

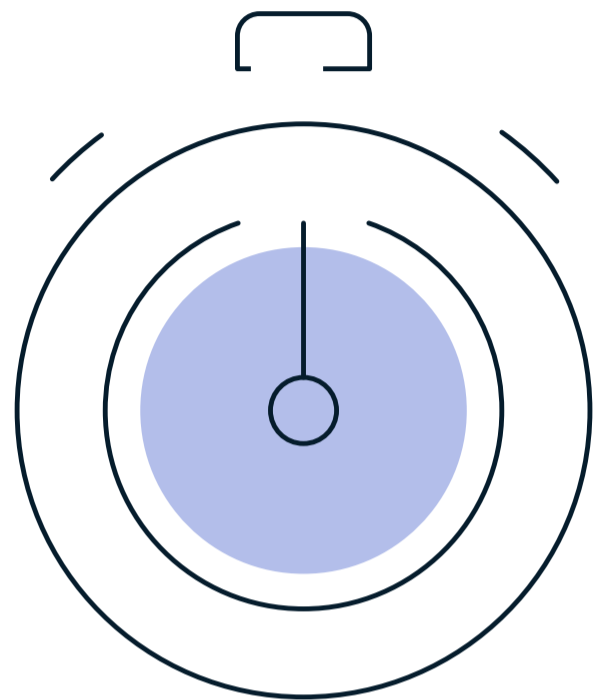
Financial Fitness for Business

The 5-Step Playbook for
Finance Teams



tipalti

Introduction



It can be easy to feel demotivated by the constant news updates of economic gloom and pessimistic growth projections. Reading news headlines on the front pages can be enough to give many finance leaders sleepless nights.

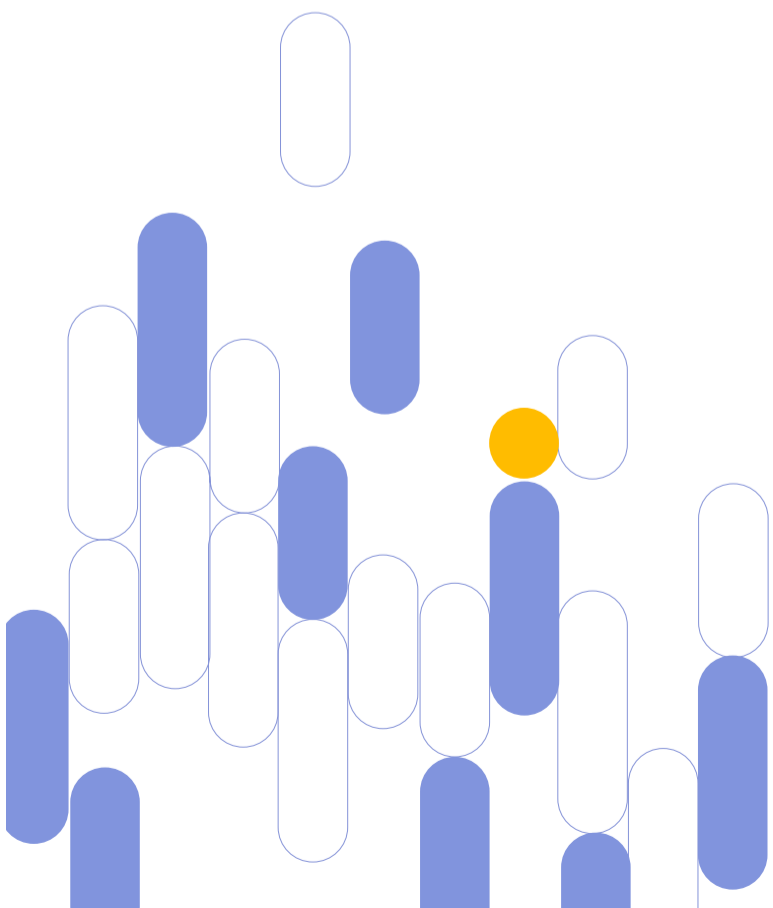
In this climate, logging in for the day can feel like gathering the energy for a morning run when you're feeling particularly sluggish.

