BEYOND THE MIC
with AEM

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Helping Organizations Realize Their Potential Through Process Improvement
Hosted by Jean McGann and Geniene Scherer

NOTE: Because the COVID-19 situation is dynamic, with new governmental measures each day, please reach out to us to discuss your organization's unique challenges so that we can provide you with up-to-date information and help you find the solutions.

Do you ever hear the phrase "*because we have always done it this way*"? Are your internal processes taking longer than you think they should? Are you considering adding positions but would like to ensure operations are as efficient as possible first? Are you concerned that process documentation isn't current, or perhaps isn't in existence at all to support an unexpected change with your staff or business? These are just a few signs that an operational review may be needed.

In this episode of Beyond the Mic, join Jean McGann and Geniene Scherer as they discuss the benefits of our AEM ProEval approach for operational reviews to meet you where you are—and guide you to where you want to go.

To learn more about AEM ProEval, visit our Process Solutions page.

Meet the Hosts

Jean McGann, CPA
President | AEM Financial Solutions
Partner | Abdo, Eick & Meyers, LLP
jean.mcgann@aemfs.com

Jean leads the Financial Solutions group providing financial management services, day-to-day accounting and customized solutions for local governments, businesses, nonprofit agencies and professional service firms. She joined the Firm in 2013 and is licensed to practice as a CPA in Minnesota.

Geniene Scherer, CPA
Senior Manager
geniene.scherer@aemcpas.com

Geniene joined the firm in 2019 as a Senior Manager in our Business Advisory segment. She specializes in serving organizations by leading finance, professional services and project teams to achieve high levels of performance in delivering quality and timely financial and operational information.

Jean McGann: Hello, my name is Jean McGann, and I am with AEM Financial Solutions and serve as the President of this division. AEM Financial Solutions is a division of Abdo, Eick & Meyers where I am a partner.

So today, we're going to talk about our AEM ProEval operational reviews. This is a really unique type of operational review that we have been performing for many years now. When we look at our clients, and we look at the value that this presents to them, it really provides an overview as to where they are for their current state of operations, how processes flow from one area to another area, from one person to another. And it will identify if there's redundant processes or if there's a higher use of technology that could be implemented and other things like that. Clients will see that value by being able to streamline their processes, create additional capacity within their teams, and be able to produce results more effectively and efficiently.

With me today is Geniene Scherer and Geniene, would you provide some background on yourself?

Geniene Scherer: Sure. Hi Jean, I'm happy to be here with you today. So I'm a CPA. My background is in auditing and consulting and technology, and I'm passionate about efficiency even at home where I've implemented efficiency measures, which my family doesn't always like as much as I do.

Jean McGann: I can understand that Geniene.

Geniene Scherer: Yeah. So what I wanted to share with you all is talking about the four services that we're providing with the ProEval. So the first part that I want to talk about is the process mapping and documentation. That's really key to understanding the flow of transactions and data within organizations and really is an important first step to uncovering opportunities because we really think it's through a clear understanding of that current state that we can begin to plan for changes to reach that desired future state and process documentation isn't only about efficiency and change, it's also risk mitigation because by having those processes documented, we can better manage change and more quickly respond to unexpected changes to staff and to the environment. So that's really our first one is that process documentation.

So the second step really to our services that we provide is we add to that documentation with an evaluation and recommendations. We take a look at the internal control as part of those processes, and we look at efficiency with really focusing on lean methodologies, looking for things like waste and duplication of efforts and handling more than once. Those kinds of things that reduce our efficiencies in a process, so that's where we're unique because we take into account the operations, the efficiency and the internal control to build that set of recommendations to move your organization to the next step.

Geniene Scherer: The third is what we call our ProEval, our Kaizen approach. Sometimes projects just seem too big. It's too much to get started and an organization that says, I just don't have time, but we can help you take the overall view and break it down into, "we just want to start here." And it can be a small project, it can be a sub-process and we'll just focus on that area that keeps building then as we do more and more of those projects for continuous improvement.

