

# Sustaining optimum fast close



## The pressure for fast financial statement disclosure is increasing.

In addition to the quality of the financial information disclosed, the capital market is also increasingly evaluating the timing of publication. Consequently, public corporations in Switzerland are required to publish their financial statement within a period of four months; in Germany the Corporate Governance Index imposes a maximum period of three months; and the US Securities and Exchange Commission (SEC) grants companies only 60 days to publish their figures.

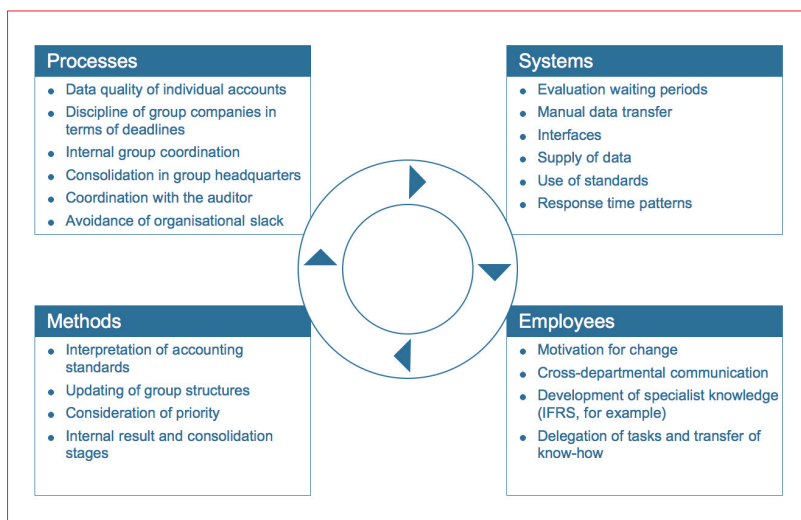
On an annual basis since 2004, the „Close Cycle Ranking“ study carried out by ifb group and bpm International has revealed that many companies are adjusting to the respective current market situation and are publishing consolidated figures and financial accounts at an ever earlier stage. Moreover, managements also need to rely on clear, up-to-date figures in order to make decisions as quickly as possible.

Optimisation in terms of the closing date and quality of accounts necessitates first-rate accounting processes and transparency as regards the complexity of systems and products.

## Faster accounting processes and enhanced quality data

Sustainable optimisation not only accelerates all the accounting processes, but also significantly improves the quality of data in financial statements. In particular, accounting processes are optimised by reducing in-house information chains, improving internal group coordination and by shifting selected activities to periods prior to actual preparation of the financial statement.

Most measures involved in sustainably optimising closure of the financial accounts are spread out over the actual processes, in other words, the systems, methods and employees (cf. diagram). However, as a change in one area frequently has an impact on another, only an overall approach is appropriate. All employees actively working on the financial accounts need to be integrated into the realignment process, whereby inter-departmental coordination is also essential outside the accounting unit.

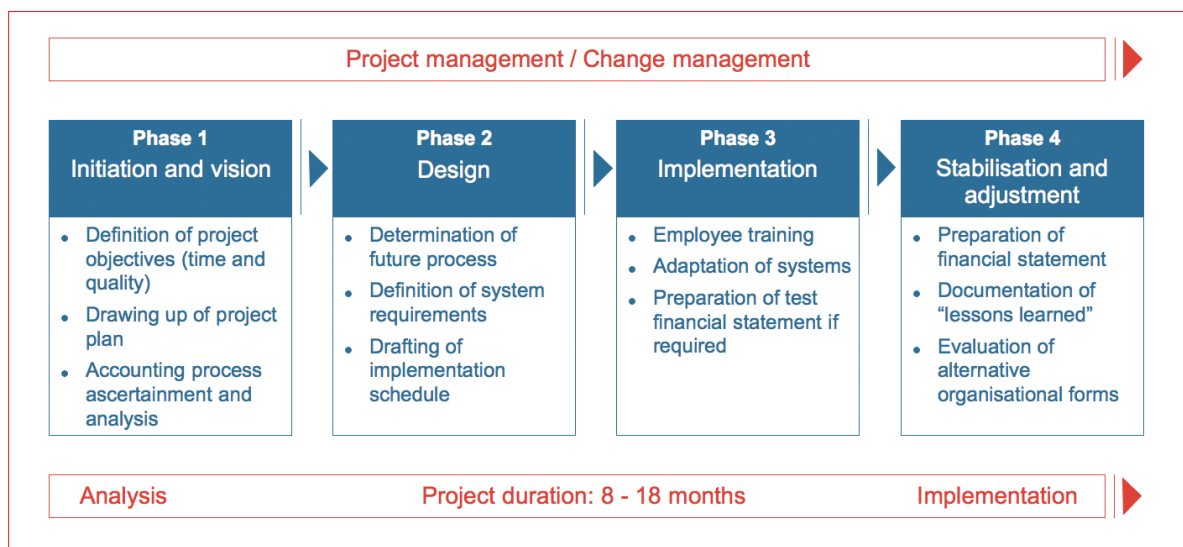


Close cycle optimisation impacts on processes, systems, methods, and employees.



