, it is ever more critical that Accounting and Finance function as an engaged and supportive team.

How can organizations build trust between Accounting and Finance?

1. By enabling true transparency into all processes, such as reconciliations, variance analysis, journal entries, etc.

2. By optimizing outdated processes. Accounting's trust in Finance is diminished when demands for the numbers are unreasonable (or unachievable without extensive overtime), and Finance cannot trust Accounting when those numbers are not correct.

3. By facilitating accountability. Every member of A&F has a key role to play in helping the organization grow and succeed. Organizations can increase personal accountability by improving how they assign and track key activities and tasks.

4. By centralizing critical information. Trust is hampered when there is low visibility, commonly due to use of multiple, discrete software systems or the use of individually-owned spreadsheets. Creating one centralized location for core data and processes not only streamlines activities but increases transparency and trust throughout the entire organization.

Building Trust with Better Technology & More Employee Opportunity

Trust within the accounting organization is critical at every level. Accountants must trust controllers to provide them with the most useful solutions and technology—solutions that enable them to do their jobs efficiently and accurately.

Controllers must trust that accountants will do the work on time and consistently deliver a strong close. And because they are now tasked with increasing operational and strategic responsibilities, CFOs must trust the numbers, despite not having time or the resources to perform oversight into every close activity.

In the face of constant change in the business world and the skill shortage, maintaining trust within all levels of A&F will continue to become even more crucial. Trust between accounting professionals—from accountants to the controller to the CFO—will help ensure A&F can keep up with the increasing pace of business and hold true to Accounting's core values of accuracy and efficiency.

Building this trust requires transcending beyond a "same as last year" strategy and instead, providing accounting professionals with modern technology and streamlined processes, solutions that not only save time but reduce burnout.

Organizations can also increase trust by investing not just in technology, but in human beings as well. Accounting professionals of every generation need to be more fully involved in the change process to understand how the accounting profession is evolving—and how they fit into that evolution.

These same employees also need opportunities to learn new skills, to drive engagement, and provide the organization with a continuous supply of developed, loyal talent: a key competitive edge in the coming talent shortage.

In an increasingly volatile world, BlackLine knows that building and maintaining trust is more important than ever. By enabling deeper insight, streamlining challenging manual processes, and increasing visibility and accountability, BlackLine helps accounting organizations transform uncertainty into confidence and doubt into trust.

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