



Finance Maturity Curve

Enso

A model of the processes and inputs required to generate strategic insights, and create a real partnership between finance and the whole of the business — built exclusively for digital SMEs.

The SME Growth Challenge

Almost every SME hits a glass ceiling at some point. The growth previously experienced begins to plateau and progress becomes really difficult. This change doesn't happen overnight, it's a gradual process that eventually takes its toll on those running the business.

The more people you hire, the more complex the business becomes and if the processes and culture don't keep up, small cracks begin to expand.

The best businesses get proficient at identifying these issues and prioritising them so that they can continue to grow in a sustainable way.

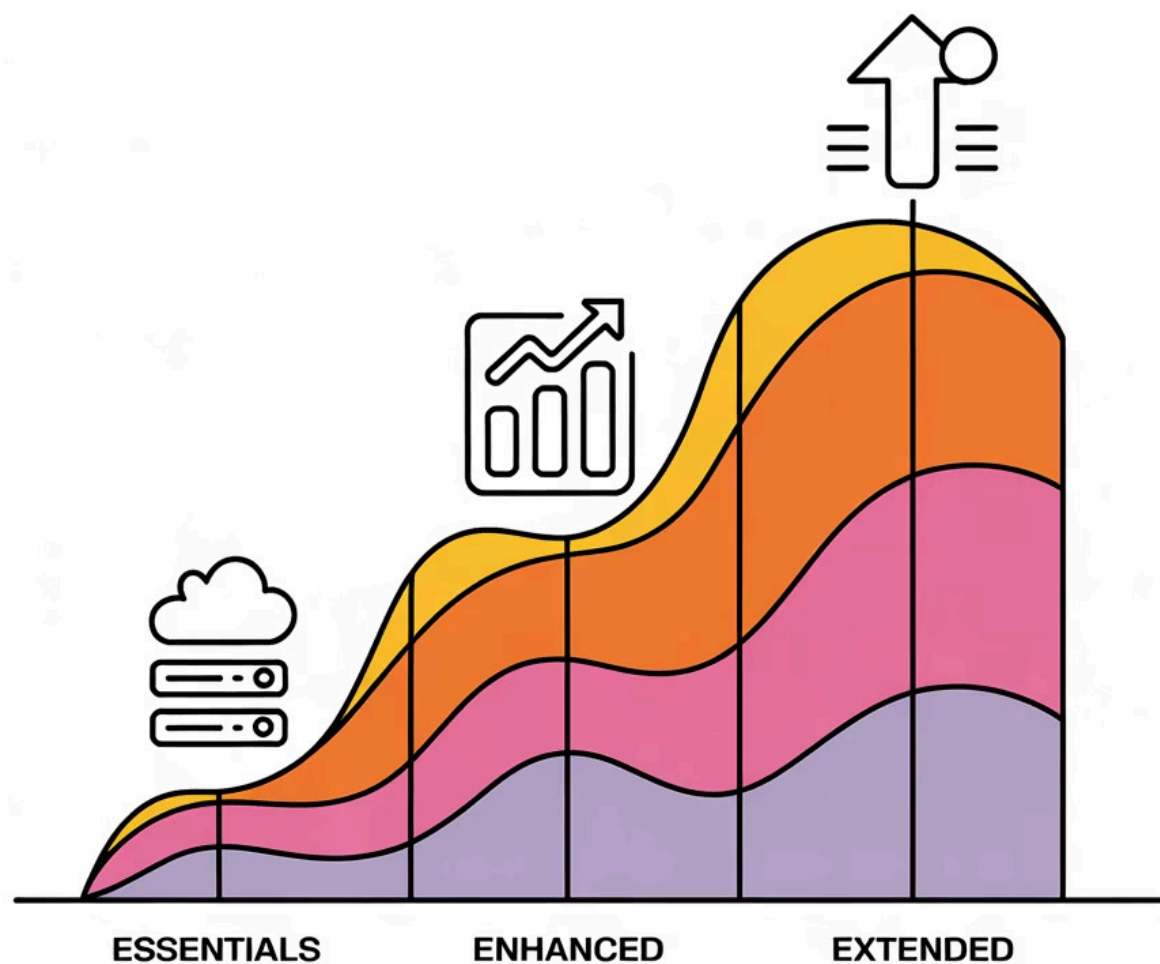
And at the heart of every successful business is a reliable and insightful **finance function**. One that provides operational control and strategic input. Having access to the right information at the right time is crucial but unless that information is then used to inform and support planning, it is wasted time, cost and energy.

Unfortunately, finance is often the last to know about key business activities, finding out only when they process the transactions, which is too late for them to have added any value beyond data processing and compliance.

Those that see finance as a powerful resource available to input into business planning will bring finance into the heart of the business and include finance professionals in leadership meetings.

The **Finance Maturity Curve** is a model of the processes and inputs required to generate strategic insights, and create a real partnership between finance and the whole of the business.

