

Preparing for the Departure of Key Employees

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The saying "don't put all your eggs in one basket" rings true when looking at the way some companies manage the risk of losing key personnel. A company can be very successful and profitable, but one step away from disaster if a key employee decides to leave. The accounting and finance department of any business is arguably one of the most important functions, yet it is often run by a single person. What happens if that key person leaves? What does the transition look like if no one else knows or understands how the department runs? No business can afford to have this department down for even a day. Bills need to be paid, deposits recorded, and payroll handled. Even with the critical function of the accounting and finance department, we continue to see it in the hands of one person – one person possessing all the knowledge. That is a single point of failure should this person suddenly leave. This, by the way, is not an imagined scenario. We see it happen far too often in companies in a variety of industries.

How can companies plan to be operationally ready if this happens?

To start, a good written job description should be created, which identifies the key tasks and responsibilities of the person in this position. This should be used to create a manual detailing each of these tasks, including when they are performed. From here a company has a few options. First, a second employee can be cross trained to step in should the need suddenly arise. However, in order to cross train another employee they must be pulled from their work. Moreover, if this person is abruptly called upon, they will have to divert their full-time attention to fill the now vacant accounting and finance role. This can prove to be disruptive and costly. Additionally, much of the information in the accounting and finance department is confidential and must remain protected. Giving an in-house employee rights to this sensitive information may not be the best route to take. Fortunately, a second option is available.

Utilizing an outside accounting firm to serve as your company's back-up has many benefits. To start, at a moment's notice they can step in to fill that role so the company can continue to function and doesn't grind to a halt. Now that you haven't missed a beat, your outside accounting support team can help identify and train the next person to permanently fill the position. Finally, there's an added benefit for using an outside accounting firm – having a second set of eyes on your accounting. This additional look provides a check and balance and can help to quickly identify mistakes or inconsistencies. In the end, it provides you with a partner to make sure this critical function is being done right and if necessary, assures a smooth transition and a continuously functional accounting department!