

# RACI

Responsible Accountable Consult and Inform

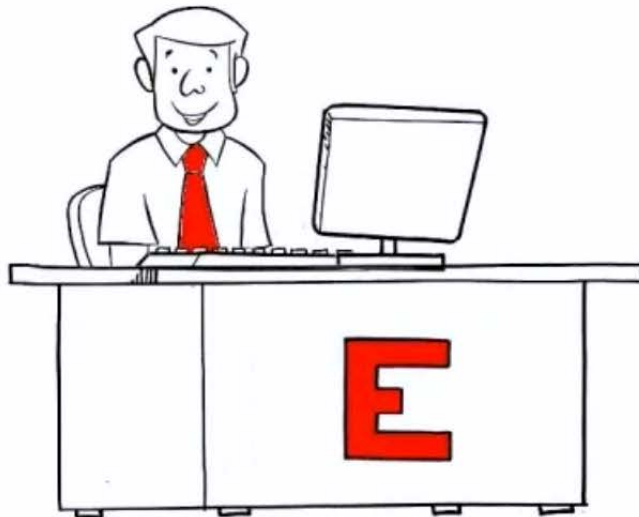
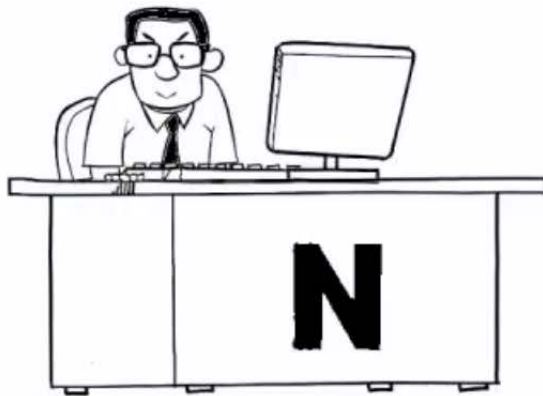
By the end of this presentation participants should have a good understanding of the RACI model, be able to develop a RACI Chart and explain the RACI methodology to others.

RACIs can be used to help cure problems commonly associated with complex organizations.

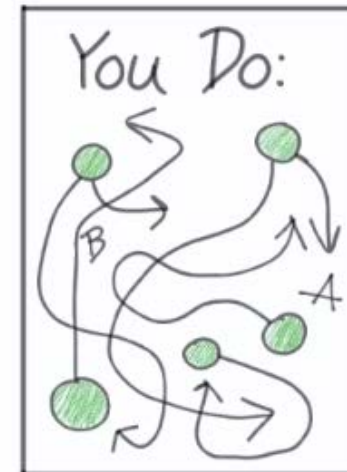
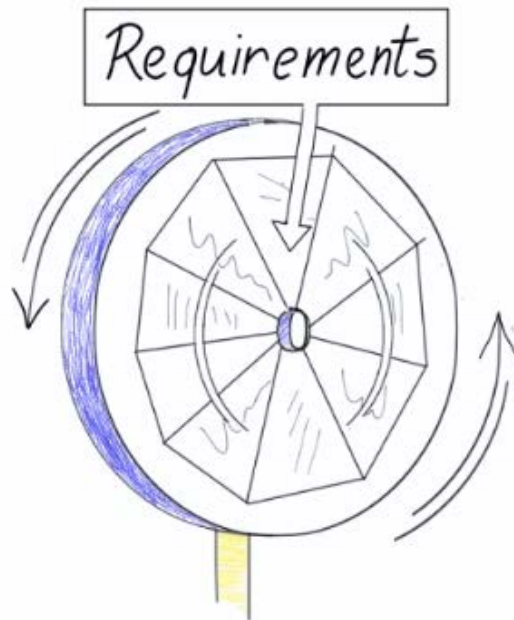
1. Is work frequent Delayed or incomplete ?
2. Do the teams have questions about "who does what" ?
3. Are there multiple decision-points within a single process ?
4. Is there inadequate communication and/or co-ordination in the organisation ?
5. Are Accountabilities of individuals or departments undefined and unclear?
6. Is there insufficient delegation of authority ?
7. Do we work in a "reactive" environment rather than a "proactive" one?
8. Are decisions taken in a timely fashion ?
9. Does a blame culture Exist ?
10. Are there tasks being performed and decisions being made at the wrong levels ?

# RACI Change Manager

Why do we need RACI?



RACI explained?