But that doesn't stop you from looking ahead to the positive side of working out, and the endorphins that come from pushing yourself and achieving great results. It's the core thing that gets you pulling on your training gear and turning up – whether your focus is on exceeding your PB (personal best), building strength, achieving a healthy and balanced lifestyle or something else.

It's no different for the financial fitness and health of a business.

Like a tennis player facing a power serve, in the fast-paced corporate arena, businesses must be ready to stand tall and prepare for whatever comes their way. A robust and dynamic finance team is the key to this. It's the organisation's backbone, and the secret to creating the necessary stamina that helps businesses endure economic fluctuation, adapt to ever-changing market conditions and grow.

So, when the markets look gloomy and motivation runs low, look ahead to the possibilities strong financial fitness can achieve. But just like hitting your top fitness goal, the groundwork must first be put in place.



Here we'll take you through a five-step finance fitness plan, so you too can build a finance team with:



Endurance



Perseverance



Consistency



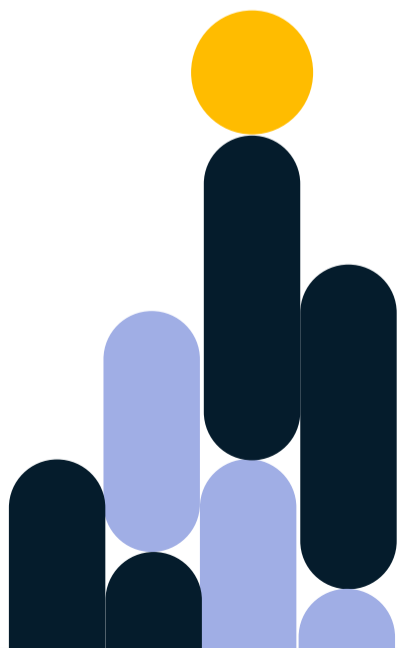
Agility



Strength



Endurance



In the US, we're seeing inflation coming down to less than 3%. This is just one signal that there's light at the end of the tunnel for businesses and why – after a period of paused growth plans amid the economic uncertainty – organisations are coming back up for air and diving back into growth plans.

But the waters are still choppy; the market's still fluctuating. And, in such uncertain and ultra-competitive times, having the endurance and long-term competitiveness to outlast your rivals is essential for success.

With the "growth-at-any-cost" mindset that dominated the digitally led economy in recent years, you'd be forgiven for thinking of success as a sprint that's never ending. But times are changing, and many businesses are slowing down to speed up. Increasingly, we've seen finance leaders value sustainable growth strategies to offset uncertainty and inflation. In fact, in a recent report on the views and challenges of finance leaders, we found that 78% believe sustainable growth is now more important than growth-at-all-cost – and over three quarters said they need to stop being reactive and begin planning beyond an economic downturn.

That's why you'll see finance teams preparing for a long-distance race, where stamina and resilience are non-negotiable. Why? Much like a long-distance runner preparing for a marathon by building strength through consistent training, finance teams must develop endurance to keep up with the dynamic challenges of an ever-evolving business landscape.

When looking to improve your fitness and strength, rest days are crucial. It's because muscle is developed in its repair phase, so it's important to take a break from training and refuel your body correctly. As a result, you come back stronger and can perform the same workouts with less effort in the future. In short, working out to the point of burnout is pointless.

This can also be said for finance teams. Laborious, time-consuming manual workloads will only lead to mediocre performance. It's those that make the most of automation to give them time, and therefore headspace, back who will see improved results because they'll be able to step away from the day-to-day and think of new ways to grow and improve the business.



And finance leaders agree;

77%

told us that AP automation can help them plan beyond the current slump and support growth objectives by freeing up time for;

A six-pack isn't built in a day, it comes from the ability to sustain focus and determination over the long haul – this endurance is also crucial for adapting to market changes and navigating through uncertain economic terrains.

