

RE-ENGINEERING YOUR CURRENT SYSTEMS AND PROCESSES

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At the recent GFOA Long Island Regional Council in Port Jefferson Ed Warnke, CEO of KVS Information Systems, gave a presentation on “Re-engineering Your Current Systems and Processes.” In his discussion Mr. Warnke challenged those in attendance to take an open eyes look at some of the procedures and practices finance professionals have been utilizing for over 200 years, when they were first created. And once our eyes are that open, maybe we should see if there are any improvements to be made.

Mr. Warnke’s pragmatic approach to the topic is strongly influenced by his 25 years of experience as an auditor, CPA, software and systems consultant and owner of a highly successful software solutions provider that serves the municipal market. His challenge acknowledged the fear that we all must overcome to make productive change in a humorous and lighthearted way while remaining resolute that change can and must occur.

Mr. Warnke’s first point can be best summed up as “communicate.” More specifically, he counsels that we meet with department managers to review existing procedures and forms. A special point was made to look for extra spreadsheets, which are a telltale sign of workarounds to existing procedures. This is very prevalent in the budget process. While having this lovely little talk with your favorite department head we should be looking for ways to integrate information wherever practicable and identify training opportunities. The word “Why” is the watchword... “Why do we do it this way?”

The distribution of functionality to departments can yield significant benefits, but the mere thought of this decentralization causes terror to the average finance professional. We fear the loss of control and have all experienced less than cooperative colleagues at times. In light of this, one of Mr. Warnke’s other hints suggests hand picking the right department for any decentralization/reengineering effort. This should be done not only with an eye to the possible benefits sought, but considering the likelihood of success, cooperation we can expect and personalities of all involved. Here we are looking for benefits and efficiencies themselves, yes, but we also want a successful case study to point to before tackling the less open-minded departments.

Disseminating information to departments, users and the public is another common area that needs to be examined. We can look beyond the current “greenbar” driven status quo and push information out to those that need it and have the proper access with a myriad of industry standard tools. The spreadsheets that a moment ago we implied were a “telltale sign of a workaround” can now become a familiar delivery mechanism of information to users that we do not wish to grant direct access to core systems. By the way, substituting laser-printed reports for their greenbar predecessors does not constitute reengineering.

Using icon or shortcut-based reports accomplishes the benefits of embracing technology and does so with little in the way of learning curve or training requirement. Which brings us logically to “the Web.” The burden of providing information to the public may best be accomplished with a comprehensive Internet strategy. On the surface, it is intuitively obvious that an Internet delivery strategy not only eliminates the burden of conventional publishing, but also allows for a previously unheard of immediacy for information such as budget reports. The possible gains from the Internet don’t need to stop at the rather passive but legitimate gains from public information access. More active strategies such as bill payment options should be evaluated along with access to and completion of forms and/or permits over the web.

Mr. Warnke, by way of example, held up the familiar process of tax billing and collection and elaborated on the possible gains that could be made with mature technologies. Together, any or all of these individual gains are the working elements of an overall reengineering strategy:

- Minimize generation of paper bills by providing the tax-servicing firms with files via email.

- Minimize manual receipting of payments by demanding a quid pro quo from the same firms.
- Streamline and minimize errors on those payments that must be manually receipted (whether mailed in or paid in person) through bar coding.
- Consider web payment options for credit card payments.
- Consider offloading it completely (Lockbox).
- Offer Electronic Direct Payment to automatically pay Tax and Utility bills through ACH transactions.

Mr. Warnke summarized his presentation with some tips and pitfalls to avoid. He suggested that each process you review be dealt with as a separate project. Each functional area should be represented in the analysis and solution development process. Keep your focus on results and make sure you **measure them**. Watch out for “mission creep.” Define your scope and stick to it. List out items that are not addressed now for later consideration rather than broaden your scope until nothing gets done because it just got too big.

And when you’re done start all over.