RACI brings structure to organizational roles and processes.

## Responsible “Doer”

Individual(s) who perform an activity—responsible for action/implementation

## Consulted “In the Loop”

The individual(s) to be consulted prior to a final decision or action is taken. Two-way communication.

## Accountable “Buck Stops Here”

The individual who is ultimately accountable includes yes/no and power of veto. Only one “A” can be assigned to an activity/decision.

## Informed “FYI”

The individual(s) who needs to be informed after a decision or action is taken. One-way communication.

## Definitions for RACI charting

### Business Process:

A major process to be analyzed through roles and responsibility charting

### Activity:

An action or decision that is one of several sequential steps in the completion of a business process

### Functional Role:

A position assigned or assumed to accomplish an activity

Project Owner Michael Carew m.carew@raci.com Project: Enter Project Name Credit Manager	GM-CEO	CFO	Credit Mgr.	Credit officer	Board
Customer Credit Limit Approval < \$25,000			A	R	
Customer Credit Limit Approval \$25,000 - \$99,000			A	R	
Customer Credit Limit Approval \$100,000 - \$250,000		C	A/R		
Customer Credit Limit Approval \$250,000 - \$500,000	C	C	R		A
Customer Credit Limit Approval > \$500,000	C	C	R		A
Stop Credit Policy development	C	C	A	R	
Legal action decision	C		A/R	R	
Credit Insurance compliance	I		A/R	R	
Cash receipt recording/reconciliation of accounts			A	R	
Cash receipts Data Input			I	A/R	
Customer Master Data maintenance			A	R	
Customer Master Data Input			I	A/R	
Credit Check new accounts			A	R	
Setup of new accounts			I	A/R	
Overdue debt collection	I	I	A	R	
Payment Arrangements		C	A	R	
Credit Status control			A	R	
Bad Debt write off	A	C	R	R	
Debtor Reporting	I	I	A/R	R	
Charging of Interest			A	R	
Monthly reporting	I	I	A/R	R	I

[Add Task](#)  
 GM-CEO

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## Using a RACI

*RACI can be implemented for any job or activity which requires the assigning of roles and responsibilities*

### **Guidelines for RACI charting:**

- Step 1: Determine process/job requiring RACI
- Step 2: Document the activities/ tasks inherent to the process and the roles involved
- Step 3: For each activity assign 1 accountability and the appropriate amount of R, C, and I to accomplish the task
- Step 4: Ensure all of the roles understand the requirements of them and are capable of delivering the necessary items
- Step 5: Review progress/completion to determine benefits and opportunities of using the RACI process

## Guidelines for success

- RACI needs to be driven from the top down
- Only do RACI on value-added activities
- Capture the non-value added tasks for later work on process simplification
- Push accountability to the lowest level possible in the organization
- Assign only one accountability per activity or decision
- Eliminate excessive “Cs” and “Is”



## Reviewing the Vertical Axis

If you find..

You need to ask..

Lot's of Rs



Can the person with a functional role stay on top of so much?

No empty spaces



Does the functional role need to be involved in so many activities?

No Rs or As



Should this functional role be eliminated?

Too many As



Should other groups be accountable for some of these activities to ensure checks and balances and accurate decision-making throughout the process?

## Reviewing the Horizontal Axis

If you find..

You need to ask..

No Rs



Will the job get done? Does it get done today? Is this activity value-added? Who should take the initiative, if it is adding value?

No As



Who benefits from this activity? Why is it done? (There must be an "A.") Accountability should be pushed down to the most appropriate level.

Lots of Cs



Do all the functional roles really need to be consulted? Are there justifiable benefits in consulting all the functional roles?

Lots of Is



Do all the functional roles need to be routinely informed or only in exceptional circumstances?

## When things go wrong

### ○ To many As

I was approached by the Credit manager with a concern that she could not do her job She was accountable for the Credit Department and managing the level of bad debt.

She explained that she was not in control due to other long term managers over riding her decisions.

