

Finance Teams Share Their: **TOP 5 TAKEAWAYS** *for* **TODAY**

Finance leaders speak to their experience
moving through the pandemic and beyond.

We recently convened a panel of finance executives from industries including healthcare, higher education, insurance, nonprofit and community services. Participants were asked to share their experience navigating the business of finance through this pandemic with a focus on:

*What have we learned, what do we still need to figure out, what's next –
and how do we make that happen in a state of constant change?*

Despite the diversity of industries, a lot of commonalities emerged (both positive and negative) as well as some unexpected challenges and opportunities. Here's what we heard.



1. Employees responded rapidly with flexibility, resourcefulness & creativity; but over time that resilience is being tested.

One overwhelming positive from this experience? Finance leaders report their staff – and employees from across the organization – responded to the dramatic changes with rapid flexibility and proactive problem solving. Many teams went above and beyond, finding ways to contribute to morale or tackle logistics and challenges well beyond their traditional purview.

On a less positive (and previously overlooked note) is the inherent inequity of who can work from home based on their role. Some jobs simply can't be done from home and the number of staff who can successfully work remotely is highly dependent on the individual industry. For organizations with a handful of staff onsite (or just a handful of remote employees), resentment and a sense of "unfairness" can quickly develop. This has been further exacerbated by issues such as employees who have young children to care for at home or the distribution (and now cessation) of overtime or hazard pay.

“It's been a crash course in online delivery for our staff, which they did very well. Obviously not perfect – but it worked.”

“The biggest change for employees was this transition to an online modality. And they did it with relative alacrity and not a lot of consternation. In fact, a lot of them don't want to return to face-to-face.”

“Some people really can do a lot from home; some people can't. It just really depends on their positions. And it kind of builds a little bit of resentment: 'Well, so-and-so's sitting at home and not working and I'm at home actually working.'”

“The overtime stopped. So that's difficult when you've been paying extra and now you're not.”

2. Successful transitions require more than the right hardware & software; remote and hybrid workforces demand evolving policies to mitigate risk & ensure documentation.

From making sure everyone who could work from home had the laptops or VPN needed to do so – to navigating virtual meetings, phone systems and bandwidth glitches – most organizations were able to (relatively) quickly and successfully make it through the initial round of technology challenges.

However, the need for processes, policies and procedures to support the use of technology in home offices has become the next urgent hurdle. Some of these needs became quickly, *painfully* obvious, like the necessity of security settings to mitigate “zoombombing”, or protocols for the management and transfer of confidential data. Whereas other issues have emerged over time – such as electronically capturing authorizations, maintaining version history, or creating audit trails – leaving IT teams on the search for a new round of solutions with features designed specifically to support a distributed workforce. And as organizations return to work (many with partial staffing or rotating employee schedules) these technology policies will need to evolve to ensure consistency in documentation as staff move back and forth between remote and onsite locations.

“A lot of the work we do is confidential. How do we avoid sending too much confidential data across the lines?”

“We struggled with preparing processes and approval streams that would be audit-ready.”

“We were missing a few layers of security and tracking in our documents – because we're all just adding stamps and approvals to a PDF. But technically someone could edit those documents once they were first signed, without it being circulated again.”



3. Communication, collaboration & culture are the critical “three C’s” of employee engagement during COVID-19.

For some organizations the shift to remote work simply accelerated efforts already under way – and for others it was a dramatic paradigm shift. The success of communication efforts seem to be similarly divided, with some finance teams reporting increased transparency and a seamless transition to video meetings – while others are limited by the communication style of their chain of command.

Organizational culture is another area of widely varying experiences. Some of our panel participants reported an increase in employee productivity with the shift to remote work as well as a feeling of rapport among staff, a sentiment that “we are all in this together”. For others, the lack of hallway conversations and Friday lunch meetings are fueling discontent and a feeling of being disconnected or distant. With many organizations now considering an extended or permanent move to remote work, this divide (and the associated impact on employee engagement and collaboration) is a growing concern.

“In this environment we’re finding that the communication flow is not even throughout the organization. And so there are some departments that know everything that’s happening and others who only hear about it in a once-a-month e-mail that comes out.”

“The dynamic is very different; the collaboration isn’t as easy. You kind of lose that ‘connection’. It’s hard to know – is everyone engaged? It has definitely been a challenge.”

“We really prided ourselves on our culture. A lot of that was based on the different activities we did with everybody in the office. So the question is how do we keep all those employees engaged in the way they were before?”



4. Less revenue, fewer resources & the search for new funding adds up to (a lot) more work for already stressed, stretched finance teams.

One foreseeable outcome of the pandemic was a decrease in revenue or income. To which many organizations have innovated and adapted: pivoting to new revenue models, increasing fundraising efforts, or applying for CARES Act funding and other grants. But these efforts have placed a significant burden on the finance team – from figuring out what qualifies as an “allowable use” of grant funds to managing the mountains of overly complicated paperwork.

This added workload, on top of “normal” job responsibilities, during an understandably stressful time, in an environment where employees never “leave” the office – is putting finance teams in the red. As panel participants shared:

“The pace is constant.” “There’s no down time.” “We’re burning out.”

“Another aspect is the grants and the CARES Act funding and all of the deadlines and paperwork and forms that go along with that – adding that on to someone’s job duties. ‘In addition to what you do at home already, we need you to take care of this massive project, and P.S., it’s kind of important.’ So that’s been another challenge.”