Working exclusively with digital SMEs has allowed Enso to create this unique model



The Finance Maturity Curve

The **Finance Maturity Curve** is a way for digital SMEs to assess the strength of their operating model. It does this by pegging the strengths and weaknesses of their finance function against a set of disciplines with clearly defined outcomes.

The three distinct phases of **Essential**, **Enhanced**, and **Extended**, are further broken down into key elements which have proved vital for business maturity.

Essentials

Cloud · Compliance · Management Accounts

The bedrock of digital SME growth — robust processes, automated and real time reporting.

Enhanced

Budget · Management Accounts Advanced · Projections

Align your business closer to overall objectives and create a powerful narrative around progress.

Extended

Financial Leadership · Mapping the Strategy · Specialist Services

Complete the leadership picture and enable the development of an increasingly sophisticated business.

SME Maturity

"When we talk about maturity, we are referring to how well the systems and processes of the business have developed. It's about having consistency. The right activities being carried out at the right time by the right people, and in the right way. The more mature the business, the better it understands its data and the more integrated this data is into the business at large."

— **Adam Nurbhai** | CEO at Enso

Providing the bedrock of digital SME growth

Without the fundamentals installed and working well, the data relied upon for compliance and business reporting will be inaccurate and unreliable. The result: making insights blunt and decision making harder.

The purpose of Essentials is to understand to what extent finance is "telling" you what is happening within your business. This includes robust processes, as automated and real time as possible, with reporting insights delivered quickly after each month end.

Appropriate and Effective Data

THE FOUNDATION FOR SCALABLE FINANCIAL

PROCESSES. The collection and handling of finance data has a significant impact on bottom line profitability and cash. Leaning on the most appropriate technology is essential therefore to keep manual processing to an absolute minimum. This will also underpin the financial processes (who/what/when/how) which are the levers for understanding and controlling the flow of cash in and out. The better the quality of data in terms of collecting and coding it correctly, the better the reporting will be down the line. The better the processes the more you can scale capability without the need to keep adding headcount into your finance team.

Compliance

PROTECTING YOUR REPUTATION THROUGH QUALITY

AND TIMELY DELIVERY. There are real benefits in getting your statutory requirements not just done but completed ahead of time, more accurately and stress free. Working close to the wire can put you at risk of missing deadlines — creating unwanted pressure and increasing the chance of errors. Compliance has an important role in presenting your company to the wider world. Aspects of your reporting will be used to assess creditworthiness, and VAT or Payroll errors can bring unwanted scrutiny from HMRC. Ensuring you have a reliable and consistent way of handling compliance shouldn't just be a hygiene factor but a signifier of a more mature approach.

Management Accounts – Essentials

ESSENTIALS

AN ACCURATE ACCOUNT OF FINANCIAL ACTIVITY. Conversations around business performance begin when the intelligence is there and shared for all to see. At the Essential level this is about assessing trends based on sound historical fact.

Meaningful profit and loss and balance sheet reporting are at the core, and the more that these can be reliably compared to prior periods, the more information is released back to the management team.

Once you know what you are looking at today, you can move forward more confidently tomorrow.

"No one expects you to be able to see into the future, but you can **manage the near term effectively with the right elements in place.** Having this sense of being able to understand what might happen in the future — even if you are unable to predict it — **provides clarity** and can reduce stressful situations into something that can be looked at rationally."

— **Adam Nurbhai** | CEO at Enso

Essentials – Core financial processes in place



Hubdoc

Automate the input of invoices and expenses



Xero

Control and work with the core expenditure and revenue data



GoCardless

Speeding the collection of invoices with direct debits



Syft

Compiling key data in powerful easy to read reports

Enhanced – Transform Numbers into Narrative

A focus on the Enhanced aspects of your finance function allows you to align your business much closer to your overall objectives, and to create a powerful narrative around progress. Having this sense of being able to understand what is happening now, and what might happen in the future is an important signal to financial maturity. As is welcoming in the voice of an independent finance partner.

Budget

ADDITIONAL AND ACHIEVABLE PLAN FOR THE NEXT 12 MONTHS.

Businesses can claim to have a budget in place, but it is important to have confidence that it has been produced following a thorough and meaningful process. A twelve month budget needs to be modelled around key areas and reporting requirements, and not just a narrow view of sales or core costs. A good budget will include an accompanying capacity plan, marketing plan, balance sheet and cash flow. It should consider departmental reporting and recognition of different types of revenue. An effective budget therefore is a key part of your business plan for the year ahead.

Management Accounts – Advanced

**ADDING THE VOICE OF AN
INDEPENDENT FINANCE
PROFESSIONAL.** Having historical data in an optimised view helps to bring important trends to the attention of your decision makers. This is transformed however when it becomes a tool to assess performance against your budget, and particularly with an independent finance voice at the table. While the figures describe a point in time, a finance professional can describe what is driving those numbers, what patterns are occurring in the data, and why it is important. They provide opinion, insight and analysis – the narrative behind the numbers.

