

# Scale the 5 Pillars of Competitive Advantage with Entity Management Automation



*If you're looking to scale your business – or just want to remain competitive amid cutthroat competition – investing in automation is nonnegotiable. But proceed with caution: many solutions will only address a fraction of the challenges you face. Look carefully for a salve that alleviates all your pain – and not just some.*

80% of global CEO respondents to a recent McKinsey **survey** said “new-business building” is among their top five priorities.

You heard that right: amid continued handwringing over a potential downturn (that **may never come**), still elevated rates of employee turnover, and shifting attitudes about the nature of work itself, the *overwhelming majority* of business leaders are looking to grow, scale, or otherwise expand their organizations.

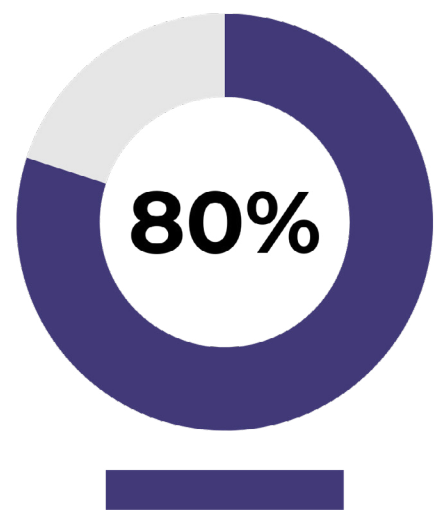
And (unsurprisingly) they are on to something. A Bain & Company **study** found that economic volatility doesn't necessarily spell doom for growing businesses – it can actually be one of the most fertile times to expand. So much so, in fact, the study found that “twice as many companies made the leap from laggards to leaders during the last recession as during surrounding periods of economic calm.”

Now, maybe you're ready to embrace the moment and use the uncertainty of the times to your advantage. Or maybe you're under pressure from higher-ups to find ways to give your organization an edge over its peers. Perhaps you're just looking for strategies to relieve the pressure as your organization works to stay afloat.

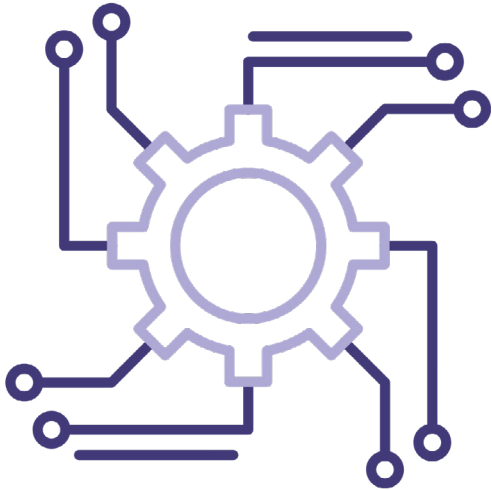
Whichever camp you fall into, you know it won't be easy. Competition is fierce and almost any leader you ask will tell you they are being forced to do more with less.

Against that backdrop, how is *anyone* expected to get a leg up?

**Automation.**



**... of global CEOs count  
new-business building  
among their top five  
priorities.**



We know, we know. You're probably sick of hearing about the transformative power of automation. You may even think that mentioning it is a little... *passe* at this point.

But "automation" isn't going away – and as an organizational decision-maker, you already know that. You also know that sticking to the status quo isn't working for *anyone* anymore.

Where you may be stuck is *where to start*.

These days, it seems like there is an automation solution for *everything*. Automated payroll? Check. Automated customer service? Yup. Performance management automation? You bet. And the list goes on...

With so many "solutions" on the market, jockeying for your attention and promising to solve any major or minor inconvenience you've ever encountered at work, how do you separate the wheat from the chaff – and ensure your investment gets you the most bang for your buck?

While there is no one-size-fits-all solution (your organization is unique, after all), there is one organizational *need* that all businesses – regardless of sector – must prioritize: compliance.

Maintaining legal compliance – and mitigating the risks associated with noncompliance – is foundational for organizations looking to get ahead. Organizations without a smooth system of maintaining compliance squander time and money and can even **struggle to close deals** – all things that keep them from gaining a competitive advantage.

