

OPINION ARTICLE SYNOPSIS

Counting the cost of transactional uncertainty

It is well known that uncertainty cripples business activity. Political uncertainty such as the vote on Brexit or economic uncertainty like the impact of oil price changes, are recognised as having a negative impact on business generally - transactional uncertainty is no different and can be just as damaging to a business.

Finance departments are responsible for letting a business know the consequences of its actions. Historically this was looking backwards, but today the expectation of finance departments is to be a trusted advisor for the business and look ahead. To play this role effectively, finance needs to have real time information based on a certain knowledge of financial commitments made by the business, without any transactional uncertainty.

Transactional uncertainty exists where there is a lack of visibility of purchase commitments, efficiency concerning the processing of supplier invoices and control over the whole process.

Recent independent research undertaken on behalf of Invu, which focused primarily on financial decision makers in medium sized businesses (50-250 employees) reveals that visibility, efficiency and control remain elusive for many finance departments. Despite continued attempts to impose greater controls over the purchase order process, financial decision makers still lack any degree of real time financial visibility and hence operational control. The results also suggest that process automation alone is not a guarantee of success.

Ian Smith, Finance Director and General Manager at Invu, explains that people are a significant part of the solution and automation projects that do not take account of employee engagement will fail.

If you would like to receive the article in full, then please email Jenny Williams, David Beesley or Hazel Pace at invu@itpr.co.uk or call 0207 183 8200.

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