Any intense fitness instructor will have shouted “no pain, no gain” to their clients because the reality is that pushing through the pain barrier during workouts leads to increased performance – and finance teams that persevere during tough financial periods reap the benefits too.



82% strategic activity

86% enabling timely supplier invoice payments

80% allowing less friction and complexity to ease business expansion.



**Alexander Azarov,
Managing Director,
Clickio**

“The endurance of the financial team is very important. Part of this endurance is being efficient in your everyday mechanics. If you were to run a marathon, you wouldn't want to waste energy. This is why automation and clear processes are very important to keep this energy going.”



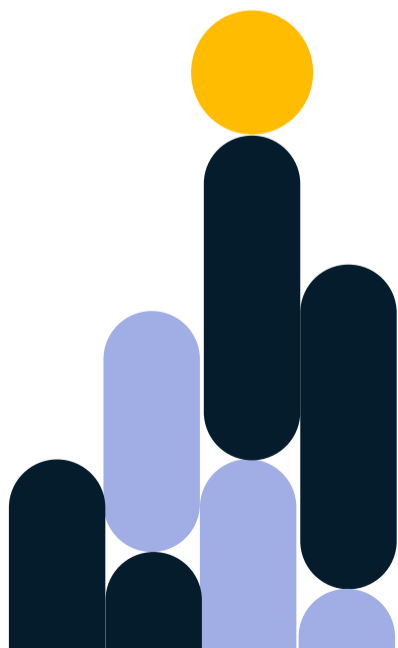
Just like an athlete doesn't achieve peak fitness overnight, the finance team's pursuit of success requires unwavering determination to weather the storm and stay focused on the end game.

Fitness journeys, whatever they look like, require motivation and perseverance at both an individual and team level. But monotonous tasks, such as time and strength tracking, diet planning and physio, can dampen this motivation and the ability to focus on the more satisfying task of reaching your personal best.

Likewise in finance, tedious tasks lead to a lack of motivation and low morale amongst the team. Think of manual processing, for example; it won't directly lead the team to success, nor will it fully allow the individual to flex their strategic muscle and see an impact on the business.

You wouldn't manually manage all your health data – there's smart technologies like fitness watches and apps to take care of it. So why would you do it with your finance data?

Perseverance





It's something we're all questioning, but a third

33%

of a finance team's time is being spent on manual processes rather than on tasks that aid strategic initiatives. And this is having a negative impact on teams.



of finance leaders say that too much manual work is overwhelming staff, while...



admin staff productivity and morale is a concern

The good news is there's a simple solution; technology can provide insights on financial performance just as it can with fitness.

So, maybe it's time to let automation take care of the boring and repetitive data entering tasks and provide analysis on what the data all means?



**Shahid Khalid,
Head of Finance,
Spitfire Audio**

"Your job is going to be more fulfilling if what you do is contributing to the business. No matter what level you are, knowing that your job is not just an iterative thing, not just a process, is always going to be more motivating."



Preparing for a marathon?

You create a training plan.

Want to build strength?

You take it one weight at a time.

Need to lose weight?

You focus on moderation.

And the key word from any personal trainer – **consistency**.

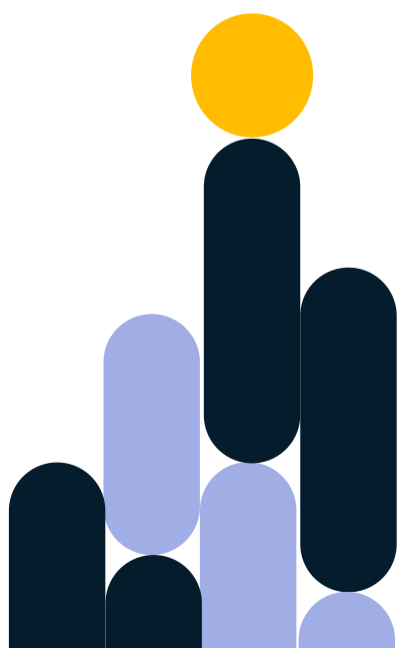
It's what helps an athlete reach their goal – or the everyday finance leader feel less guilty for another at-desk takeaway. And this model can be applied in the finance team, too. After all, we value consistency to keep in tip top shape, but adopting this same mentality can also enable a business to build and grow sustainably.