It follows that adopting a solution that *automates compliance* – and eliminates the risks associated with noncompliance – is a no-brainer for any organization looking to quash the competition.

## What's Holding You Back

Before we dive too deeply into the benefits of compliance automation, let's take a look at some of the challenges that commonly prevent organizations from achieving their strategic goals.

If you encounter the roadblocks outlined below, you are *far* from alone. McKinsey's 2023 **State of Organizations** research found that **only 5%** of businesses believe they currently operate with sufficient institutional capabilities (defined by McKinsey as: "an integrated set of people, processes and technology that creates value by enabling an organization to do something consistently better than competitors").

The experience of having insufficient institutional capabilities is *nearly universal* among corporate leaders – and it wasn't created in a vacuum. It is the result of:

## Bloated Budgets

**59% of over 600 CFO respondents to PwC's 2023 Pulse Survey, said that “reducing costs is a top priority.”**

Yes, everybody wants to save money. But CFOs are generally motivated by something deeper when they trim budgets.

When organizations fail to spend money judiciously, a Pandora's box can open. Unnecessary spending can cause profits to shrink, which can ultimately decrease an organization's valuation and dull any competitive edge it has.

## High Risk

**An Ernst & Young survey found that 84% of boards “do not believe their organizations have a highly effective risk management strategy.”**

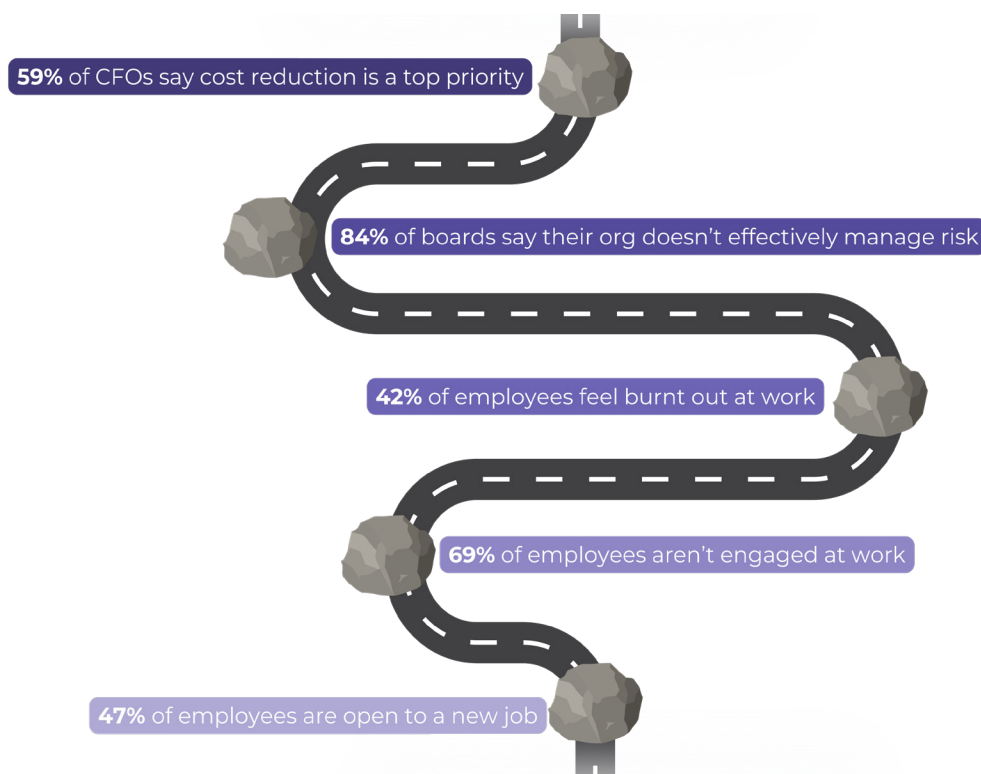
Unmitigated risk can lead to a bevy of unsavory outcomes. When risk becomes reality, profitability and productivity may wane. Litigation or dissolution may even be on the table when circumstances are extreme enough.

