

Research on the Construction of Financial Shared Model of Group Companies

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Abstract: In today's complex competitive environment and business model, the financial shared model has become an important way for group enterprises to manage innovation, which can significantly improve the level of financial management of the group and the efficiency of enterprise management. Based on the theoretical basis and necessity analysis, this paper further explores the construction of financial shared model, analyzes how to design the shared center operation mode and the key elements in the construction process, with a view to the group company. Expect to provide advice on the construction of financial shared models.

1. Introduction

Financial shared service center is a new type of financial management model that can unify business processes, focus on the core business of the enterprises, improve service quality and operational efficiency, reduce costs and risks, and improve the core competitiveness of the enterprises. After years of practice and development, this financial management model is becoming the mainstream of modern enterprises. Especially for the group companies, the business scope is wide and scattered, the financial operation is complex, so the financial shared center is more needed to help them achieve efficient development.

2. Analysis of the Necessity of Building Financial Shared Model of Group Companies

Facing the increasingly fierce market competition and the complicated business model, the group companies' business is complex, and it is under tremendous pressure from the market and financial management. Under the traditional financial management mode, the financial center organization is redundant and accounting mode of the enterprise is scattered, which can not guarantee the consistency of accounting treatment and standardized accounting information. And, it is difficult to improve the level of financial data management. At the same time, due to the large number of organizations, the speed of all kinds of information collection is slow, so that accounting information cannot be transmitted to the management in time, resulting in accounting deviation. As the corporate group continues to grow and develop, the size of the company is also growing, and the problems that follow are also endless, including the following core issues:

First of all, traditional finance does not classify the business of the company, and it focuses on accounting for past and ex post reports, but has little management for the future, making it difficult to detect risks and prevent risks in a timely manner. At the same time, the ability of financial personnel cannot be carried out. The ability and work are not matched, resulting in wastage of personnel.

Secondly, the traditional IT systems of the group companies are complex, the information is not concentrated and the collection speed is slow. It is difficult to achieve internal data sharing. In addition, the Internet era requires high speed and high efficiency, and the data is reported layer by layer. Now it can not meet the development needs of enterprises.

Finally, the scale of the group companies continues to grow and develop, and the companies' business is also expanding, if every company is set up, it is necessary to set up a finance department, which will inevitably cause the organization to be bloated.

Based on this, in order to adapt to the development of the times, the group companies must find new breakthroughs in transformation, and the financial shared model is imperative.

3. Construction of Group Financial Shared Service Model

3.1 Construction Objectives of the Financial Shared Model of the Group Companies

3.1.1 Improve the Company's Financial Service Level

When a group company establishes a financial shared service model, it is necessary to change the original financial business process so that the original dispersed financial personnel are centrally managed. The original decentralized corporate accounting standards will also can be unified. On the one hand, it can effectively reduce the company's financial risks, on the other hand, it should be able to reduce manual operations, reduce the error rate of work, and improve the quality of business processing.

3.1.2 Reduce the Companies' Financial Costs

The group company establishes a financial shared service model, which should not only make the business process more formalized and standardized, but also eliminate the non-value-added and repetitive business within the company, reduce the internal management cost and improve the management efficiency. At the same time, providing more targeted services to each subsidiary, so that each subsidiary can get more clear and effective business guidance, effectively reducing the financial management costs of each subsidiary.

3.2 Positioning of the Group's Financial Shared Service Center Construction

The group financial shared center should be parallel to the finance department and report directly to the financial manager. The fund settlement and accounting of each business account within the company are the main responsible contents. And the group financial shared center belongs to the direct department of the group headquarters. The group company thus formed a three-tier operation mode of "headquarters financial, business finance and financial shared service center". Headquarters finance has a leading role, it provides high-value decision support for senior management of the company in terms of company strategy and implementation. Business finance is closely linked with business departments to provide operational decision support services, while the financial shared center provides related services to the entire company, reducing costs and improving efficiency.

3.3 Design of Group Financial Shared Service Model

The financial system mainly includes: organizational structures, financial processes, information systems and talent development; the financial shared center mainly includes: service center, processing center and data center.