Projections

USING DATA AND JUDGEMENT TO MAP OUT LIKELY SCENARIOS.

Projections play an important role in helping to map out the likelihood of meeting the budget, and to explore scenarios that provide opportunities or help manage risk. For truly effective projections, overheads and revenue need to be updated continuously, and integrated with a live view of target, converted and quoted revenue. Not only does this depend on the consistent quality of financial data, but also the integrity of the sales pipeline.

Enhanced – Bringing Facts into the Figures

Creating a budget for your digital SME — **what not to overlook:**

1. Consider each type of revenue in isolation — Projects, retainers, one off.
2. Increasing staff also increases equipment, software, office, employers tax and pension costs.
3. Budgets are not the same as targets. You can aim higher, but you should plan for what can be expected.
4. Go beyond the financials — look at the drivers of the business.
5. Lock the budget for the year and then assess whether a re-forecast is required after months 3, 6 & 9.
6. Involve your team — get different team members to feed into the parts that they work in.



Extended – Completing the Leadership Picture

Finance is an essential function of any business, but it can also complete the leadership picture and enable the development of an increasingly sophisticated business. Employing more people just to bring in high level skills is impractical and expensive, especially as priorities and challenges you face today are probably not going to be the same in six months time. There is a point where appropriate skills are required on a more targeted project basis than a full time, part time, or contracted arrangement.

Financial Leadership

AN INDEPENDENT AND PRACTICAL VOICE TO CHALLENGE, UNCOVER AND DELIVER.

Having the insight, interpretation and investigative skills of an experienced independent finance professional are important ones to be able to call upon when needed. They can add immediate value to strategy and direction, but also to operational and commercial matters like processes, contract construction, profitability, and providing a touch stone for the whole team.

Recognising the importance of Financial Leadership acknowledges that the business needs access to experience and expertise in order to maintain sustainable growth.

Mapping the Strategy

PROVIDING CLARITY AND FOCUS ON STRATEGIC DIRECTION.

Mapping the Strategy should be a defined process that provides an opportunity to stand back from the day to day, and take a dispassionate view of the business and personal ambitions of the business owners. Once the direction is properly understood, with documented clear goals, then the mechanics of the business can be engineered to deliver. This should respect every aspect of the business: high level financials that lead into looking at client numbers, honing the service offering and the make up and skills within the team. Together it should assemble a credible story for the whole organisation.

Specialist Services

ACCESSING APPROPRIATE PROFESSIONAL SERVICES.

A maturing business will require access to professional advice in key areas as it continues to grow and develop. Typically these are more front and centre in the minds of board members, and are strategic matters that require a level of technical or financial expertise to execute. These can be far ranging: Incentives, share option schemes and employee benefits as part of a wider plan to attract, retain and reward staff. Or, preparing and marketing the business for sale, buying out an existing shareholder or acquiring a complementary business. These matters need to be coordinated by a professional as they are often processes that can derail without guidance and proper regulatory knowledge.

Using the Data to Light Up Performance

Mapping the Strategy

Use a structured process to ensure you are creating a truly integrated vision and strategy. The Enso way is designed exclusively for digital SMEs and incorporates:



Personal Goals

Aligning the ambitions of the business owners with the direction of the business.



Business Goals

Defining clear, documented objectives that the whole organisation can work toward.



Financial Position

Understanding where the business stands today as the foundation for future planning.



Services and Their Profitability

Honing the service offering to ensure every line of work contributes meaningfully.



Team and Their Efficiencies

Assessing the make up and skills within the team to match the strategic direction.



Financial Systems

Ensuring the right technology underpins every process and insight.

"Finance is an essential function of any business, but it can also complete the picture of your entire digital SME performance. **Mainly this is about confidence.** Having confidence that your business has direction and purpose, having confidence that you can ask questions of the data that can be answered, and confidence that you know where to focus the team's attention to where improvements need to be made."

— Adam Nurbhai | CEO

Your Decision to Act

The **Finance Maturity Curve** is not just a model, but a way of evaluating how your business continues to perform at the level and in the direction that matches your ambition.

By reviewing your business through this lens you can quickly see how and where improvements can be made, and where external support can be used to get there quicker, better, and more sustainably.

01

Assess

Review your business against the Finance Maturity Scorecard to identify where you stand across all nine disciplines.

02

Prioritise

Identify the gaps and weaknesses in your finance function and determine which areas will have the greatest impact.

03

Act

Use external support where needed to get there quicker, better, and more sustainably — and keep growing.



Enso works exclusively with digital SME's to implement the Finance Maturity Curve — a powerful blueprint to assess exactly where to focus your attention and unlock sustainable growth.