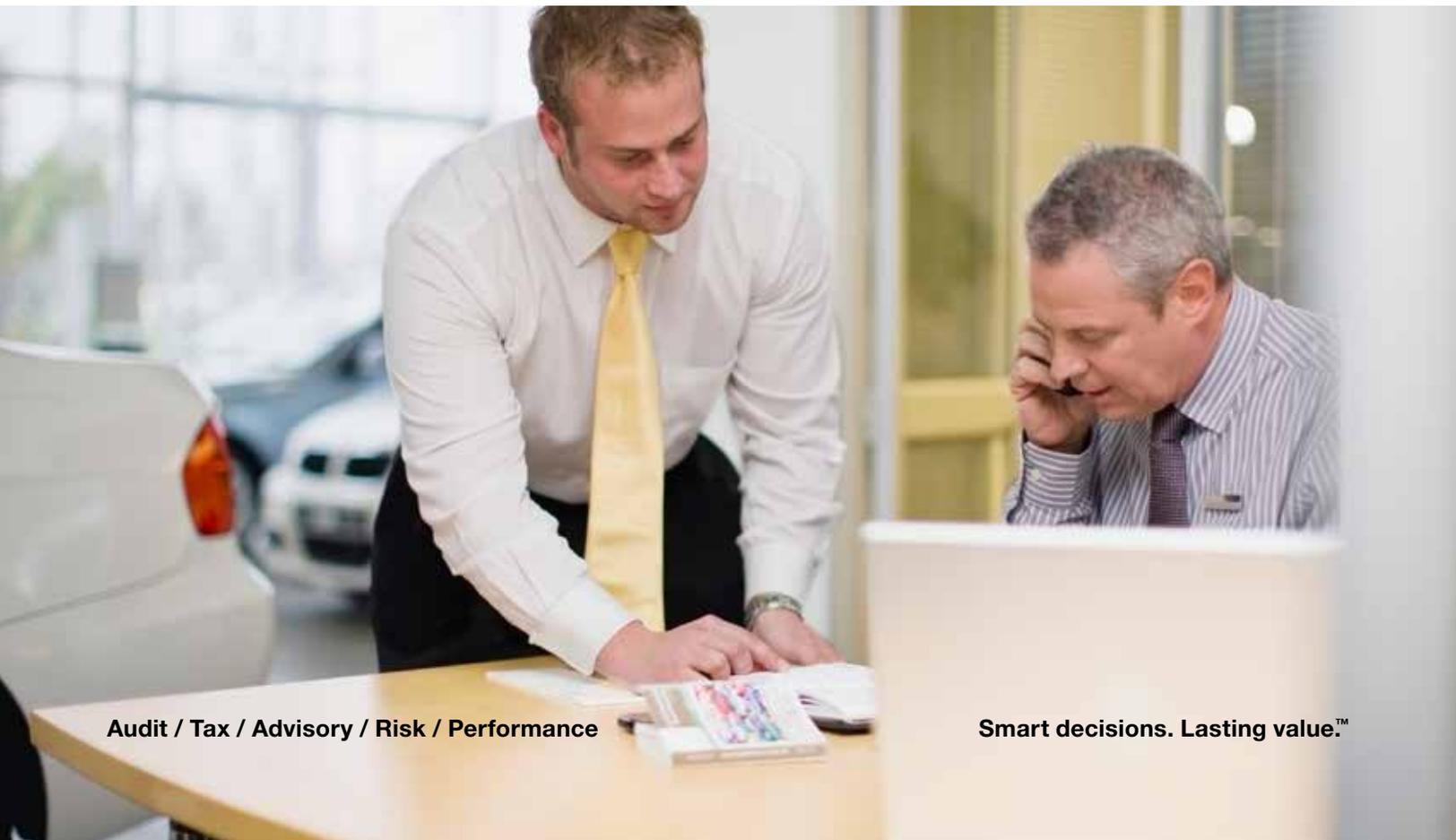


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Month-End Close in One Day? Here's How.

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A fast and accurate month-end close — to account for and authorize all financial transactions for the period, generate financial statements for the month and move on with an accurate set of books — is a priority in almost every dealership or dealership group.

Streamlining the close process gives management accurate financial information sooner — allowing for timely analyses, more informed decision-making and quicker reaction to items of interest. But just how fast can the business office be expected to complete the process? What's a realistic deadline for closing the books?

At Wilson Automotive in California, the answer to that question is “one day.” Despite being part of one of the largest privately held auto groups in the U.S., Wilson dealerships consistently finish closing their books on the first day of the new month.

Despite its size and complexity — 17 dealerships in California, Arizona, Nevada and Mexico, employing more than 2,000 people — Wilson Automotive achieves a one-day month-end close about 97 percent of the time and has been doing so for more than 30 years. Moreover, the company's experience suggests that, with few exceptions, most other dealers could do the same.

Culture Advantage

Certain cultural and organizational features at Wilson Automotive help make a one-day close achievable. Chief among these is the exceptional longevity of the accounting and administrative staff. Many of the group's local business managers have more than 20 years' experience with the company, and all but one were promoted into their positions from within the organization.

This depth of knowledge helps managers anticipate possible problems and streamline the monthly close. Coincidentally, the extremely low turnover demonstrates that a one-day close can be accomplished without burning out the accounting staff — and without incurring excessive overtime costs.

Undoubtedly, the biggest factors contributing to Wilson Automotive's one-day close are cultural. The group's owner set the expectation years ago, and all employees — general managers, sales and operational personnel, business managers and accounting staff — regard the one-day close as routine.

In fact, most of those involved say they prefer to close on the first day of the month so they can identify priority items quickly and begin moving forward rather than spending the first week to 10 days of each month looking backward.

In addition, everyone in the organization understands that the responsibility for a successful month-end close does not rest with the accounting team alone. Many other departments must provide needed information, and missing data from any one of them can cause a ripple effect that could delay the close.

Step by Step

Beyond culture and management commitment, Wilson Automotive has applied a number of practices that other groups could pursue to achieve a one-day close.

These steps include:

- **Balance speed and accuracy.** Identify lower-risk areas of financial statements that might not need to be perfect for each close. Recurring, low-risk, predictable expenses such as utility bills could be estimated and accrued for the close and then made accurate later. Develop tolerance levels on certain line items that everyone can accept.
- **Start early and communicate constantly.** The accounting staff should have ongoing conversations with departments about what they have spent, what projects they are working on and what they anticipate spending. Actively pursuing needed information throughout the month makes it possible to start calculating accruals in advance. The week

leading up to month-end then can be spent reviewing, posting and cleaning up discrepancies so the closing process can begin smoothly on the morning of the first.

- **Be organized and methodical.** Break down the month-end close procedures into smaller tasks, starting with the final deliverables and due dates and working backward. Set individual daily and weekly work goals throughout the month. Checklists, process narratives and step-by-step staff instructions help identify crucial inputs and make sure all steps are completed on time.
- **Get vendors on board.** In addition to using electronic invoicing and payment systems, vendors should understand that timely invoices and month-end statements are a basic requirement for doing business with the dealership.
- **Take advantage of technology.** Most of today's advanced dealership management systems offer useful add-ons that can automate many recurring steps, such as the posting of fixed asset depreciation and expensing of prepaid items.
- **Seize every opportunity.** Even small, simple, incremental process improvements can add up to significant time savings.

Ultimately, beyond the various tools and techniques, the most critical factor in achieving a one-day close is an organizationwide commitment to making it happen. With strong support from the top and a methodical approach, even the most complex dealership organization can begin to reap the benefits of an expedited month-end close.



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