How Your Financial Close Process Can Negatively Impact Your M&A Goals

M&As Are Increasing

Mergers and acquisitions (M&A) are not an easy undertaking. Rather, it's an exhaustive process that demands a degree of detail that most companies are not used to or prepared for. And as new record numbers for annual total corporate consolidations are achieved each year, F&A teams worldwide are feeling the pressure to streamline how they manage the financial aspects.

Over 80% of mergers and acquisitions **FAIL to bring in new levels of value** to the shareholders.[1]

1 Bradt, G. (2015, February 04). 83% Of Mergers Fail—Leverage A 100-Day Action Plan For Success Instead. Retrieved March 30, 2019, Forbes

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Almost one third of companies report that the **integration of financial processes and reporting** is their greatest challenge during their acquisitions.[2]

2 The Role Of Finance In Successful Serial M&A. (2016, November 12). Retrieved March 30, 2019, IMAA

Technology Troubles

Unfortunately, this struggle is inevitable. More often than not, the average office of finance ends up working both late nights and weekends, cutting corners when needed, in an attempt to meet close deadlines.

And as organizations bring another entity under their corporate umbrella, consolidating the financial systems between the two companies ends up stretching an already thin workforce.

Lack of Confidance

While costly, these obstacles are typically overcome by adding more resources into the office of finance, in the form of temporary staff.

However, that does little to enhance the quality of the output and, as it stands, the final reporting of the typical close process isn't reliable. In a survey by EY, almost half of CFOs weren't even "somewhat confident" in their degree of financial reporting. And that lack of confidence is likely to multiply as the volume of financial data that needs to be signed off on increases.

Almost **half of all CFOs** aren't even "somewhat confident" in their financial reporting.[3]

Heller, M. (2016, February 18). CFOs Losing Confidence in Value of Reporting. Retrieved March 30, 2019, CFO

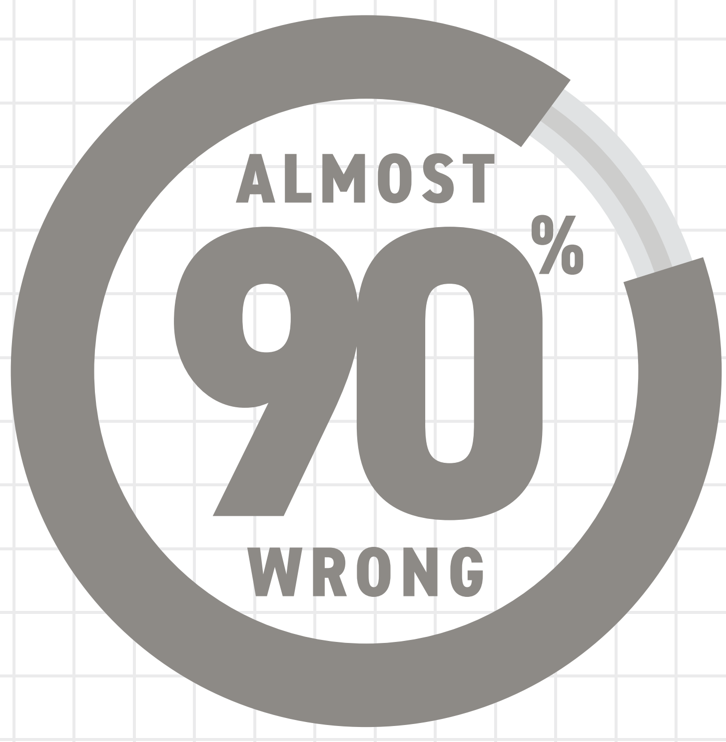
Over **60%** of companies continue to use Excel as their primary budgeting and planning tool.

June 12, 2018, "2018 Benchmarking the Accounting & Finance Function" Retrieved March 30 2019, Roberthalf

Error-Prone Spreadsheets

One of the primary reasons for both this lack of confidence and difficulty in merging business units are the tools currently in place to handle the close process. Spreadsheet usage runs rampant through the office of finance, and not only do these disparate tools offer nothing for interconnectivity or visibility, but almost 90% of them contain critical errors.

While historically, spreadsheets have become synonymous with accountants in corporate organizations, they were originally developed as a tool to manage household budgets. And their inherent simplicity leads to unreliability when organizations try to scale their usage to cover all their needs. Sifting through them manually to ensure accuracy leads to prolonged inefficiency. And when they and other manual means are utilized in a corporate setting, that inefficiency and the lack of visibility that they offer, lead to late nights and the approval of questionable numbers.



Almost **90%** of spreadsheets contain critical errors.

Leung, S. (2014, September 15). Sorry, Your Spreadsheet Has Errors (Almost 90% Do). Retrieved March 30, 2019, Forbes

Sadly, as M&A deals continue to grow in size and complexity each year, this process is unlikely to ever become simplified. However, replacing spreadsheets with a centralized automated solution helps to ensure that your organization reaches the new levels of value that you set out to gain from your M&A aspirations.

To learn more about how a solution for automating the financial close can benefit your office of finance, check out our solutions.

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