

WHITE PAPER

# Overcoming the Seven Barriers to Business Success

The Money Story





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# Overcoming the Seven Barriers to Business Success

## The Money Story

Money makes the world go 'round, but can you tell your organisation's "money story"—how it generates revenue and profits, maximises cash flow and steers clear of trouble? Not the practiced version that is supplied to the company's investors, but the actual per unit economics, the metrics indicating the financial viability of the organisation, what is working well and what needs to be improved, and when to hit the brakes or pound the accelerator?

To be able to tell this money story, business leaders must have access to transparent, real-time performance data to analyse and compare to strategic plans. Business leaders must be able to take the pulse of KPIs and other measurements to accurately and confidently describe how much money the company is making today (or losing) and likely to generate tomorrow. Such descriptions also need to be both comprehensive and specific—the full, deep-dive money story and the particular parts within this narrative like a product, market or geography.

Muting the ability to precisely tell these tales are what we are calling the Seven Barriers to Business Success, which we introduce one by one in this report. Each barrier limits leadership's ability to know what is going on in the organisation to make informed, insightful and assertive decisions that can help businesses become more responsive and maximise their profitability. Not overcoming these barriers can often unfortunately lead to lost market share, and the inevitable crash that occurs when flying blind.

### The Seven Barriers to Business Success!

1. The Hairball of Multiple, Disparate Systems
2. Waiting for Real-Time Information
3. Billing and Rev Rec: Necessary Bedfellows
4. Upgrades Equal Downgrades
5. Where's the Money?
6. Uncoupled Product and Service
7. Misalignment of Strategy and Execution

Given the uncertainty today's businesses face, business leaders must have instant visibility into critical business data to direct the organisation towards the most profitable business opportunities and steer clear of enterprise risks.

Without visibility, there is no money story, only generalised guesses that lack the rigor to assess actual performance. The solution is to rid the company of the Seven Barriers thwarting a truthful account.



## BARRIER #1

# The Hairball of Multiple, Disparate Systems

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The American cartoonist and inventor Rube Goldberg loved to draw over-engineered machines that looked like a massive hairball of wires, pipes, pumps, tubes and vacuums. These artful contraptions were designed to perform a single task, albeit in very complex fashion. Seem familiar? That's because they are a fair description of the business system architecture often used by businesses today—untidily tied together not by vacuums and tubes but by complex and fragile data integrations.

Yet, this integration is needed because without them, each system would require manual and duplicative entry of information. Stuck in this situation, bottlenecks are common, for instance

the inventory management system failing to connect fully and quickly to the CRM (customer relationship management) system. There's just too much congestion in between the integrations impeding the goal of a full business view.

These pipeline problems compound down the line of business activities—billing not integrating neatly with CRM, business intelligence tentatively linking with sales, sales incentive compensation failing to mix with financial management, and so on. While the various point solutions within the contraption may be on point, the lack of a seamless, smooth and satisfying integration takes a toll, the money story veering uncomfortably close to fiction. The solution—let go of the multiple system model and invest in “here and now” business technology.

**BARRIER #2**

# Waiting for Real-Time Information

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Business waits for no one, and nowadays its patience is even thinner. Businesses are much closer to end customers, thanks to omnichannel modes of commerce. Globalisation has erased time zones and mobile technology has unleashed the unfettered ability to conduct business anywhere and anytime. Consequently, the continuous loop of real-time information changes by the minute. Waiting for insight when your competitors are already acting on it is a competitive blunder.

Due to data being spread across multiple systems, many businesses can't analyse critical information in real time and so are unable to see and seize opportunities, or negate looming risks.

The upshot: If the CEO and CFO can't perceive how the company is performing, they can't steer the business forward, much less assess the effectiveness of corporate strategy. You can only manage what you can measure.

Conversely, if you cannot measure performance as it is occurring, you cannot tell the money story. Take the case of a global company with multiple foreign subsidiaries. Being unable to gauge how just one of these subsidiaries is performing might seem a minor impediment. Yet, the realisation of just how material this subsidiary's challenges were will hit home after the fact—the David bringing down the Goliath. To tell the money story requires telling it fully.



### BARRIER #3

## Billing and RevRec: Necessary Bedfellows

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Innovation is the engine driving many businesses. When a new or enhanced product or service is developed and introduced, the billing function must align with other systems recognising and reporting revenue. Otherwise, the finance leader cannot assess the financial outcomes for reporting purposes, which makes telling the money story to stakeholders like investors, an exercise in frustration.

Here's an all-too-common (but messy) scenario: The head of marketing or manufacturing cites the need for a new or upgraded product or service to bolster the company's competitive standing. The concept is green-lighted, priced and ultimately dispatched to the billing group. Now the goal is to translate the new offering into revenue projections, which is an extremely

complex task for basic or multiple software systems, or the humble spreadsheet.

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Business leaders want a smooth continuum, in which a new offering is sold and billed in a certain way and the revenue is recognised accordingly.

Disparate systems linked together in a hairball make this problematic if not impossible. There is just too much complexity surrounding the critical "quote-to-cash" process. Fixing the mess is untenable. The smart solution is to look to a unified business system, based in the cloud.

**BARRIER #4**

# Upgrades Equal Downgrades

Companies with on-premises systems with limited functionality and rigid integrations obfuscate what is truly going on in the business, dumbing down business intelligence into fingers-crossing guesstimates. Whilst many providers do offer upgrades to their systems and features, many businesses either can't afford the immediate upgrade, or don't have the IT resources in house to implement it.

In addition, each upgrade slows down the business engine, requiring a constant game of catch-up. These disturbances end up exhausting time and money.

With a cloud-based, integrated solution, the upgrades happen effortlessly in the background, with scant if any IT involvement required. The business continues to run smoothly as the company receives the latest and greatest functionality and management improves its ability to tell the money story.