These negative outcomes can prohibit organizations from fulfilling their strategic goals.

## Overstretched Staff

**Research from Slack's Future Forum found that 42% of employees from six countries (including the U.S.) feel burnt out at work.**

Burnout isn't just a buzzword – it's a phenomenon that organizations must take seriously.



Among the characteristics the World Health Organization uses to **define** burnout are “increased mental distance from one’s job” and “reduced professional efficacy.”

Addressing the *human element* of burnout should, obviously, be an organization’s primary concern. But the impact burnout has on *business* must also be considered: when employees are overextended and chronically stressed, productivity and the quality of work typically nosedive.

## Low Work Satisfaction

**Only 31% of U.S. and Canadian respondents to Gallup’s 2023 State of the Global Workplace Report reported feeling actively engaged at work. The remaining respondents said they were either “not engaged” or “actively disengaged.”**

Burnout can, unsurprisingly, lead to disengagement at work.

Another factor that contributes to low work satisfaction is the very *nature* of the work employees are assigned. **Research** shows that employees who are regularly assigned rote tasks that require little critical thinking or creativity tend to be disengaged at work.

Organizations with a high percentage of disengaged employees often experience lower levels of productivity than those who succeed at keeping employees engaged. Disengagement also leads to low morale and poor corporate culture – two occurrences that can impede an organization’s quest to gain a competitive edge.

## Poor Business Continuity

**The Gallup report cited above found that 47% of U.S. and Canadian workers are “watching for or actively seeking [a] new job.”**

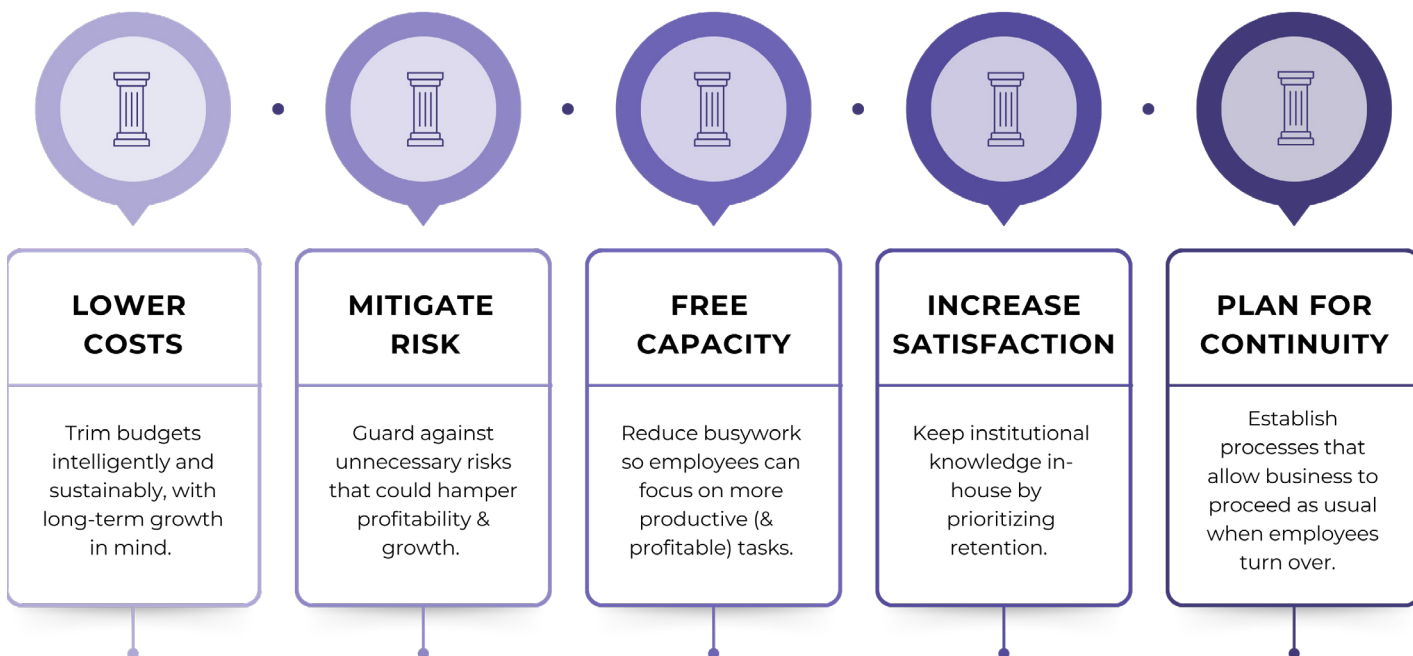
Even if your organization has the *best* culture, benefits and perks, employees will, inevitably, turn over. That means attrition needs to be part of planning. When it is not, business disruption is nearly inevitable.

