



BUSINESS ADVISORY A CASE STUDY



The Client

*Middle-market energy
resources provider*

Issues

*Lack of clearly defined
roles; ineffective
application of
resources, and
excessive overtime*

The problem

As the organization grew, the roles and responsibilities of the members of the operations and accounting departments became clouded and poorly defined. This lack of clarity with respect to responsibility and accountability led to inefficient processes and an ineffective utilization of human resources in each department. Highly skilled members of the team were consumed with lesser value activities, and important duties were scattered through the departments with no clear focus or schedules.

Critical functions such as the month-end close, leaseholder payment processing, bank reconciliations, and gas field data collection processes was not coordinated. These areas were also impacted by delays in other areas of the organization. In addition, the current work assignments were not properly assigned and managed throughout the month.

As a result of delayed and inefficient processes, overtime was commonplace in the accounting department and was having a detrimental effect on the staff.

Our Approach

Schneider Downs met with each member of the accounting and operations departments to gain a clear understanding of their current work activities. We then asked each staff member to complete an activity list documenting each of their activities throughout the month. Once these activity lists were complete, Schneider Downs conducted an analysis of the tasks to determine the most appropriate person (resource) to complete that task.

Our consultants also met with each department manager to outline the current work processes that were in place to get a sense of how information moved from one department to another.

The Solutions

Schneider Downs developed a formal set of process workflows to document the most efficient flow of information from one department to another. These workflows enabled management to identify process bottlenecks and critical information hand-off points through the various departments.

Clear job descriptions and work responsibilities were created as a result of the activity lists. High-value tasks were assigned to the proper resource and all remaining tasks were assigned to the appropriate resource.

The activity lists highlighted the need for a cross-training program. Schneider Downs developed a cross-training plan for the accounting staff. Cross-training allowed various employees to assist other employees if the work volume increased, and several duties were reassigned.

Based upon the interviews and activity lists, a clear weekly and end-of-month closing schedule was designed. This schedule insured that all critical operations and accounting work (transactions) were completed at the appropriate time. The schedule made it clear to all staff members as to when certain activities needed to be completed.

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The Results

By implementing the solutions above, the following results were noted:

- The amount of overtime was reduced significantly, as other employees in accounting were utilized during the week or to assist when the volume increased.
- The amount of time required to complete the month-end close was reduced because all questions, issues, and problems were discussed on a weekly basis, as opposed to waiting for the month-end close. Keeping the general ledger and subsidiary ledgers current on a weekly basis greatly aided in closing the month more efficiently.
- With more clearly defined roles and responsibilities, the controller was able to assign certain decision-making authority to members of the staff. With the implementation of “authorization limits” for approvals, the controller was able to focus on more valuable tasks.
- All members of the staff have a clear understanding of their roles and their responsibilities relative to keeping the group focused and on schedule.
- The accounting department is able to provide financial information to upper management on a timely basis.