## BARRIER #5

# Where's the Money?

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To effectively communicate a company's money story obviously requires knowing where cash is. If the global view of cash is opaque, how can the CFO confidently allocate resources or trim them to profitable advantage? If the finance leader cannot quickly gauge global FX exposures or working capital requirements and changes, how can money be wisely spent or tucked away for the opportunities that present themselves in future? They can't.

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A common concern among growing organisations is international cash management.

Questions abound: Where is the business taking off geographically, and where is it stranded? Which parts of the company are providing

the most income, and which are providing the least? Where is capital most needed now, and less needed elsewhere? What is consuming the working capital, hindering the ability to put this money to work? How can nimble adjustments be made to inventory, payables and sales to invest in opportunities as they appear? What impact is the global tax strategy having on access to cash in various countries or regions? Can management see its foreign liquidity and tax exposures in any currency?

Whether a business is at the stage where it has these questions, or the stage before these questions are unearthed, business leaders need to have access to real-time business data, else they can't tell the money story. In order to tell the story, they need their financial management tools to link seamlessly with systems used across the rest of the business.

## BARRIER #6

# Uncoupled Product and Service

Many organisations sell both products and services, yet their business systems fail to align these disparate enterprises. Consequently, it is difficult to discern how the two interact from a revenue recognition standpoint. Without visibility into both dimensions of business, Finance cannot determine how the product lines are affecting the service business, and vice versa. Business leaders are challenged to make informed decisions to determine if the appropriate resources are allocated to the right projects.

A fully integrated suite of cloud-based solutions removes this problem. The key word here is “integrated.” Clear visibility into both sides of the house is achieved. On the service side, for instance, the finance team can quickly and easily capture detailed timesheets, ensuring improved invoicing and billing. Most importantly, this insight guides superior resource allocation to the most critical projects and improves project profitability.

To tell the money story fluently, service and product organisations need to be tightly integrated in terms of both process and systems.



## BARRIER #7

# Misalignment of Strategy and Execution

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The seventh barrier is perhaps the worst of the lot, the bane of every business leader. It's the inability to see and assess the tactical drivers of performance to determine whether or not they are aligned with the company's declared strategy. Unable to drill down into the details and potential variances, there is no way to discern how the business is performing, and why this is the case. Thus, there is no way to compare actual performance to strategic plans to quickly alter course, hit the brakes or rev up the engine. The dashboard reveals nothing, or worse—the wrong information.

For example, investors might want visibility into both in-quarter activity and performance versus expectations as well as a view of how that short-term performance aligns with longer-term strategy.

Businesses that have grown and added standalone systems as the need has arisen will find it virtually impossible to assure a single source of truth.

Cloud-based integrated business solutions, on the other hand, have one data source from a technology enablement perspective. That's right, one data source of truth. In this completely accurate environment, all areas of the business are aligned to deliver what the business needs, as opposed to constantly rebuilding systems, waiting for reports, hoping for added functionality and otherwise wasting time and money.

# Telling of the Money Story

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There is a price to pay in ignoring the Seven Barriers—the inability to react quickly to business events as they occur. Leaders who cannot discern their company's performance might as well retreat to the back-offices of yesteryear, crunching the numbers of the previous quarter in their green eye-shades. To join the breed of strategic, predictive Leaders requires quickly accumulating comprehensive business intelligence from reliable, real-time performance data.

A single cloud-based, integrated suite of business software solutions offers this capability. Think of a suite as an integrated series of business solutions providing a full view of the enterprise, as opposed to seeing one's way through a confounding hairball. By capturing all the data in one place, a single source of truth is provided, equipping anyone in the organisation to tell the money story accurately and confidently.

A sales rep plotting an upsell strategy, for instance, can quickly peruse all interactions involving the customer—invoices that are outstanding, the status of customer support, recent emails involving

the customer, and even external news on the company, among other edifying data. Resources are consequently conserved, information is turned into insight, and informed actions guide revenue-producing decisions.

Now imagine this full view of the business extending across the business as it grows internationally where the hairball takes on monstrous proportions. Each region's regulatory compliance differences, tax laws, cultural nuances and financial reporting, consolidating and other accounting rules overburden the circuitry, creating frustrations. Employees will only use technology that responds to their needs efficiently, effectively and easily, and does this in real time on their time. An integrated suite of solutions is predicated first and foremost on the user's self-service experiences.

The business leaders who can confidently tell their company's money story know why hitting the suite spot is important—it guides smart ways to make more money, significantly improves the quality of decision-making and increases the company's value.

# About the Author

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## **Russ Banham**

Russ Banham is a Pulitzer Prize-nominated business journalist and author of twenty-three books. Banham is the author of *The Ford Century*, the award-winning, international best-selling history of Ford Motor Company, translated into 13 languages; *Rocky Mountain Legend*, the national best-selling chronicle of the Coors brewing dynasty; *Wanderlust*, profiling the historic design and cultural impact of the iconic Airstream “silver bullet” travel trailer; and *The Fight for Fairfax*, detailing the stunning but contentious economic rise of northern Virginia in the aftermath of World War II. His various books have led to several television appearances, including *The Today Show* and *A&E Biography*. He is currently writing the 100-year history of Boeing. Banham has written more than 3,000 articles for dozens of U.S. and foreign publications, including *Forbes*, *The Economist*, *Wall Street Journal*, *Time*, *Financial Times*, *The Atlantic*, *Euromoney*, *Chief Executive*, *Global Finance*, *Venture, Inc.*, *U.S. News and World Report*, and the *Journal of Accountancy*, among others.

He received an undergraduate degree in Information Systems and holds an MBA from the Fisher College of Business at The Ohio State University.



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