



5 Steps to Streamline Your Accounting Department



Unlocking your company's full potential

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Rapid innovation and digital transformation are widespread in the financial sector, compelling accounting and finance departments to reevaluate their operational efficiency.

Organizations face major challenges from efficiency issues stemming from outdated and slow finance processes, lack of automation and the significant impact these inefficiencies have on the entire company.

The general accounting process is a core process within the accounting department, involving maintaining the chart of accounts, processing daily transactions, recording journal entries, allocations, preparing accounting schedules — including work-in-progress (WIP) schedules — and preparing trial balances and consolidation reports to close the books on time. Examples of daily accounting transactions typical for a construction company include American Institute of Architects (AIA) requisition, cash receipts application and recording, purchase orders, invoices, expense reports, time reporting with job costing and certified payroll.

Operational efficiency limits the amount of time workers spend on non-value-added activities or inefficient processes. By maximizing value-added work, operational efficiency implementation can make a business more competitive and profitable.

The following steps can improve the efficiency of your finance and accounting process.

1. Review (or create, if not documented previously) current accounting processes.

- *Identify personnel performing the process* — This helps pinpoint those with excess workload and those with available capacity.
- *Eliminate unnecessary processes* — Evaluate the importance of processes being performed, and consider removal if the relative benefit is insignificant.
- *Evaluate manual processes* — This will assist in determining which processes are ideal for automation, as discussed below.

2. Provide continuous training.

The benefits include understanding updated laws (sales or payroll taxes) or new regulations (lease or revenue recognition).

- *Reduce the need for supervision* — Well-trained employees can perform their duties independently.
- *Boost morale* — Employees feel valued and may work more efficiently.
- *Increase productivity* — Regular training ensures every employee knows the latest company best practices, which can improve overall productivity.

- *Promote uniformity* — The team learns the same techniques, which can lead to faster, high-quality results.

3. Automate processes.

Upscaling existing skills and expertise to leverage technology outputs will benefit employees and your business. Focus on learning more about cloud-based systems.

- Eliminate time-consuming tasks such as matching packing slips to invoices, entering employee time for payroll processing, filing paper in cabinets and certifying payroll in Excel.
- Automation enables faster, easier and more consistent processing, reducing errors like incorrect job cost postings through accounts payable or payroll transactions.
- Reduce overhead costs by automating processes instead of hiring and training additional team members to perform time-consuming tasks.

4. Integrate technology with legacy systems or update to a new system.

- Some legacy systems, despite being outdated, work efficiently. More importantly, these systems are typically designed for maximum capacity and remain reliable and durable in most cases. You can use third-party tools for new functionality, better efficiency and improved user experiences. Applications such as bill.com, Expensify, Concur, Points North (certified payroll), time reporting through third-party payroll providers, and Prophix (financial performance management) can integrate with many existing accounting systems.
- Migrate to a new enterprise resource planning (ERP) system to streamline critical functions like human resources, supply chain management, e-commerce, and customer relationship management with accounting and reporting. Having your entire company on one platform will enhance operational efficiency. A few construction industry specific ERP systems include CMiC, NetSuite, Trimble Spectrum, Vista, Acumatica or Deltek ComputerEase.

5. Outsource accounting processes.

Outsourcing eliminates the time-consuming burdens of hiring, training and retaining talent. Many businesses rely on outsourcing to boost productivity. Strategic outsourcing involves hiring external teams that excel in specific tasks, increasing efficiency, and freeing up resources for core activities by enabling your internal team to assist more efficiently with surges in activity from seasonal work or project-based tasks, rather than hiring additional short-term employees or overwhelming your internal staff.

Operational efficiency, as a primary business metric, measures the relationship between profits earned and operating costs. The greater the operational efficiency, the more profitable a company becomes. Ensuring operational efficiency within your accounting department allows businesses to save time, reduce costs, and ultimately achieve timely and accurate financial and economic information for informed decision-making.

Regardless of your accounting department size, processes can always be reviewed and improved. If your organization struggles with real-time and accurate information, it's time to reassess and enhance the efficiency and effectiveness of your finance and accounting processes. By implementing the steps outlined above and embracing continuous improvement, your business can unlock its full potential, ultimately contributing to increased competitiveness and profitability in the market.

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