Let's take the payment run, for example.

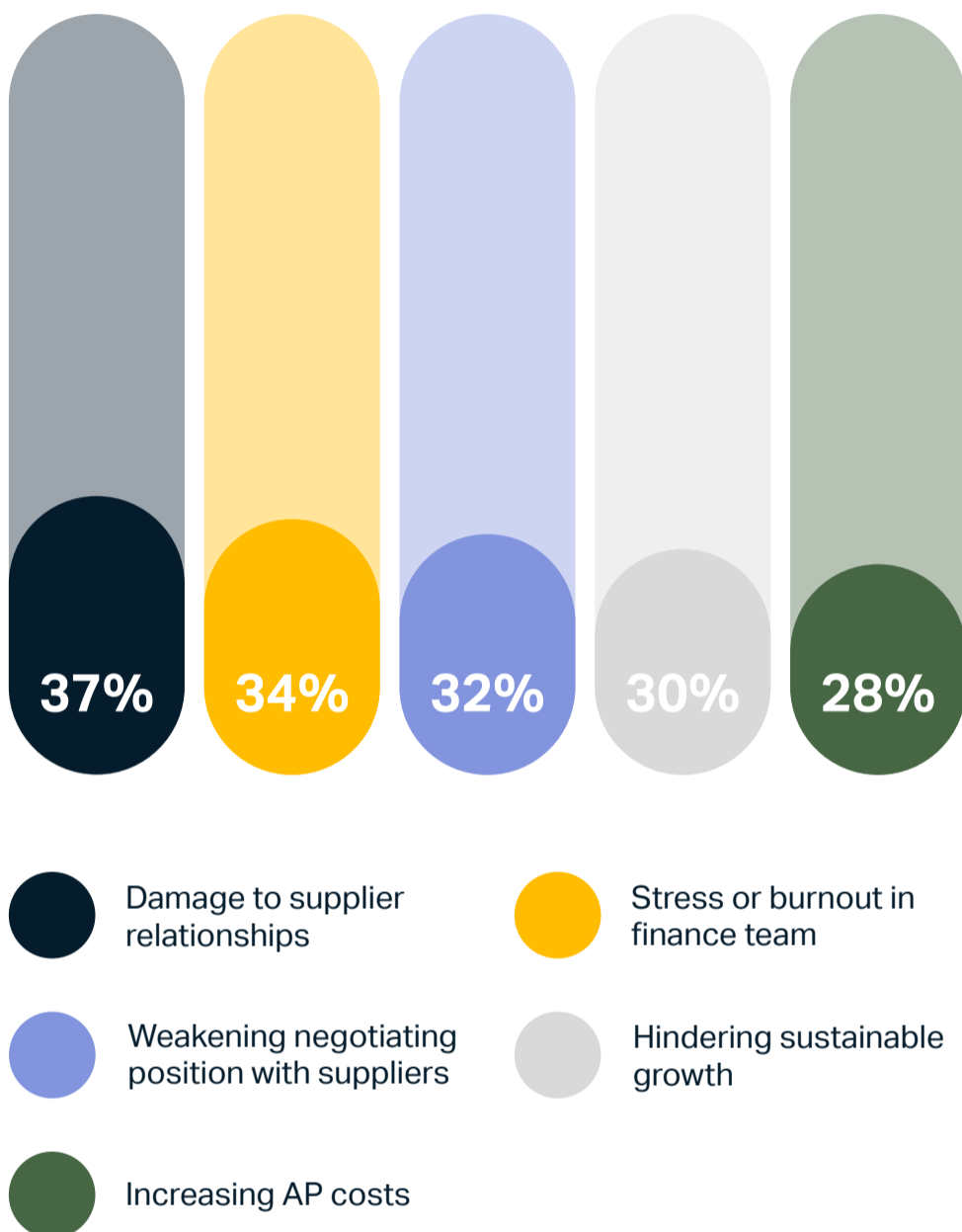
Every day, invoices need to be received, processed and paid the same way each time, minimising the risk of error. Likewise, the approval workflow process needs to be slick and run like clockwork each month.