The last area I wanted to mention, Jean, is really the software inventory and assessment. Because over time we've seen organizations can accumulate software oftentimes across different departments where there's redundancies, the departments aren't talking to one another sometimes. We found that we really can come in and we can do that assessment of software, including who's using it for what purpose, and then bring back those recommendations, that analysis. So those are really the four areas within our overall ProEval service.

Jean McGann: Thanks, Geniene. You know, a lot of times our clients or prospective clients will ask us, well, why in the world would we even want to consider doing this? And you know, when I look at all of the value that this particular service could add to our clients, some of the questions I always ask our clients to ask themselves are, are your processes really taking longer than what they should? Do you continually, every month, run into the exact same reoccurring errors? Another area to look at is: do you find that you have several people working on the same type of task or function? So in effect you're really duplicating efforts that another person is already doing? Another thing you could look at is: are there communication breakdowns within the organization? If there are communication breakdowns, it could be the cause of redundancy, the cause of errors, you know, things of that nature. Also, if a company is considering adding additional staff. Well, adding staff is a permanent type of situation where you're going to have those expenses recurring year after year.

By taking a step back and looking at your existing processes, you may find that by implementing some different efficiencies that you really don't need to hire that additional staff person because you can create the capacity within your existing team. Another area is that if you do not have complete processes documented, you may think that you have a portion of them, but if you don't have complete process documentation, then you could also ask yourself, you know, "Are there ways that we could be more effective if we did move forward with that?"

Now, I also understand that these are very different times that we're in right now and where you may have some organizations that are on a high growth area, you could have an organization where they're looking at doing some cutbacks. By doing an overall evaluation of your processes, you really should be able to create additional capacity, efficiencies, reduce redundancies and really streamline your overall operations.

You know, one thing though that people, people can listen to all of this and then say, all right, so does it really work? And so I thought it would be really fun if we would just share some examples and you know, Geniene, could you start us off and talk about some documentation and mapping results that we've seen?

Geniene Scherer: Sure. Yeah, thanks. So a couple of the areas that we've seen is we had an organization that wanted to implement technology, but they needed to clearly know what the processes were around that and who was involved. And so we purely came in, and we did a documentation process from the very beginning of the process to the end of the process. And both in a narrative form as well as the flow chart form really, so you can see where the decision points are and where it passes from one person to another and where there are opportunities.

A second area is with a payroll function. So this is an area that's so important to every single staff member and you know, everybody in an organization, that sometimes there's only one person that does payroll. So we really need to make sure that there's good documentation if for some reason that person isn't available that somebody else can pick that up and continue that forward. So those are a couple from the documentation and mapping, but I know we've done some ProEvals, a complete documentation, internal control, and efficiency approach. And Jean, you've got a couple examples you're going to share there.

Jean McGann: Oh, absolutely. One organization that we worked with, we did do the full ProEval you know, for that particular organization where we documented their current state, documented their future state, and provided recommendations for improvement. The challenges they were experiencing is they had a lot of manual entry going from one system to another. They had a redundant system, for instance, you know, they have, you know, a multitude or a number of different software programs that are essentially doing the same type of transactional items. So you'd manually entered into one system, and then another department would be manually entering it into their system. So, of course, you have the increased chance of error, you'd have to do additional reconciliations, there is additional staffing for the time it takes to do all of this. You also have that added cost of, you know, supporting those multiple software applications. And then, of course, you have additional IT costs as well because IT has to maintain each one of these different software packages.

So we were able to provide a lot of the recommendations, and in a little bit, I will talk about well I guess I can talk about when we're looking at these multiple software applications. Eventually, we were able to take eight different independent software applications and pull them into one integrated system. So if you think about that, the value of being able to have just one integrated system, reducing the maintenance costs for all of those different software packages, the IT time, being able to streamline your operations and not do manual entries was a huge, huge benefit to this particular organization.

So Geniene, can you talk a bit about another ProEval that we've done and the value that was created from that?

Geniene Scherer: Yeah, so we were contacted by an organization where there was some staffing turnover. There were some resource constraints in the staffing area and some internal control concerns.

Geniene Scherer: And so what we did is we came in, and we looked at the key financial processes, you know, all the different areas. When you think about a financial accounting system, you know, from the receivables and payables and cash management and bank reconciliation, transfer of funds, approvals, all of the areas we looked at with that. And we developed a set of recommendations based on both efficiency and internal control. And so that was a really nice project that we had and added a lot of value to that client.