Organizations that do not have continuity plans in place lose institutional knowledge when employees quit, receive promotions, or switch departments. It takes new employees longer to get up to speed, which not only hampers productivity, but also, at times, profitability.

## How to Gain Control

When an organization’s budgets are bloated, risk is high, employees are overburdened, engagement is low, and continuity plans are nonexistent, becoming (or remaining) competitive is challenging.

But enough of the negativity. Let's turn those challenges into concrete, manageable "steps" organizations can take to gain a competitive advantage. Think of these steps as the pillars you must scale to achieve your strategic goals:



Now, let's explore how to scale those pillars.

## Vanquish Risk with Automation

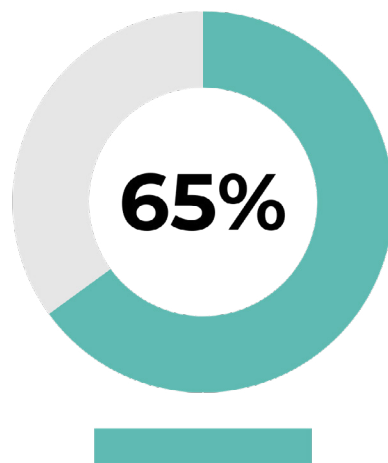
Automation that reduces risk can help organizations achieve their strategic goals.

But don't just take our word for it. Many decision-makers agree that investing in technology that mitigates risk is wise: 65% of business and risk, audit and compliance executives surveyed in PwC's **2022 Global Risk Survey** report "increasing overall spending on risk management technology."

Now, you may be thinking: "risk" is vague. It's everywhere. It comes in many forms. It's unwieldy and unpredictable.

And you are correct! Many forms of risk are external and nearly impossible to foresee or fully guard against – like geopolitical uncertainty and climate disasters.

But some forms of *internal risk* are easier to guard against – and doing so will help alleviate many of the challenges outlined above. The key is figuring out how to manage those risks *effectively*.



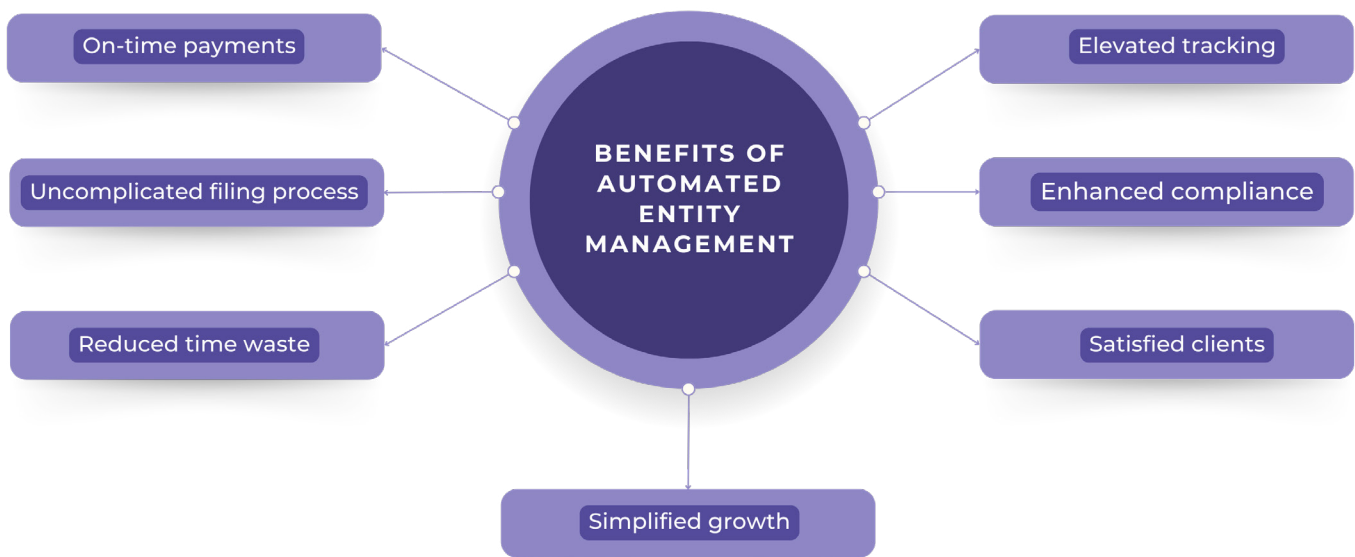
... of risk and compliance executives are increasing spending on risk management technology

