

# Back Office

## Why Neglecting Your Back Office is a Bad Idea

Focusing on the underbelly of your business isn't a ton of fun. So, why am I writing a blog about it?

Back office operations can make or break your business in good times and in bad. Yet, all too often, financial management, human resources, process, and technology go underinvested and under-professionalized.

It's not because, as a business leader, you don't know these things are important. It may be because you just haven't had the bandwidth or motivation to dedicate to the parts of the business that weren't directly linked to sales or production.

Plus, when business is booming, you're often too busy to think too hard about how efficiently bills are paid or how your onboarding process is flowing. Growth and an influx of revenue paint a pretty picture and seem to solve a lot of problems.

And when there is a crisis, like the one we are in now, it can be even harder to give the back office attention. You're stressed about where your next revenue dollar will come from, how you will pay your employees, or whether you will ever be able to bring them back into the office.

**But a well-built back office can keep your growth sustainable and save you in times of uncertainty.**

It means your financial management is sound, sustainable, and strategic. You're investing in the right people and in the right positions, who are all moving toward the same goals. And it means that you have the technology and process infrastructure to keep operations running smoothly—even if those operations suddenly look very different.

**Most importantly, this isn't just a global pandemic-lessons-learned scenario.** I saw how back office neglect unfolds firsthand in one company I worked for several years ago. The mess in the back office wasn't addressed until a crisis hit. And the company suffered.

For years, accounts receivable was done location by location, using whatever process suited each situation. It was a practice that grew out of a series of acquisitions where support functions were never fully integrated. For a roughly \$200 million company, this meant 35 different processes for accounts receivable.

While certainly not a best practice, this didn't cause the business problems for a long time. The locations went about the business of collecting on accounts at their own pace, then rolling those up to the corporate office for consolidation. The fact that some locations didn't collect promptly, or had bad debt was largely covered over by the growing business and ample revenue.

But then times changed.

The regulatory environment became much tighter, and external scrutiny escalated. Markets shifted, and revenue declined. And all of a sudden, cash became an issue. The 35 different processes became a big problem resulting in delayed collections and significant write-offs.

What happened? Eventually, the cash crunch was too much, and the company was broken up and sold off for parts, in part, because of inattention to this critical detail.

What was the lesson here? Growth and revenue cover a lot of sins, but those sins are glaring when times are tough. Your back office is the backbone of your business. If that backbone is strong, it won't crumble in a crisis. It will provide the needed security to pivot safely.

## More on Why the Back-Office Matters

### 1. Live or Die by Technology-Supported Processes

Technology can improve efficiencies and service delivery. But it can also cause enormous problems if not preceded by a well thought out business process or if implemented poorly. Reliable processes, supported by well implemented and maintained technology solutions are a must. It's about knowing what business problem you are solving, having a process that supports the solution, using the right systems and software to provide automation and efficiency, delivered in a predictable and transparent way.

### 2. More than Bean Counting, It's Growth Strategy

Yes, finance is about a tight understanding of revenue and expenses. While good financial management includes accounting, reporting, and recording financial transactions, great financial management is really about planning and strategy.

Strong business planning using finance tools reveals, and can project, the reality of a business's health so that smart decisions can be made. It can guide how best to use the organization's assets, such as when making build vs. buy or scale-up vs. down choices. It can also help quantify strategic decisions to smooth the way for implementation.

### 3. Smart People Investments

Human resources (HR) departments do more than hire and fire or keep an organization in compliance with employment regulations. Good HR helps to drive organizational change and adapts the workforce to the needs of the business while keeping employees engaged and growing in their roles.

Many of our clients have an overall people strategy but need some assistance in making that strategy real for their team members. This means establishing and articulating processes that support their strategy. It also means using tools for recruiting and onboarding, leadership development, smooth implementation, and increasing engagement.

Putting this in place will drive substantial business growth – with a limited number of headaches. The right people on board grow alongside the business. They can also adapt when the environment changes because they align so well with the business needs and its success.

Stanton Blackwell is a back office expert. We've seen just about everything that can go wrong, go wrong. And we've helped get it right again. Share your back office debacle stories. Or your pro-tip for building thriving back office operations. We'd love to hear them. Also, feel free to reach out with questions or to talk through your pressing back office challenges.

Give us a call at (703) 254-7071 or send us an email at [info@stantonblackwell.com](mailto:info@stantonblackwell.com). We are interested in learning more about your vision.



**Contributor: Carmen Oviedo**

Carmen Oviedo is a Founding Partner of Stanton Blackwell. She is known for big picture thinking and finesse at breaking down change barriers to reposition organizations for growth. Carmen is an experienced General Manager and has unparalleled executive office crisis management credentials.

## SIB About Stanton Blackwell

Stanton Blackwell is an advisory firm dedicated to the middle market and mission-based sectors. Our professionals provide operational and financial consulting, as well as leadership development, to address issues of business planning, capital adequacy, scalability and efficiency. We work closely with our clients to adapt to an increasingly complex operating environment and to enhance impact and business value.

Please visit our website [www.stantonblackwell.com](http://www.stantonblackwell.com) for more information.