Jean McGann: You know, as we move in to really looking at our Kaizen approach, one example I wanted to share with this is again, with payroll because Geniene, as you mentioned earlier, payroll is so incredibly critical to an organization.

In this particular situation, this organization was considering getting a new integrated software application for all of their financial functions. But they asked us to come in because their biggest challenge was that they needed to create capacity amongst their staff in order to even start moving towards a computer conversion. So we did a, you know, an evaluation and what we were able to do is their existing payroll process was taking about seven days from start to finish to complete. And because we were able to really document what their current state looked like, we identified areas of redundancy, duplication of efforts, and also we were able to show them how to utilize their very antiquated software system to do some additional checks and balances for them, so they didn't have to be done off the books.

The end results of that is we took that seven-day payroll process down to less than three days, and it had the intended results that the organization was looking for where they now had all those additional hours freed up to work on a computer conversion.

Geniene Scherer: Excellent. That's the kind of impact that we want all of our customers to have, Jean.

Jean McGann: Absolutely.

Geniene Scherer: Well, and when I think of the Kaizen approach too, I think of a finance department or an operational could be inventory. It's really any process where you break it down from the large to the small. So we can come in and do, you know, we've done cash receipts and vendor pay, how the payments are made coming in from the customers and how they get applied, how we make payments to our vendors. It can be, let's come in and look at this piece, let's fix it, let's make it as efficient as possible.

And then let's go on to the next. And that's the Kaizen, the continuous improvement approach where we can build on those small improvements. So that's really an exciting area that we can provide, too.

Jean McGann: Absolutely. You know, I'll share one more quick example. And this would actually be on the receivables front. Receivables, of course, are extremely critical as you need to get the cash in the door. And with this particular organization, they did a lot of billing, and their challenge was they have a long-tenured employee that was responsible for their accounts receivable. And the entire process was taking about seven days from start to finish by going in and reviewing their current state, doing the documentation, looking at the off-the-book spreadsheets and things like that that were being used. We were able to restructure those entire receivables, all those functions, and take that process from seven days down to three days.

Jean McGann:	So it went from a full-time position to a part-time position. And again, this is what the organization was really looking to accomplish because there were so many other very, very critical functions that needed to be complete. They just did not have enough capacity within their existing team to get it done. So this freed up additional capacity.
	You know, with that, one of the questions that's always asked is: what is the time commitment? What does this ProEval look like to the client? When we work with our AEM ProEvals, one of the first things we do is we ask a lot of questions. We will ask individuals to show us exactly what their process is when they go through. For instance, when they're going through their, you know, accounts payable, show us from start to finish how you do this process and when you do this process, are you keeping some other spreadsheets? Show us, share with us that information. How do you actually receive your accounts payable information in order to process it? Who's giving it to you, and in what format does it come to you? Then we also have conversations with individuals that are providing the accounts payable invoices to the person that is actually processing them.
	So we're really talking to just about every department within the organization because your accounting, your finance department, they impact the entire organization. And so it's incredibly important to talk with the end-users as well as the people that are actually doing processing itself. So lots of conversations you know, we usually spend several hours with each individual within an accounting or finance department we could meet with, you know, other people outside the department. Sometimes it's in groups, and sometimes it's individually. And then we'll come back, and we will share the results. We believe it's really important to walk through how we perceive what their current state looks like, what our recommendations are, and what their current state could look like if they choose to implement these different recommendations.
Geniene Scherer:	Excellent. Jean, that's a great example, and that helps our clients understand what it might look like and what it feels like and what the time commitment is. And so when we think about taking the next step, we want our clients to know that they can contact us for our conversation. Please go to our website, www.aemcpas.com. Go to services and look for process solutions.
Jean McGann:	I appreciate everyone joining us today, and I hope that you've learned some valuable information in regard to our AEM ProEvals. I've sincerely enjoyed sharing this information. I believe I can speak for Geniene and saying that we're very passionate about this as we really see the value that this can bring to organizations of all sizes.

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