## Enter... Automated Entity Management

There is one form of risk that organizations can not only mitigate but *eliminate altogether* if handled properly: legal compliance risk.

Every organization – regardless of industry – must maintain legal compliance. To do so, organizations must manage their legal entities effectively. When entities are properly managed, compliance risk can be *neutralized*.

Here's even better news: the process of managing entities can be *automated*.



### Back up - what exactly is entity management?

Just so we are all on the same page: **entity management** is the process of organizing and filing an organization's legal entity documentation, including (but not limited to) annual reports, business registrations, DBA / fictitious names, and business licenses. The goal of entity management is to maintain organizational compliance with local, state, and federal jurisdictions.

Maintaining legal compliance is something every organization *must* do. Taking a thoughtful approach to entity management is something every organization *should* do to maintain compliance.

### So, what does entity management have to do with achieving strategic goals?

The price of noncompliance is high – literally and figuratively. And, while maintaining legal compliance may seem simple enough, it isn't. That's especially true when entities are managed manually (via spreadsheets and calendar reminders).



Entity management is, in fact, so complex that noncompliance is actually *the norm* among organizations. Among the gaps discovered in Filejet audits:

- ▶ **66%** of incoming Filejet clients have out of compliance entities
- ▶ **44%** of incoming Filejet clients have lost or “orphaned” entities

Those struggling organizations:

- ▶ Spend money unnecessarily (and sometimes to an exorbitant extent) on fines, fees and interest payments
- ▶ Waste time that could be spent doing productive work cleaning up compliance-related messes
- ▶ Can suffer reputational damage and put professional relationships and business deals at risk
- ▶ Burn employees out by making them do work that is equal parts frustrating and monotonous
- ▶ Often lack a single source of truth that would help them establish long-term business continuity

If those pain points sound familiar... they are. They are the challenges that most frequently hold organizations back from achieving their strategic goals.

## 3 MAJOR Corporate Compliance Mistakes

### Siloing departments



Successful corporate compliance programs aren't one-size-fits all. Your organization's needs are unique – your compliance program should reflect those unique needs.

### Using general policies



Effectual compliance programs require collaboration from multiple departments. When those stakeholders aren't on the same page, miscommunication and inefficiencies are inevitable.

### Not scaling compliance



Generally, the bigger your organization grows, the more complicated compliance becomes. If your compliance program remains stagnant as your organization scales, risk increases.



# How Entity Management Automation Helps Organizations Scale the 5 Pillars -- & Achieve their Strategic Goals

When entity management is automated, the common costs and risks associated with noncompliance dissipate – which allows organizations to become more competitive.

## Lower costs

Noncompliance is costly. Fines in the **couple thousand-dollar** range can add up if noncompliance is a regular issue. Those expenses can snowball once interest starts to accrue.

But if compliance is handled properly, your organization will *never* have to pay fines, fees or interest. That's right – money spent on noncompliance is 100% avoidable.

If you are looking for an easy way to reduce costs, start by evaluating your organization's entity management practices. If money is regularly spent on noncompliance, it's time to reevaluate your approach. More often than not, investing in entity management automation will deliver a **substantial return** that will thrill your finance department.



