



## Five Ways to Improve Your Monthly Closing Cycle

Every business owner wants to know how their business is doing, and the typical scorecard for performance is the monthly financial reporting package put together by the accounting department. However, if your scorecard is slow to arrive, then you are handcuffed and can't react quickly to troubling trends or other problems that you might discover when reviewing your financial statements. Here are five easy things you can do to help shorten your monthly closing cycle from weeks to days.

1. First, review the internal processes that are being followed to close the books. Where are the bottlenecks that slow the process? Once you have identified these points, consider how to improve them
2. Are you fully utilizing all the features of your software systems? While most companies will say yes, many are not actually maximizing the efficiencies that their systems offer.
3. Use estimates whenever you can reasonably do so. While you want your financials to be as accurate as possible, you must take into account the negligible impact of some smaller items.

4. Review as many reports as possible throughout the month. Make sure your inventory, accounts receivable, and accounts payable sub-ledgers tie out to the general ledger at least weekly, if not daily.
5. Have a checklist. While this sounds simple, it's one of the most effective ways to make sure that you don't miss something along the way. You may even need to use multiple checklists.

These are just five quick things that you can do to help simplify and speed up your monthly closing cycle, but there are many others to consider that are more complex and require more planning. You might want to stop using calendar months and switch to a 4-4-5 schedule, or perhaps thirteen 4-week periods, both of which end each accounting period on the same day of the week, usually a Saturday. Making this change, however, requires IRS approval. You might also consider changing your payroll frequency to line up more closely with your accounting periods. A financial professional can help you to analyze and implement all of these options.

***Founded in 2001, FocusCFO is the leading onsite fractional CFO services provider in the Midwest and Southeast. FocusCFO works closely with small to medium sized businesses helping business owners gain control over three key financial and operational areas: increasing cash flow, reducing business risk, and creating a platform for scalable growth. This allows business owners to then realize full financial control and increased value in their businesses. For more information, visit us at [focuscfo.com](https://focuscfo.com) or follow us on [LinkedIn](#).***