“I had to create CARES budgets, cost-saving budgets... all kinds of budgets. So working from home for me was like working all the time – not just the regular 8-hour day.”

“Normally we have two major grants that carry us through the whole year. This year we have written 13 grants. And we’re still writing.”

5. More work, fewer resources, and no crystal ball? Finance executives turn to traditional planning tools to navigate the unknown.

A recent [survey](#) by BPM Partners of 336 finance executives across the U.S. found the current economic climate is driving a focus on strategic planning, more frequent forecasting, and scenario modeling. Not surprisingly this was reiterated by our panel. Gone are the days of a once-and-done, top-down, annual budget cycle. Instead finance teams are utilizing a variety of approaches and tools designed to support their planning efforts:

- **Engaging department heads in a collaborative budgeting process:** capturing the front-line expertise of staff on innovative revenue channels and potential cost cutting measures; and including detailed notes on how each line item aligns to key objectives – enabling rapid adjustments based on fluctuations in revenue or shifting priorities.
- **Modeling multiple scenarios and What-if's?** Finance teams are proactively and regularly running scenarios ranging – from highly pessimistic to realistic (as of today) – in order to support the strategic planning conversations that are happening on a near-daily basis. And they are using detailed budgeting data to answer questions like: *What-if we reduce some part-time hours, all part-time hours, or if we delayed replacement positions by 6 months?*
- **Frequent forecasting for our fast-changing environment:** With greater changes than usual in monthly “actuals” versus budgeted numbers, many finance teams are forecasting more frequently (e.g., monthly vs. quarterly). In addition, some organizations are shifting from a solely fixed forecasting philosophy to a hybrid methodology. With this approach certain line items within a forecast are fixed, while others are flexible to accommodate for the unique levers that have higher impact on the business or revenue.

In each case, the finance executives told us they were utilizing these techniques not just for planning – but also to improve transparency and communication among staff. Involving critical department heads (or all budget managers) helps keep everyone informed (and accountable) to shifting changes in the business. And with this layered approach, finance teams are providing real-time data and much-needed insight at a time when (as one panelist quipped) *“predictions are nebulous at best”*.

Overall, the group agreed that **today's focus is not so much to divine the future but to guide an informed path forward – one day at a time.**

“We were asked to develop three scenarios: a 5, 10, and a 15-percent reduction scenario, and show what that would look like. I had each budget holder report back to me with their changes and their proposals. We're looking for ideas and suggestions that we could potentially look at because we do anticipate that there will be reductions needed as the pandemic continues.”

“We started using the forecasting feature this year because of the pandemic. And we're at the start of our second round of forecasting – it's been really helpful. We're expecting to continue to use the BudgetPak forecasting features in the future – even once we hopefully get past this. And we've seen that our staff have been in the system looking at actuals versus budget as well.”

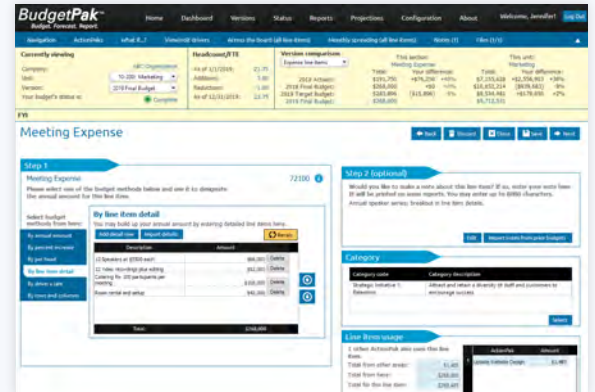
“In our first round of cash flow forecasting we left our contribution budget the way that we had it at the beginning of the year. And this round we're actually cutting it based on the recent decline, we're letting people know that really they should only budget for essential activities – the things that have the highest impact.”



About XLerant:

Having real-time access to detailed data, the ability to accurately forecast and to quickly run “What-if?” scenarios, has never been more important as we navigate today’s new fiscal reality. At XLerant, we believe your time is better spent on analysis and delivering strategic guidance instead of managing the budgeting process or consolidating Excel spreadsheets.

Our fully integrated budgeting, forecasting and reporting software BudgetPak, was created for mid-sized organizations who want to engage lots of staff in a distributed budgeting process. With award winning ease-of-use, BudgetPak engages non-financial and financial managers alike, with an intuitive non-Excel-like interface that walks them step-by-step through the process and allows them to document their reasons for each decision along the way. And with a complete all-in-one solution of tools, controls, and built-in reports – BudgetPak enables finance teams to focus on their area of expertise – ensuring the financial success of the organization.



“BudgetPak has been a life saver for our business during this challenging time. We have been able to collaborate with staff on budgeting wherever they are and to get the detailed data to do accurate line-item forecasts across all of our departments.”
– Mary Konyon, Director of Accounting, Pahlisch Homes

“We were in the middle of our budget cycle when we shifted over 200 employees to home offices in just 2 weeks. We’ve been able to seamlessly continue the process remotely with BudgetPak – while easily adjusting timeframes to ensure our providers and members are highest priority. Having a distributed solution in place is also providing us with detailed, accurate data for scenario modeling and financial planning during this quickly evolving time.”
– Amy Sim, General Accounting Manager, CenCal Health



XLerant | 203.883.4380
info@xlerant.com | www.xlerant.com