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New Mode of Financial Management: Financial Sharing Service

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Abstract: modern financial management should establish a financial sharing center and form a new processing process of Financial Sharing Service Center on the basis of traditional financial management methods - traditional financial management, financial outsourcing service and financial sharing service. The appearance of Financial Shared Service has changed the appearance of financial work - from the content and service mode of financial work to the application of financial tools and the position of Finance in enterprises.

1. Introduction

Financial sharing service is not a new concept. The shared service center is divided into computer system shared service center, human resources (HR) shared service center, Financial Shared Service Center, procurement shared service center, supply chain shared service center, etc. Ford is recognized as the first enterprise to set up SSC in the world. It established a Financial Shared Service Center in Europe in the early 1980s. In the early 1990s, HP, Doyle, IBM and allied signal also adopted financial sharing services one after another. The appearance of financial sharing service has changed the appearance of financial work, whether in the content and service mode of financial work, or in the application of financial tools and the position of Finance in the enterprise.

2. Comparison of Financial Management Methods

2.1 Traditional Financial Management

The traditional financial management mode is usually divided into three parts according to internal needs, external needs and settlement needs. If there are many subsidiaries and branches under a group company or multinational company, the subsidiaries and branches basically do the same function division according to the number and complexity of business content. In the traditional financial management mode, the expansion and development of enterprises lead to the need for more and more financial personnel, who do the same and repetitive work in expense income, expenditure, employee reimbursement, asset depreciation accounting, salary payment, voucher entry, etc. the only difference may be the processing time and place.

2.2 Financial Outsourcing Services

Financial outsourcing service is also a financial management model that has developed rapidly in recent years. Cost saving is the direct reason for this management model. Enterprises outsource the basic and low value-added parts of general ledger accounting, current account management, salary accounting, fixed asset management, report system, tax declaration and other modules that enterprises are not good at management to professional institutions that are at the leading level in the industry, such as outsourcing financial fund management to banks and other financial institutions, Contract the accounts receivable to the collection company for management, outsource the bill processing to the accounting company for management, etc[1]. Financial outsourcing can enable enterprises to focus on their core financial management affairs, help to strengthen corporate governance and improve efficiency. In recent years, the development of outsourcing has gradually shifted from business processing outsourcing to decision support outsourcing, which shows that the financial outsourcing business does not simply emphasize the divided business operation, and began to pay attention to the connection of various financial modules, so as to provide support for the employer's financial decision-making. Although financial outsourcing can make up for the shortcomings of the traditional financial management model, there are also many risks, such as the risk caused by the overflow of internal information and trade secrets. The enterprise itself has lost the opportunity to comprehensively improve and improve its financial management ability. Due to the increase of communication and information transmission links with third parties, it may lead to poor communication and poor timeliness, Thus affecting the quality of service. For the offshore outsourcing of multinational corporations, due to the differences in financial standards, legal standards and culture of various countries, there are high requirements for the ability of outsourcing companies. If it is not handled reasonably, the enterprise's financial activities may not be carried out normally, which will play a negative role in improving its core competitiveness. Therefore, financial outsourcing is a “fast slimming” method for enterprises, which can be done to achieve short-term goals; However, if it has a significant impact on its future core control ability, it is not suitable to implement the outsourcing strategy.

2.3 Financial Sharing Services

Financial sharing service is an innovative financial management mode formed on the basis of the development of information and network technology. The enterprise group centralizes all the work related to financial accounting processing of its subordinate business institutions, or centralizes the accounting businesses repeated in different countries and places, with large business volume and low added value to a shared service Center for processing. Compared with the financial outsourcing model, the shared service center still belongs to the enterprise group. It serves the enterprise. It uses a common language of the enterprise to provide professional, standardized and efficient services for internal customers, which can effectively overcome the shortcomings of the outsourcing model; It can also make up for the disadvantages of low operation efficiency caused by the repeated investment of financial functions in the traditional financial management mode. The standardized service can also ensure the unity and standardization of accounting records, create value through the mechanism of market operation and the provision of services, and the business units using their services need to pay service fees, which changes the traditional mode that the financial department belongs to logistics The financial department of the enterprise group focuses on the strategic financial management of the group company, such as budget management, fund management, accounting and business decision analysis.

3. Purpose and Significance of Constructing Financial Sharing Center

The purpose of building a Financial Shared Service Center is to integrate professional resources, reduce operating costs, improve operating efficiency and financial management level, and provide high-quality services.