## Project sequence for sustainable accounting process optimisation

In terms of sustainable accounting optimisation projects implemented by the ifb group, a four-phase approach that is individually tailored to the needs of the respective company has proved its worth:



### Phase 1: Initiation and vision

This phase encompasses the definition of project objectives. Through systematic comparison with the competition and stock market environment, a decision has to be made as to where the company should be positioned on the market in consideration of the reporting date.

Only when the perception of such is clear, can streamlining targets be allocated to individual business units and sub-processes, a procedure that essentially determines the overall approach and project mechanism. Also established during this phase are definitive concepts regarding the contextual and process-related standards to be consistently implemented throughout the respective company.

### Phase 2: Design

Working together with the customer's staff, the processes are subsequently revised and/or redesigned. In this way, tasks are specifically defined with clarification of deadlines, roles, responsibilities and any possible dependent issues. An essential factor for success in this respect is the consistent inclusion of group companies. In addition, this phase also encompasses the definition of system requirements, identification of any existing gaps and any relevant adjustment to IT processes. Experience shows that problem analysis and solution generation should not be simultaneous, but staged. In light of the fact that existing processes may well have expanded historically and remained unmodified for many years, only this course of action will enable the fundamental development of new approaches, particularly with respect to more complex aspects.

### **Phase 3: Implementation**

In this phase, customer employees on all levels become acquainted with their new tasks and responsibilities. The companies within the group receive revised instructions regarding the timing and content of their reporting. Change management and the adaptation of IT systems are of central significance at this stage. Where necessary, under application of the new conditions a test financial statement is then created, but not disclosed.

### **Phase 4: Stabilisation and adjustment**

During the final phase, the new processes are stabilised. Through a detailed accounting review, the test financial statement process and quality are analysed and the „lessons learned“ defined. These are then integrated into the optimised procedure and form the basis for ongoing improvement of the accounting processes.

## **Strengths of the ifb group**

### **Definitive experience**

gained from numerous sustainable accounting optimisation projects, including for a leading global reinsurance company, multinational insurance companies, large internationally operative banks and an international manufacturer of special chemicals.

### **Benchmarks**

from the study „Consolidation, Reporting and Planning Functions in European Multinational Enterprises“, in which ifb group and bpm International analysed the processes, systems and organisation of more than 130 groups in terms of consolidation, reporting and planning. In addition, since 2004, the financial statement data from more than 1,000 companies worldwide has been collected and evaluated in our annual study „Close Cycle Ranking“.

### **A broad spectrum of tried and tested solutions,**

used successfully by a whole host of companies.

### **An inter-disciplinary team**

of experienced process specialists, IT experts and auditors from our cooperation partner ifb Treuhand AG Wirtschaftsprüfungsgesellschaft.

### **Project management,**

to guarantee maximum efficiency and transparency in planning and processing.

### **Change management,**

to ensure the inclusion of all customer employees from the start of the project right through to its ultimate implementation and successfully entrench the changes throughout the entire organisation.

### **Comprehensive transfer of know-how**

guarantees continuous communication of pertinent information to the employees concerned.



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## Reap the benefits of optimal accounting processes!

- Fast internal submission of clear, consolidated figures and the swift publication of a transparent financial report
- allow the management to recognise changes more quickly and to react promptly,
- strengthen investors' trust in the company,
- minimise operations of only limited value added and create more time for the analysis, commentary and interpretation of data,
- enhance data quality and reduce the need for revision.

## References

ifb group employees have, amongst others, successfully implemented the following sustained accounting optimisation projects:

- For a leading global reinsurance company:  
enhanced data quality and a swifter accounting process achieved through process optimisation, shifting of activities to periods prior to actual preparation of the financial statement and through the implementation of SAP SEM-BCS.
- For an internationally operative special chemicals manufacturer:  
quicker provision of both internal and external financial information, introduction of new consolidation software.
- For a multinational insurance group:  
standardisation of applicable principles and rules within the essential components of the accounting process in order to increase the informative value and internal comparability of financial statements.
- For large, internationally operative banks:  
increasing the effectiveness and efficiency of accounting processes through analyses, optimisation and implementation of new processes, as well as compliance with statutory requirements for fast and informative publication of financial information.

## ifb group

In its capacity as a consulting company, the ifb group specialises in financial and risk management. Core areas include corporate management, controlling, risk management, compliance, accounting, and the functional aspects of financial products. The ifb group supports its clients from the initial strategy and technical conception, right through to transformation into processes and IT systems and their ultimate implementation. Employing around 300 specialists, ifb provides support to over 1,600 companies across the globe. The ifb group embraces companies in twelve countries: Germany, USA, China, Austria, Czech Republic, France, Hungary, Luxembourg, Slovakia, Switzerland, Uruguay and Poland. The ifb group network also includes the legally independent auditing company ifb Treuhand AG Wirtschaftsprüfungsgesellschaft (Germany).