The RACI was documented and it was clear that the escalating bad debt was due to the Sales and Operations teams interfering with what they believed were loyal long term customers

Bad Debt was exceeding \$4m  
The Board of Directors were blaming the Credit Manager

Project Owner Michael Carew  
m.carew@raci.com  
[+ Add Project](#)

Credit Manager ▼

	GM-CEO	CFO	Credit Mgr.	Credit officer	Board	Nat Sales Manager	Nat Ops Manager	Sales Director
Customer Credit Limit Approval < \$25,000			A	R		A	A	A
Customer Credit Limit Approval \$25,000 - \$99,000			A	R			A	A
Customer Credit Limit Approval \$100,000 - \$250,000		C	R					A
Customer Credit Limit Approval \$250,000 - \$500,000	C	C	R		A		A	A
Customer Credit Limit Approval > \$500,000	C	C	R		A			
Stop Credit Policy development	A	C	R	R		A	A	A
Legal action decision	A		A/R	R		A	A	A
Credit Insurance compliance	I		A/R	R				
Cash receipt recording/reconciliation of accounts			A	R				
Cash receipts Data Input			I	A/R				
Customer Master Data maintenance			A	R				
Customer Master Data Input			I	A/R				
Credit Check new accounts			A	R		A	A	A
Setup of new accounts			I	A/R				
Overdue debt collection	I	I	R	R		A	A	A
Payment Arrangements		C	R	R		A	A	A
Credit Status control			A	R				
Bad Debt write off	A	C	R	R				
Debtor Reporting	I	I	A/R	R				
Charging of Interest			R	R		A	A	A
Monthly reporting	I	I	A/R	R	I			

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## When things go right

I called a meeting with the

- Credit Manager
- Sales director
- Nat Sales Manager
- Nat Operations Manager
- General Manager

The problem was explained

The visual of the As circled all over the RACI

Did not need explaining.

### Collaboration

In a team discussion it was agreed that the Credit Manager was hired for her expertise in Credit Management and it was agreed that she would not interfere in their field of expertise if they did not interfere in hers.

Bad Debt was reduced to under \$0.7m within 12 months without the loss of a customer. Customers were made aware of the reason credit policies were in place and appreciated the companies position on risk management.

Project Owner Michael Carew m.carew@raci.com <a href="#">+ Add Project</a>	GM-CEO	CFO	Credit Mgr.	Credit officer	Board	Nat Sales Manager	Nat Ops Manager	Sales Director
Credit Manager								
Customer Credit Limit Approval < \$25,000			A	R				
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Monthly reporting	I	I	A/R	R	I			

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## When things go right

The CFO understands their key accountabilities

The CFO knows the performance they will be measured on.

The CFO's Job description and key Accountabilities and responsibilities should be aligned with the CFO's RACI.

Performance review

How did the CFO perform against the tasks for which they are accountable.

Project Owner <b>Michael Carew</b> m.carew@raci.com Project: <b>Example CFO</b> Chief Financial Officer	GM	CFO	Fin. Team	COO	Credit Mgr	Sales Mgr	IT Manager	HR	Board
Manage the company's accounting and monitor its internal controls		A/R	R						
Manage the preparation and reconcile profit and loss accounts, balance sheets and cash flow statements for multiple entities across multiple locations.		A/R	R						
Manage and drive output from the Financial and Corporate Accounting functions to ensure that deadlines and timetables are met, including:		A/R	R						
All aspects relating to the preparation of the monthly management accounts.	I	A/R	R						
All GL and bank reconciliations.		A/R	R						
Monthly reports for the Finance, Investment and Audit Committee and the Board.	C	A/R	R	C		C			I
Prepare a detailed analysis of the management accounts identifying key variances from budget for inclusion in the monthly Finance report	C	A/R	R	C		C			
Drive continuous improvement in the areas of management reporting including a reduction in the number of days in the month end reporting cycle.	C/I	A/R	R						
Manage annual audit process with external auditors.		A/R	R						
Prepare annual statutory financial accounts		C/I	A/R						
Produce and maintain financial policies and procedures of the Financial and Corporate Accounting functions.		A/R	R						
Work with the Payroll department to ensure accurate allocation of payroll activity data and costs.		A/R	R						
Manage the Accounts Receivable process to ensure that all overdue debt collection procedures are followed.		I	A/R		C/I				
Manage the Accounts Payable process to ensure that all supplier agreements are conformed with and that all payments are made within company terms.		I	A/R						
Responsible for systems accounting including IT systems, online banking, ATO business portal		I	A/R				C		
Prepare FBT, BAS, Franking Credit refund returns and other statutory returns		C/I	A/R						
Assist with administration of insurances including annual renewal process.	C	A/R	R						
Undertake one-off projects as directed. (M&A and other)	C	A/R					Self		
Manage efficient utilisation of resources both human and material.		A/R							
Employ appropriate staff for Finance positions in consultation with the GM (CEO) and Executive-HR and People Development.		A/R							
Ensure there are current position descriptions for all positions within the department and develop a system for regular review of all position descriptions.		A/R						R/C	
Address matters of staff performance where required in consultation with the Executive-HR and People Development.		A/R						C	
Ensure staff work effectively and sufficient hours to meet the company's needs.		A/R	R					I	