3.1 Centralized Service and Cost Reduction

Under the traditional financial management mode, local branches have their own financial departments, which requires each financial personnel to be familiar with the whole financial system and be able to complete all account processing independently. However, in the shared service center mode, a large number of human resources and human costs are saved, and each financial personnel only needs to complete one or several links in the whole account processing. For example, accounts payable is the same for branches in China, the United States and Singapore[2]. A financial officer does not need to understand the full set of account processing methods in a country, but only needs to process accounts payable in several countries. This is similar to the industrialized assembly line, which splits the full set of accounting processing into independent processing modules. This centralized service is conducive to the concentration of resources, thus forming a scale effect, realizing benefits in scale and reducing costs.

3.2 Service Specialization and Standardization

Through centralized service, the financial shared service center establishes unified service standards and processes, abolishes redundant steps, and provides professional services by using professional division of labor, so as to reduce and avoid the deviation caused by the non-uniform working standards of accounting processing business of the financial departments scattered in each business unit, so as to ensure the accuracy and reliability of business processing. Quantitative calculation can also be adopted for all services, such as the average monthly number of vouchers processed, the cost time spent in processing business unit queries, the average cost of single accounting bookkeeping, the average collection cycle of accounts receivable, the error rate of invoicing, the average response time of service requests, etc., so as to formulate a reasonable incentive system, contribute to the performance appraisal of employees and improve the quality of services.

3.3 Improving Efficiency and Focus on Strategy

The shared financial service center centralizes all the financial data of relevant subsidiaries, so data collection and analysis are no longer time-consuming and laborious. If the group establishes a new subsidiary or acquires other companies, the center can also provide services for the new company at any time, so as to promote the faster implementation of enterprise strategy[3]. The ability of enterprise integration has been greatly improved. With the increasingly mature service of the sharing center, it can also develop into an independent company that provides commercial paid services to the outside world and make profits.

4. Processing Flow of Financial Shared Service Center

Enterprise financial management includes multiple processes such as fixed asset management, deposit and loan management, general ledger, financial report, financial payment and financial collection. Not all processes are applicable to shared services. Usually, enterprises will choose the links with high transaction volume, high repetition frequency, large occupation of human resources, dense files in the processing process and easy to formulate standardized operation processes as the service content of the shared service center. According to statistics, 70% - 80% of the transaction volume of enterprises is concentrated in financial payment and financial collection, and the amount of auxiliary documents such as contracts, invoices, orders and receiving records is also the largest. These documents generally exist in paper form in enterprises, and these paper documents will be collected to the financial department for relevant processing before payment and collection. Therefore, the enterprise financial sharing center usually focuses its services on financial accounting business, mainly including accounts receivable services, accounts payable services, asset management services and expense payment services (reimbursement).

4.1 Challenges of Organizational Change

Financial sharing service meets the efficient and multidimensional management concepts and objectives[4]. It is the integration of the traditional decentralized and centralized financial structure, which not only avoids the waste of resources and the complexity of processes and systems caused by decentralized management; It also avoids the lack of rigidity in centralized management and separation from actual business; It not only absorbs the advantages of customer orientation in decentralized management, but also absorbs the advantages of scale and standardization in centralized management. Therefore, as an integrated service, it is bound to change the organizational structure. For example, the original financial management organization structure, personnel arrangement, operation process and financial system need to be adjusted, and some roles and functions in the original organization and process will change, which will inevitably touch the original internal interest pattern and the distribution of rights and responsibilities. Therefore, the most complex and difficult change in the construction of Financial Shared Services is the transformation of the concept of organization and personnel.

4.2 Standardization of Financial System and Operation Process

Without a unified financial system and operation process, even if the organizational structure reform and system integration are carried out, there will still be large risks and control problems in the process of providing shared services[5]. Therefore, we must have unified and standardized financial operation standards, and cut the requirements of systems and policies into the system to ensure the smooth flow of the system. Therefore, the formulation of perfect standards and processes is the prerequisite for effective information system integration. In addition, it is necessary to continuously improve and improve according to the needs of the external environment and internal management, so as to ensure that it is consistent with the actual situation of the operation of the front-end business department.

5. Conclusion

Information technology is the foundation for the implementation of financial sharing services, because the improvement of efficiency is based on network information. Only when the application of information technology can realize data integration and make cross regional remote service and support possible can the shared management mode be produced. Therefore, the financial shared service conforms to the development of science and technology and is promoted by information network technology. At present, the technologies widely used in the Financial Sharing Service Center include financial processing system (represented by ERP systems of sap and Oracle, and similar service systems of UFIDA and Kingdee in China), financial bill information management system, network reimbursement system, Internet banking and bank enterprise interconnection, etc. The application of these technologies not only eliminates the spatial distance between accounting events and accounting, but also eliminates the time conflict in accounting, that is, a voucher cannot be processed by more than one person at the same time.

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