Inconsistent payment processes can be hugely damaging to a business – both to reputation and the finances. Despite this, nearly a quarter (22%) of supplier invoices are being paid late. Not only does this leave the business exposed to financial penalties, but it will significantly impact a supplier's desire to continue working with the business – impacting the bottom line long term. And the potential damage of this isn't going unnoticed.

Consistency



This is a problem finance leaders know they can't run away from. Finance leaders are aware of the risks if AP inefficiencies continue or intensify, with expectations that they'll suffer from issues like:



The volatile economic outlook has spurred finance teams into action because the risk of losing revenue if services provided are not performing at their best is all the more real. Luckily, 80% of finance leaders know that they need to put a focus on nurturing supplier or partner relationships.

What's more, in a world where sustainable growth has become a focus for businesses, many may look to strengthen their team with freelancers, as a cost-saving and flexible alternative to a full-time employee. What is crucial for retaining such talent however, is keeping them happy - and this includes fast and efficient payments.

It all comes down to trust. And ensuring customers, suppliers and freelancers are consistently paid on time, every time, in compliance with local payment regulations will lead to greater trust – both for the finance team's relationship with the wider business and with their suppliers.



**Shahid Khalid,
Finance Manager,
Spitfire Audio**

"Consistency is really important when you are trying to work with suppliers that trust you. At Spitfire, we work with the world's best musicians... Giving them a world class service in terms of how we pay them is something that's really valuable for us to keep them onboard, and keep us performing well as a business. Making sure that they are getting paid on time, that their general payment experience is always the same and reliable removes an issue for them to deal with."



Whether you're running a 5k, out on the tennis court or in the boxing ring, agility and physical fitness go hand-in-hand. And finance professionals, just like sportspeople, need to have the agility to respond to whatever's thrown their way.

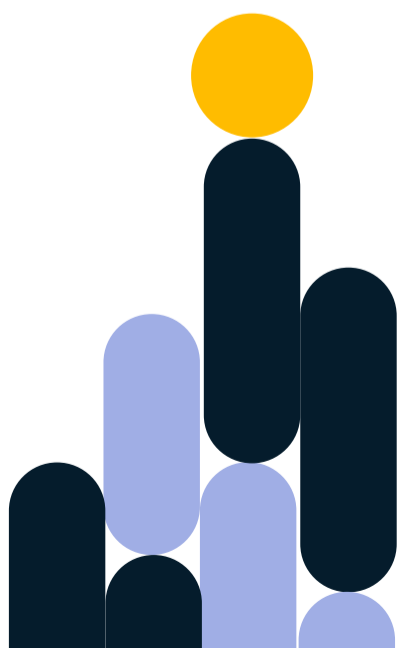
While the start of 2023 has been doom and gloom for some, we're already seeing the shoots of recovery in many regions. The US economy, for example, is set to grow 1.8% this year and 1% in 2024, according to the IMF. Many businesses have reset ambitions with this context in mind, cutting costs and reducing headcount.

This 'leaner' structure can mean greater agility, and the ability to capitalise on opportunities as soon as they arise. It also places a greater emphasis on technology and automation to help support future growth and drive greater efficiency.

While the majority of finance leaders we spoke to earlier this year were prioritising 'sustainable growth', the ability to grow into new markets and expand in new ways will no doubt be a focus once again, as the economy settles. And, when it does, finance needs to be agile and ready for a change of pace and possible direction.