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## Benefits of using RACI

- Workload Analysis – Individuals and departments facing overload can be identified quickly
- Reorganization – Ensure that key functions and processes are not overlooked
- New Employees – Allows new employees to rapidly identify their roles and responsibilities and also allows duties to be redistributed into other areas where a position is temporarily vacated.
- Project Management – Allows for flexibility in matrix management situations whilst still ensuring the right balance between line and project management accountabilities.
- Ensure that tasks are documented and get done.
- Conflict Resolution – Provides a forum for discussing and resolving interdepartmental conflict thus improving teamwork
- Training – Activities and tasks that have been ignored can be re-emphasised and training effort focused towards them where necessary
- Documentation of Procedures – The output from RACI is a simple yet powerful method of documenting and communicating roles and responsibilities

## Helpful Hints

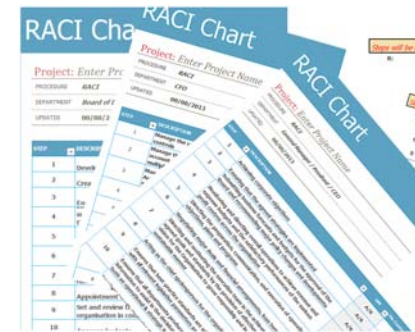
- There can only be one "A" per activity
- Authority (over the process/activity) must be accompanied by accountability – empower people to act
- RACI is a consultative process, assign A's and let this person suggest the people to be R's, and ensure I's, and C's as allocated to those impacted by the process
- Keep RACI charts specific and not too large.
- After documenting the RACI ensure it is communicated.
- RACI charts evolve as organizations grow or change direction 100% accuracy is not always required

## RACI team Activity 1 – Create a RACI Chart Teams of 4

### Create a RACI Chart (simple project)

Scenario Use the provided worksheet Excel version or hand write

- Step 1: Document the activities / tasks inherent to your role (left hand side)
- Step 2: Across the top write the roles you interact with to complete each task
- Step 3: For each activity assign one “A” (accountable) and the appropriate amount of R, C, and I to accomplish the task





Thank you

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Email [support@raci.com](mailto:support@raci.com)

# RACI Questionnaire

1	Is work frequent Delayed or incomplete ?	Yes	No
2	Do the teams have questions about "who does what" ?	Yes	No
3	Are there multiple decision-points within a single process ?	Yes	No
4	Is there inadequate communication and/or co-ordination in the organization ?	Yes	No
5	Are Accountabilities of individuals or departments undefined and unclear?	Yes	No
6	Is there insufficient delegation of authority ?	Yes	No
7	Do we work in a "reactive" environment rather than a "proactive" one?	Yes	No
8	Are decisions taken in a timely fashion ?	Yes	No
9	Does a blame culture Exist ?	Yes	No
10	Are there tasks being performed and decisions being made at the wrong levels ?	Yes	No
<b>Total</b>			

**Answering Yes to 3 or more of these questions indicates a need to implement a RACI strategy.**

RACI will assist with the following;

Workload Analysis – Individuals and departments facing overload can be identified quickly

Reorganization – Ensure that key functions and processes are not overlooked

New Employees – Allows new employees to rapidly identify their roles and responsibilities and also allows duties to be redistributed into other areas where a position is temporarily vacated.

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## RACI Key words for describing a task

Key Task start works	Example
Achieve	<i>Achieve company targets</i>
Maintain	<i>Maintain sales team training</i>
Ensure	<i>Ensure all invoices are entered</i>
Analyse	<i>Analyse and report on job progress</i>
Implement	<i>Implement strategies to improve productivity</i>
Monitor	<i>Monitor team performance</i>
Complete	<i>Complete weekly reports</i>
Develop	<i>Develop sales plan</i>
Identify	<i>Identify efficiency opportunities</i>
Deliver	<i>Deliver reports on time</i>
Carryout	<i>Carry out weekly maintenance for transformers</i>
Provide	<i>Provide guidance to staff</i>
Communicate	<i>Communicate with management and staff</i>





