Time Is Of The Essence: Financial Forecasting To Make Better Decisions

Many financial teams spend countless hours getting the past right, when they could make a much more significant contribution getting the future right.

Timely financial statements are the key to creating powerful forecasting tools that build a transparent map for the future. On the other hand, laggard financial statements cloud the future and deny us a clear map to get there.

The benefits:

A timely close has no value in and of itself. The real benefit comes from what is done with the information in order to change the future. The sooner you close the books after the end of a financial period, the sooner you can dedicate time to forecasting and shaping your future.

According to a study of top financial executives conducted by CFO Research Services, the quality of the financial close assumes an even greater importance as an indicator of a company's financial health during a volatile and uncertain economic climate. Shareholders, creditors, lenders and analysts are all looking for evidence the company is well run during troubled times, the study says. Putting critical financial information into the hands of managers faster allows them to react more effectively to changing markets.

If you process bills and payables when they come in, using the accrual method, you get a timely picture of your cost structure. You can compare people-hours to revenue, so the next time you bid on a project, you can target more accurately. Your finance team turns from being historians—poring over results from the past—into business partners helping shape the future. The quality of your financials increases and stakeholders get the evidence they are looking for confirm the company is well run. According to another survey of 930 CFOs, one of the hallmarks of high-achieving chief financial officers is their skill in forecasting, reporting and analytics. Their insights allow real-time course corrections throughout their companies.

Through their work in cost and cash management, high-performing CFOs have in many cases saved their companies from obsolescence, says the 2013 study conducted by Longitude Research for companies Accenture and Oracle. The study revealed that chief financial officers' strategic influence in their companies has increased over the past three years. More than six in 10 CFOs responding to the study cited an increase in responsibility over setting and determining strategy.

With the right information gathered through timely accounting, a CFO can provide virtually real-time financial information to help guide the company into making better decisions about the future. A financial consultant can identify the areas on which you should be focusing to produce these accurate financials and give your CFO the tools they need to start looking ahead.