The importance of agility was all-too-evident during the Covid pandemic, which forced many businesses to pivot towards new business models and income streams. Restaurants and retailers had to embrace ecommerce and delivery to survive, while office-based businesses had to adopt a hybrid-working policy almost overnight. All of these adjustments needed to be supported by an agile finance function – the kind that's set up to identify growth opportunities and adapt to new ways of working in an instant.

Agility



Finance leaders also have to be agile enough to respond quickly and ably to regulatory and legislative changes, whether regionally or globally. But this may be easier said than done. Our CFO Priorities research showed that 25% of UK CFOs admit rapidly changing regulations and legislation are making their role more complex. So, having the right technology and processes to easily pivot with unexpected changes is a must for the modern finance team.

The road to success is never linear; the truth is, businesses will always be up against hurdles. For finance, these seem never-ending – from tax, regulation changes, fraud, and economic volatility, to expansion into new markets, onboarding a flurry of new clients and more. The ability to jump over these hurdles requires a team with agility – the kind that’s prepared to face whatever’s around the corner.



Top tip from Nick Levine, chartered accountant and fintech consultant who has helped businesses get finance fit:

“The rise of the digital economy means that businesses now work with suppliers all over the world.

Manually optimising cross-border payments can be mind-boggling. Paying overseas suppliers adds extra complexity due to finance leaders needing to navigate a range of payment options, each with its own restrictions, cost per transaction, and consideration of FX rates.

Picking the wrong overseas payment type can significantly increase costs and delay payments. Using an automated global payments solution for payment runs will allow you to ensure payments made to overseas suppliers are settled in the most cost-effective way and help you stay on top of tax compliance and global regulations.”



**Alexander Azarov,
Managing Director,
Clickio**

“As we were growing quite quickly, the agility and adaptability of our finance team was extremely important. We are working in a global environment where things can change very rapidly, both in terms of technology and privacy regulations, but also with financial conditions and regulations.”

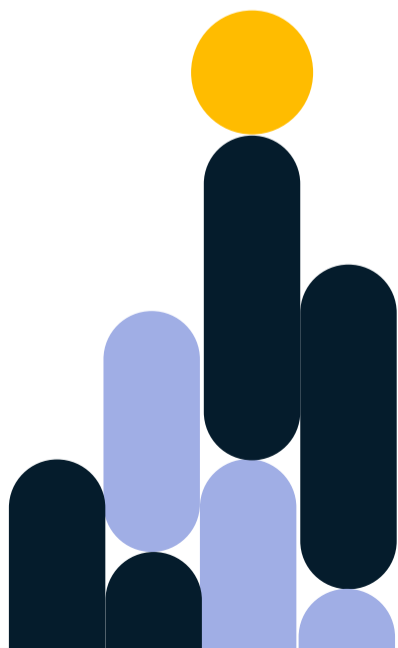


Like athletes who push their limits to excel, businesses must constantly strive to innovate, invest in people and technology and build robust strategies to stay ahead. Just as strength drives athletes to peak performance, it propels businesses to achieve their utmost potential, ensuring they can stay competitive amidst uncertainty.

A strong finance team is able to handle the weight different challenges place on its shoulders. Whether that be an influx of invoices, chasing late payments, going through auditing or preparing for their next funding round. But finance teams can gain advantage when they adopt technology and have the right teams in place. Think of it like having the best Formula 1 car at the start line; yes it gives you a competitive advantage, but success will only follow if the team works well together.

As with all sports, strength training is important for improvement. Having visibility of your strength metrics is important too, to understand more about where your strength journey started and the improvements (or dips) made.

