

AccountancyAge

Finance function is 'root of small company underperformance'

by Richard Crump

05 Nov 2013



SMALL- and mid-sized [businesses](#) are failing to use their finance functions effectively to make important management decisions, a report by CIMA has claimed.

The [report](#), compiled jointly with SKS Business Services and Loughborough University, explains that many [smaller companies](#) are slow to apply shared services, 'right-sourcing' and technological best practice.

"The root cause of smaller company underperformance is often inefficient use of their [finance](#) function. Finance and accounting is too often misunderstood as a 'bean-counting' operation,

when financial analysis and forward-looking management accounts are meant to help you plant and reap more beans,' said Sanjay Swarup, director, SKS Business Services.

According to SKS, some 45% of SMEs don't use regular management accounts, while use of [technology](#) such as accounting information systems, is also limited, as is use of low-cost online technology.

Peter Simons, technical specialist, CIMA, said: "SMEs do not engage management accountants as their larger competitors do, and as such they are missing opportunities.

Globalisation and technology can enable smaller companies to transform their finance function, making it more efficient and able to provide better support to management."

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