The financial system inputs all kinds of information into the financial shared center, and after specialization by the center, it goes to the external capital market, banks, and tax departments.

Business activities such as procurement activities, sales activities, reimbursement, and borrowing are also input into the financial shared center. The shared center unites with business finance jointly outputs expense reimbursement and information records to internal staff, and outputs risk reports, cost analysis, profit analysis, product analysis, and customer analysis to the company; output big data analysis, management reports, risk reports, etc. to the group. The shared mode planning diagram is as follows:

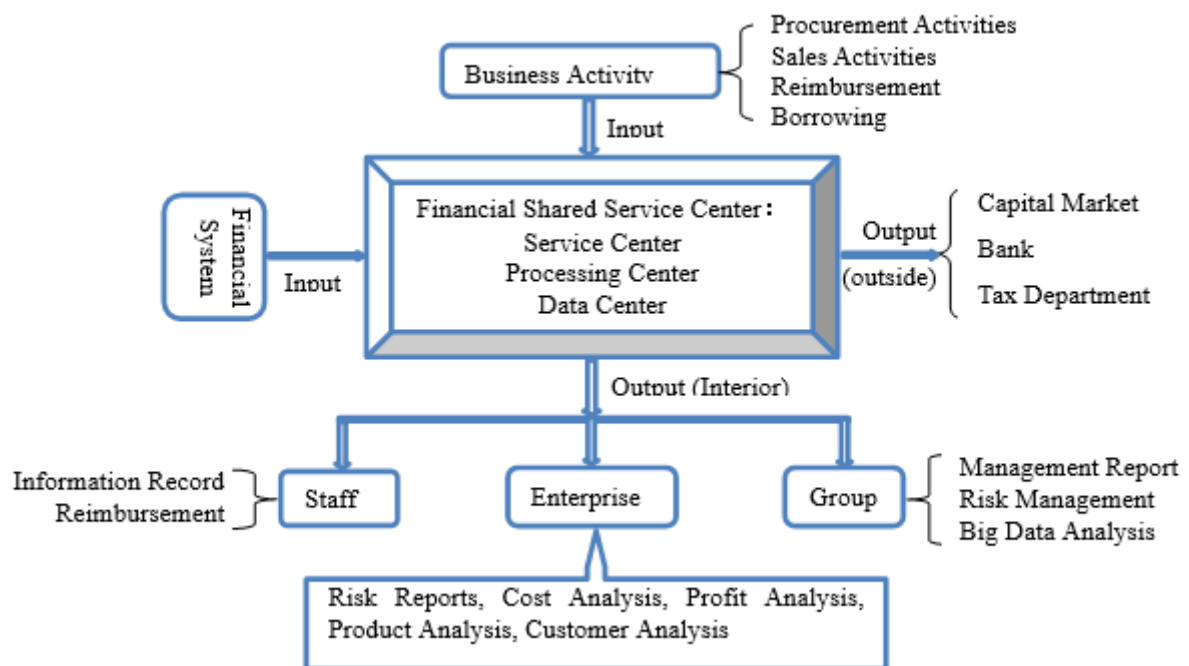


Fig 1. Financial shared model planning

3.4 Elements of the Establishment of the Group's Financial Shared Service Model

3.4.1 Organizational Process Reengineering

Establishing a financial shared center, the common, repetitive, and standardized business of financial work will be concentrated in the shared center. The financial staff who originally worked on these tasks faced two changes: some will be concentrated in the financial shared center of the headquarters, and the others will be concentrated, from the original transactional finance to the high-value decision support, the original business units only retain some functions. Therefore, it involves organizational process reengineering.

When the enterprise organization process is reengineered, it can adopt the parallel mode of three modules: strategic finance, business finance and financial shared service center. the business finance department is responsible for the accounting processing and report processing of the transaction. The financial personnel act as partners of the business units to assist them in improving their operational management capabilities. The Strategic Finance Department serves the company's strategic planning, and its financial staff participates in the company's operations management at the group headquarters level and provides strategic decision support.