Strength



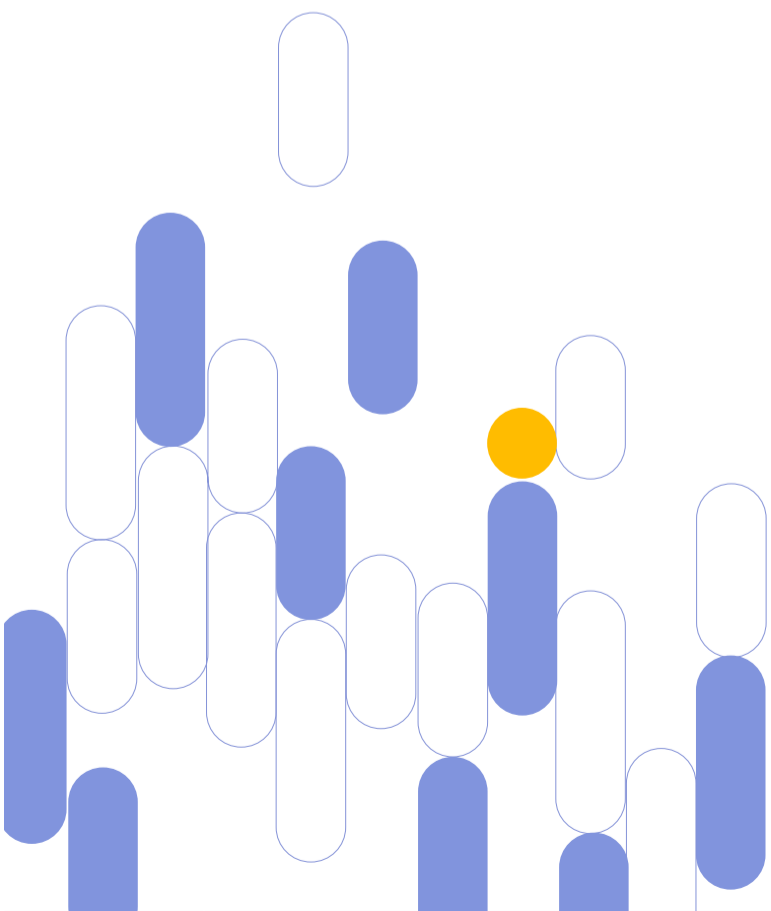
Your business' financials are like your workout data –

without these indicators of performance and progress, there's no way of knowing what to improve, where you've made strides and how you stack up against your main competitors.

It's important to know there will be setbacks.

You might find performance data doesn't look as strong as usual, requiring you to take a break from the gym, slow down or take an unwanted break due to an injury. There could be significant consequences if you try and push through this, so knowing how to protect yourself from injury is important.

So, before you get going, remember that warming up by taking stock of the current situation (like looking at current data and analytics), identifying risks and deciding on the pace of growth will help prevent injury and avoid error.





Achieving your finance fitness goals

Your business' growth journey, just like your fitness journey, isn't always straightforward. But equipping your finance team with the right tools and qualities - endurance, perseverance, consistency, agility and strength - to navigate obstacles and thrive, gives you the best possible foundation to succeed in complex market conditions.

Sustainable growth is a marathon not a sprint, so having an endurance mindset helps equip your business for long-term success. It's also about picking your moments, and being agile enough to explode out of the starting blocks when your opportunity for growth arises.

When you're working with suppliers that rely on getting paid accurately and on time, consistency is crucial to maintaining trust. Just like with your fitness journey, having a consistent routine is the only way to see positive results. Perseverance is

also key here, and automating monotonous finance tasks can keep your team on track and motivated for the task ahead.

Finally, strength; leading a finance team can sometimes feel like lifting the heaviest weight in the gym. But with the right team and technology around you, this needn't be the case.

The finance function has a leading role to play in delivering sustainable growth, and the application of technology such as generative AI and automation means it can add even more strategic value for the business in years to come.

We know finance leaders wear many hats and hold many different responsibilities. Tipalti is here to be your training partner - get in touch to find out more about how our end-to-end solution can help you take control of your finance fitness goals.



www.tipalti.com