

# What's Next for Businesses That Implemented the New Revenue Recognition Rules for Accounting?

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Accounting Standards Codification (ASC) 606 is a set of guidelines for businesses to recognize revenue that are industry and product or service agnostic. It impacts any business that forms a contract with customers to transfer goods or services and streamlines the way companies process and report these transactions. With these guidelines in place, financial statements can be compared across all industries.

Adopting ASC 606 is mandatory under U.S. GAAP, and now that the adoption date for both public and private organizations has passed, what comes next? How can companies operationalize the new standards, and more importantly, why should they? What does this mean for businesses in the future?

The backbone of any successful ASC 606 implementation program is formed by involving leadership from all departments through a steering committee. This committee can then collaborate on creating a specific plan with deliverables and due dates. Who will take ownership of this plan? Designating a program manager keeps overall timelines on track, while assigning tasks to individuals will ensure accountability.

Regularly scheduled evaluations of the program's progress can help refine objectives and make them more attainable. By breaking implementation down into a well-defined plan that is jointly developed by all business units, the implementation of ASC 606's pronouncement becomes a manageable process instead of a complicated headache.

But this isn't just about how companies can comply. Not since Sarbanes-Oxley has a set of required rules had such an effect on a company's business operations. With ASC 606, the impact is even broader. It affects all areas of a business, from accounting and legal to human resources, sales, marketing and IT.

Different parts of an organization, not just the accounting department, must cooperate and communicate with each other to ensure not only implementation, but also ongoing compliance. In turn, effective engagement and collaboration of each unit will drive critical business transformations outside of accounting and reporting.

Such results include cost reductions and tax efficiencies, enhanced contract management processes, greater transparency within a business and improved data quality, which can lead to data-driven insights. By implementing ASC 606, and then going one step further to integrate the business units, accounting leadership can help drive operational efficiency throughout the entire company.

In order to remain compliant to the new revenue recognition standards, different aspects of a organization must partner together in a new way. Now, more than ever, it matters how well all areas of a business can function with each other.

By encouraging open communication and opportunities to work across different departments, companies can increase productivity while driving growth and revenue.

*With ASC 606's wide-ranging impact on an organization, its implementation can be a daunting challenge. To learn more about compliance and find out how BPM's experts can help, contact Kimberlee Gonzaga Duval today at [Kduval@bpmcpa.com](mailto:Kduval@bpmcpa.com).*

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