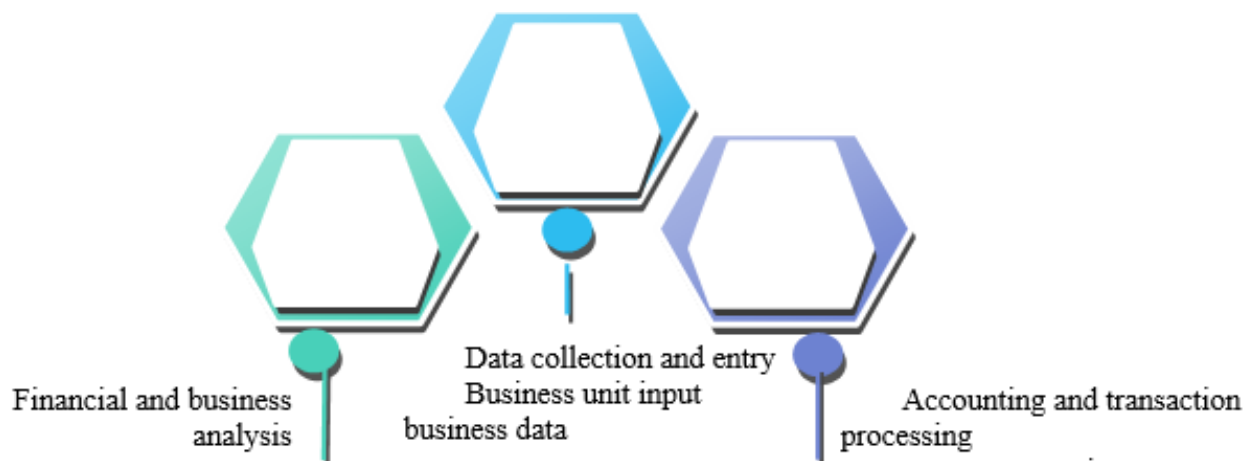


Fig 2. Organizational model planning

3.4.2 Construction of Information System Platform

A centralized and perfect information system platform is the basis and guarantee for financial sharing, and is the material basis for establishing a financial shared center. Only with the support of information systems, financial shared services can successfully complete the reorganization of organizations and processes by providing geographically wide-ranging, continuous, and responsive services across geographical barriers. Therefore, the unified construction and integration of the information system platform is the key link to achieve financial shared services. The construction of the information system platform should be able to realize the functions of reimbursement filling control, approval process control, budget control, cost standard control, etc., and realize direct interface with peripheral systems, such as: OA system, HR system, imaging system, Hyperion System and SAP system.

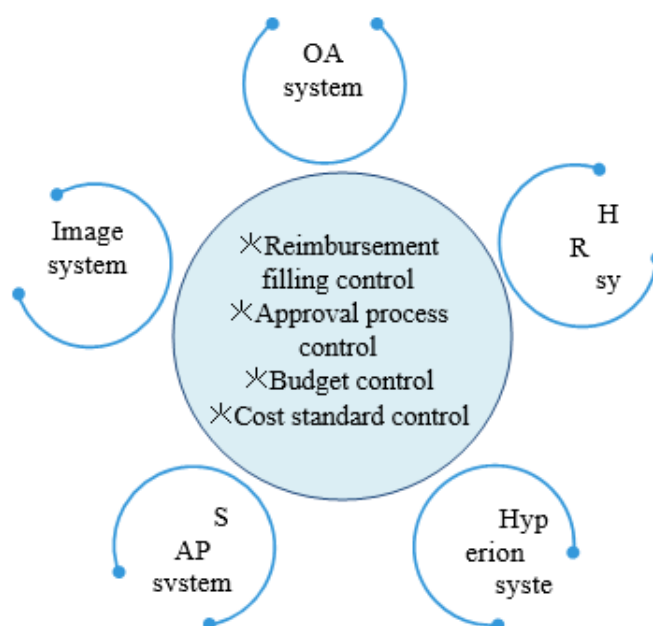


Fig 3. Information system platform construction planning

4. Summary

In the period of rapid economic development, the construction of financial shared centers by group companies is the only way to develop and grow. It can effectively solve the problems of poor management, poor organization, long management chain and other factors that seriously affect management efficiency. In order to achieve the expected management benefits, the realization of financial management function positioning from accounting to value creation, to achieve the changes in the financial management model from decentralized to centralized.

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