



5 Reports

Critical to
business
success

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5 reports critical to business success

How much time and money are you wasting on manual reporting, collating spreadsheets and pulling information from various sources, only to be left still not seeing the big picture?

The earlier you are paid, the greater your cash flow.

Most offices have a hierarchy resembling that of a typical fast food chain. Someone at the top will crack a whip, which sends a chain reaction down the line, making the employees go on a mad scramble to get things done on time. We've all been there at some point in our career. Be it a manager above, an advisor, your accountant or even the bank, at some point you would have had to gather information to produce a report. Normally, you would task others to provide updates from their respective areas of the business. They typically pass that instruction down until it finally ends up with the person at the bottom of the chain that's tasked with gathering the information.

The burden of having to collate data from different systems, and then copy/pasting that data into various spreadsheets to make graphs is often a torturous, slow and painful job. The report then gets fed back up the chain, to their manager, to the next, until it finally arrives on the desk of the powers above that requested it. Most of the time, that person has no idea of the time, effort and resources required to complete that report. All they know is they asked and it got delivered. And because it passed through so many hands, any feedback on how difficult a task it was to complete often gets lost.

Is it even accurate?

Worst of all, there's no guarantee that the report is accurate, considering the amount of manual processes taken to produce it. If you've ever been asked to fill out timesheets or meet a report deadline, you know that accuracy is sometimes compromised for the sake of meeting a deadline. Think about how many times you've dialled a phone number and pressed the wrong key. Now imagine typing out hundreds of numbers and copying information from different systems and reports.

This doesn't even take into account those situations where the information isn't even stored within a system. It's all too common for a sales team to run pipelines and forecasts based on 'gut instinct' coupled with a little hope, enthusiasm and let's be honest, in a sales team, a little narcissism too. In the end, doing it this way, mistakes will happen.

No visibility, no improvement

If you (as an owner or manager) knew that something such as a monthly report was taking eight hours to complete; if you knew that your employees were manually re-typing information or combing through spreadsheets, you'd probably want to put a stop to it. You'd be horrified about the wasted time and start to wonder how much money is being wasted generating these necessary reports.

Every industry operates on different time frames. There are some manufacturers that work on 180 day pay cycles, and then there are others that are cash on delivery. However the core principle remains the same. The earlier you are paid, the greater your cash flow. And the more cash you have on hand, the easier it is to invest in growing and expanding your business.

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How do you make producing these reports easier?

First and foremost, getting all the information needed for your reports into one system is the first step to make reporting easier. Having separate systems housing data needed to be used in one report will always mean manual intervention. Next up is getting out of the mind-set that you have to wait until the month end to be able to run reports. Traditionally this is the case with standalone accounting software. An integrated business management system however, has the benefit of providing data and information to you instantly, so you can run a report based on the latest information as of today. This in itself leads to being able to make decisions quicker.

Lastly it's all about having everyone report and enter information in the same way. If we take the sales pipeline example above, what one salesperson may think is a great opportunity; another may consider an average opportunity. Having everyone report to the same standards, being set by a system helps remove the 'emotion' and guesswork from reports. So let's take a look at the top 5 reports core to any businesses operation and why a business management system makes these easier and more insightful – which can lead to business growth.

1. General Ledger

The General Ledger is the core report every business needs to generate. It's responsible for keeping a record of every transaction relating to your company, including sales, debtors and creditors, expenses and equity. Being the primary source of information to gauge your businesses health, it should be looked at frequently. This is not always possible in accounting software that requires the report to be run at the end of a month. Using a business management solution, like ERP, gives you the ability to run this report more frequently, getting a more up to date picture on the current stage of your business.

Not only that, but an ERP adds depth to this report by being able to bring in information from sub-ledgers, jobs or projects, multiple companies including consolidating them into one report, fixed assets and detailed sales information from your CRM. This additional depth of information provides a 360 degree view of your business and because it can be accessed at any time, it allows you to make quicker decisions based on fact, not fiction.

No longer are you relying on collating information from multiple systems or spreadsheets as everyone can work from one primary source of information. Nearly every other report you use in your business will in some way reference or rely on information from the general ledger hence often being referred to as the Grandfather of all reports.

2. Profit & Loss

The second most important report in any business is the profit and loss statement. As the name suggests this is the core report to quickly understand the current position of your company. All too often this report is not run anywhere near frequently enough. Most businesses will give it a once over each quarter at best, the more common is after the EOFY. Profit and Loss statements are required by law to be produced for all public and larger proprietary companies and must adhere to the [Australia Accounting Standards](#).

The key to profit and loss reports is comparison and analysis of periods against one another. The most common being a year on year or quarter on quarter review. Unlike accounting software, an ERP can not only display these comparisons but allows you to drill into the detail on any of those periods without the need to load up previous files or backups. This gives businesses a key advantage by not only seeing any potential changes, but understanding what drove them without having to manual search for that information.