## Mitigate risk

Unlike many external risks, the risks associated with legal compliance are easy to predict and guard against. When entity management is automated, those risks can be eliminated entirely – with little to no effort from compliance managers.

The right entity management solution will go beyond simple risk management, though. When best-in-class software is backed by concierge-level service, small- to mid-sized businesses can expect to receive an out-of-the-box corporate compliance *program*. When internal risk is handled for you, you have more time to focus on mitigating the risks that aren't as easy to foresee.

## Free capacity

The process of managing entities is notoriously dull – and famously **time consuming**.

The amount of time most compliance managers spend not only executing their own compliance tasks – but also following up with registered agents, outside counsel, and other vendors can become a full-time job.

And, when entities fall out of compliance, getting them back in good standing can eat up hours or even weeks of a worker's day, depending on how severe the issue is.

Entity management automation *automates* all of the laborious rote work that goes into maintaining compliance – so employees can focus on higher level and more valuable responsibilities.

## Improve work satisfaction

Because it is so tedious and time consuming, entity management can make compliance managers feel like paper pushers, which can lead to disengagement at work.

Moreover (and somewhat paradoxically for something so dull) entity management can become a pronounced source of stress, when handled ineffectively. The stakes of noncompliance are high, and when the risk of fines and business disruption continually looms, it's no wonder why entity management is a common source of stress.

When entity management is automated, employees no longer need to spend time consumed by the uninteresting, but high stakes work that goes into maintaining compliance. They can instead focus on more fulfilling work, that challenges and engages them – and could potentially snag them a promotion.

## Plan for long-term continuity

Turnover is a natural part of the business cycle; when that fact isn't factored into planning, serious issues can result.

When entities are managed manually, ensuring business continuity during periods of turnover is exceedingly difficult. When entities are managed on a spreadsheet, no single source of truth exists (have you ever tried to track changes on a hundreds of cells-long Excel sheet?). If the employee who managed that spreadsheet leaves, the knowledge they have about the process leaves with them. And the new employee who inherits the spreadsheet has no way of verifying whether the information on the spreadsheet is comprehensive or up to date.

Automated entity management bakes business continuity into the corporate compliance process. The right solution will have a transparent interface that allows users to upload and view relevant documentation, and clearly track all work completed or changes made. Having a reliable system in place will allow you to rest assured that your organization will remain compliant even when employees leave.



## Filejet Is Driving Change

Filejet is a trailblazing entity management solution that marries automated software with best-in-class service. It's the entity management solution you don't need to think about – unless you want to.

Filejet automates U.S. and international annual reports, business license and DBA filings, and more. Anything that can't be automated is handled by our team of hyper-responsive experts who do what it takes – a respectfully annoying number of phone calls, messages tucked into fortune cookies, bat signals, etc. – to ensure clients never fall out of compliance.

If you are ready to get a strategic edge over your competition, you need to take control of your organization's approach to entity management. Filejet can help you get there.

Our team knows a thing or two about staying ahead of the curve. In 2015, **Filejet CEO and founder, Andy White**, acquired **Allen Corporation Supply**, a 35-year-old corporate supply and registered agent service. Knowing that status quo entity management no longer served *any* organization, White transformed the analog company into a pioneering digital one, built to solve organizations' compliance woes.

Since Filejet's founding, countless **in-house legal teams**, general counsels, **paralegals**, **managing directors**, CFOs, and others have leveraged the platform to gain control of entity compliance – and achieve their strategic goals as a result.

Want to learn more? Read our whitepaper, ***A No-Nonsense Guide to Reining in Entity Compliance***. If you like what you read, share the paper or this guide with any stakeholders who are ready to get a leg up.

For more information about how Filejet can help your organization gain a competitive advantage by automating entity management, take a look at the **services we offer**.

Still have questions? Shoot one of our entity management experts and email at **hello@filejet.com**.

More: **filejet.com**

***"Filejet is a game changer.  
I don't know why everyone  
isn't using it."***

—aptihealth CLO