



# Staff Churn and the Monthly Close: Coping With the Reality

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Turnover in accounting staff for many modern organizations today has become the rule rather than the exception. In fact, according to *CPA Trendlines*,<sup>1</sup> it's not uncommon for a typical accounting department to lose a quarter of its staff in a given year. There are lots of different reasons, of course, including but not limited to long hours, deadline pressures, other appealing opportunities or simply a desire for a different career path. All of these contribute to organizational challenges companies face when retaining valuable team members. Considering that the

average cost of staff turnover has been calculated at over \$30,000 per employee, again per the *CPA Trendlines* article,

*In general, turnover in accounting staff seems to be par for the course. In fact, it's not uncommon for a typical accounting department to lose a quarter of its staff in a given year. With the average cost of turnover calculated at \$32,500 per employee, not only is it expensive but is highly disruptive to an organization. It's the month-end close process where the impact of a high employee churn rate is frequently most felt. This is because for most organizations, the close process continues to be a highly manual one that typically is not well documented. When an employee leaves, they often take their "tribal knowledge" of a company's close process with them, leaving the rest of the team to scramble to reconstruct it. This can delay close time and lead to mistakes. Close management software is helping accounting departments deal with the reality of the high turnover of staff accountants. By documenting all procedures in a centralized place and enforcing best practices as well as easy access to historical referencing, it serves as an onboarding roadmap for employees in new roles and keeps the close process where it belongs—within the walls of a given organization.*

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expense as well as operational disruption become part of an ongoing scenario most would like to avoid.

Aside from employee satisfaction issues that may be addressed internally with a variety of programs and solutions, some more traditional accounting teams have another daunting reality that needs to be tackled: the month-end close process, where the high impact of staff churn is felt most dramatically. In a recent survey<sup>2</sup> completed early in 2017, Dimensional Research uncovered a startling reality. More than 26% of managers responding said they have lost staff due to the stress related to the close process. This directly translates to negative business outcomes and the renewed efforts

required to hire, train, and retain productive contributors.

For most organizations, the monthly close process

continues to be a highly manual and tedious one, where regular operating procedures are typically not well documented. That means when employees leave, they often take their “tribal knowledge” of an organization’s close process with them. This leaves the rest of the team having to scramble to reconstruct this information—and then figure out how to complete the relevant tasks.

The result?

- Close can be delayed, be more prone to error, and leave little time for analysis.
- Overqualified staff may have to absorb tasks that detract from other value-added activities.
- Stress levels increase, perpetuating the reason for the original “churn” problem.

Close management software is helping accounting departments deal with the reality of the high turnover of staff accountants and, more importantly, delivering a means to eliminate some of the root cause issues that drove the primary dilemma. Close management technology codifies tasks, articulates team obligations, and monitors steps toward completion so that even changes in essential staff can be accommodated with minimal interference to departmental margins or timelines.

To understand specifically how close management software can help fill the gaps left by departing and migrating team members as well as add the necessary structure and controls to eliminate the shakeup caused by employee attrition, the opportunities are clear:

- *Create better organization.* By documenting all close processes in a centralized place and enforcing best practices while providing easy access to historical activities, close management software serves as an onboarding road map for both new employees and those in new roles. It keeps the close process in perspective, as not just an isolated deadline-driven activity but a well-planned, predictable process. It automates manual, error-prone tasks that can drive frustrated employees to seek other employers or occupations and engenders a flexible work environment that results in greater organizational allegiance.
- *Improve accountability.* Close management software helps define individual responsibilities, and subsequently enables cross-training for others within the organization. Both assist to broaden internal knowledge cross-staff as well as to augment individual skills. It provides controls on reconciliations, close activities, individual access, and activity tracking, thereby delivering a holistic view of the accounting organization for all participants, from the workforce to the executive office and the auditor.
- *Enhance visibility.* With the ability to maintain a clear, centralized view of responsible parties, progress, and completion toward close, close management software assists to support the needs of a diverse and growing staff. It can improve the familiarity with cross-

functional roles and share and validate status updates from a single, unified interface. Gone are individually owned and undocumented work streams and responsibilities and tasks unfamiliar to the broader team.

- *Encourage collaboration.* The cross-team collaboration that close management software encourages is also a critical factor in minimizing or mitigating accounting team churn. Continuous process improvement and cross-training can provide inevitable benefits, both for management and the individual accounting unit members. An environment of inclusion creates clear and cooperative working relationships that facilitate process improvement. It can reduce unnecessary meetings and limit dissatisfaction with a job, a coworker, or a manager.
- *Minimize team churn.* Accounting staff turnover—especially during monthly closes—can be frustrating as well as costly. Dependence on individual knowledge and processes can put an accounting team at risk for meeting their combined goal of a timely and accurate close. Close management software can not only reduce the negative effects of employee turnover, but also can create a whole new way of performing close tasks, one that documents, automates, and socializes the processes, tasks, responsible parties, and steps forward needed for a successful close.

Close management software can improve accounting job satisfaction, and make the accounting work experience far more satisfying. Benefits to be realized from close management software range from pressure at all levels and more opportunity for advancement for cross-trained staff to peace of mind for management that close tasks are documented and can be backfilled, regardless

of workforce situation. Add in an improved work–life balance important to workers of all types, be they Millennials, working mothers, or anyone in search of a normal work week, and close management software offers organizations a way to nurture and retain the best staff possible, while eliminating the threat of losing knowledge critical to an effective month-end process.

*Note:* Data from the 2017 Dimensional Research Survey “Chaos of the Close” is available at [www.floqast.com/resources](http://www.floqast.com/resources)

## NOTES

1. A publication of the American Institute of Certified Public Accountants.
2. <https://floqast.com/website-the-chaos-of-month-end-close-a-survey-of-accounting-professionals/>

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