With a business management system, all of the information you need is in one place and can be accessed at any time.

Imagine one quarter in 2008 performing higher than any other since. If you wanted to know the reasons right now, you'd have to spend some time to find out more as it requires opening up older, archived information, finding spreadsheets and even handwritten paperwork to try and decipher why. With a business management system all of this information is in one place and can be accessed at any time.

3. Sales reports

So we've covered the two most critical reports every business should look at. The next one is around sales. Or more specifically your businesses income. There's a common view that great salespeople are enigmatic, build rapport easily and can coax a sale out of nothing. However paperwork, admin tasks and reports aren't their forte. So when their manager asks for an update on their current pipeline not only will the report be a long drawn out laborious affair to produce, but it will be a mixture of fact, enthusiasm and a little bit of 'make believe' as well.

Invariably most mid-size businesses are still running sales teams using manual systems and put pricing lists into spread sheets or order forms into word files, which are then being distributed by email, which consequently leads to mistakes. In the worst case there is no visibility on what stock is actually available. Knowing all that, it's easy to understand why getting an accurate sales report isn't easy when your data isn't being stored in one place. In its most basic form, a sales report should allow a salesperson to know what their target is, where they are at and what's forecasted to come in.

A sales manager should be able to see all of that for every sales person, at any time as well. Not having to request it and wait for the days to go by before they get in a handful of different styled reports from everyone - with different data that really can't be trusted.

Having all of that sales information in one system combined with relevant information like stock levels, pricing and order history means generating sales reports is not only easy, but accurate as well. You'll be able to see how each sales person's pipeline is looking, what sales are due to close shortly and what has already sold. This insight is incredible powerful when transitioning your business from being re-active at the end of each month to being pro-active and planning months in advance, generating more sales, increase turnover and ultimately improving profits.

4. Profitability on jobs and/or projects

Not every business has a need to track profitability on jobs or projects, but for those that do no other report is critical to improving your bottom line than this one. There are a multitude of different industries and businesses that do require this information, from Engineering, Construction, Manufacturing, Professional Services and Not for Profits. Each with their own unique measure that they need to report on, ultimately it's all about whether a particular job or project was profitable. Generally accounting software will allow you to collate the information after the job is complete and do a basic analysis of total cost of goods/labour against the total revenue, giving you the profit of that job.

It's a little crude and doesn't allow for much detail but ultimately at least you get a grasp on how jobs are running. That said it's all too common to check a job and realise you've lost money after everything has been done. The alternative is being able to instantly see how profitable a job is whilst it is in progress. This type of insight changes how a business operates and goes from re-active to pro-active. You know if a job is running behind schedule, or costs have escalated. You are now in a position to change this and ultimately the outcome of the job.

With the right business management system you can spend your time looking after your business instead of looking for information.

Civil engineers are a great example. Often when doing road works for local councils, they will be issued a permit of works for a specified time. If you exceed this it generally leads to a penalty of fine. If a job was falling behind you would know why, what resources or materials you would need to bring it back on schedule and have the ability to see how that would affect other jobs. It gives the business the ability to plan their own fate, instead of relying on guesses.

5. Forecasting

Forecasting is the ability to 'almost' predict the future. For most mid-sized businesses using standalone accounting software, this is all but impossible. By the time you get the information you need, weeks or sometimes months have passed. A lot can change in a couple of weeks, even more over months, so by the time you try to plan for the future, it's typically already happened.

Every business and industry will forecast differently. As an example, a confectionery manufacturer that exports all over the world that has some key areas that need to be able to get real-time information including upcoming sales, stock and fulfilment reports, trends from previous months, quarters or years, foreign currency fluctuations and current profit and loss. This would allow this manufacturer to combine these reports, with information that is relevant to them that day to be able to make informed decisions.

They'd also be able to see clearly where they are and what they need to do to get where they want to be, which also helps them to be pro-active and think ahead, instead of reacting after events have happened. Without all of this information in one database, one of two situations occurs. Either a business simply can't begin to plan ahead or, the information they are using is likely to be out of date – or worse – inaccurate.

Accurate reporting can be seen as critical for businesses as they need to understand which of their products are slow moving and which move quickly. With proper visibility, it's possible to see immediately which products are most profitable and which need replacing, which isn't something that can be easily done by combing through lines of entries on a spreadsheet. It needs a system that's capable of analysing historical data and comparing like for like over a particular period of time (i.e. this Christmas versus last).

With the right business management system you can spend your time looking after your business instead of looking for information. Business management systems allow businesses to report on almost any aspect of their business – from daily sales figures, to commissions owed to external sales agents. The best ones allow you to drill down to almost any level of detail, but also serve up snapshot views for quick reference.

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