

# Reporting and Analytics for SMBs



The use of the monthly Profit and Loss Statements, Exception and Inventory Management reporting techniques outlined in this eBook will provide you with valuable insights to help improve your operational efficiencies and shortcomings.

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# Manual Reporting vs Automated Reporting

As a smaller business, it's likely that you've started out by doing much of your reporting manually. What you will find however is that as your company grows, manual reporting will become much more unsustainable over time. Repeatedly inserting data into spreadsheets, sending them to the right people, and then repeating the process every time the data is updated is extremely cumbersome. It takes time away from people that could instead be spending that time productively to help grow your business. This is why we recommend automated reporting to help improve the efficiency of your reporting process and store data all in one central hub.

Good automated reporting functionality will allow you to do the following:

## **Live Link Data**

Instead of having to manually enter data every time data is updated, live linking data allows it to happen automatically. After a report is created through the use of live-linked data, all the user has to do is refresh the page for them to see the new data. It allows you to see real-time data as it is happening or filter by date ranges, so there's no need to waste time searching for reports for different time periods.

## **Schedule Reports**

Not only are you able to schedule reports based on a set of rules that you come up with, but you can then export those reports into files like PDF or Excel. You are then able to send emails within the system to notify the appropriate stakeholders based on certain criteria or deadlines that you set within the system. For instance, you might want an inventory report to go out to your inventory manager every Monday at 9 PM. Instead of having to manually key in data and send out reports every time they are updated, the system will automatically send them for you.

## **Create Weekly Sales Reports**

Good automated reporting functionality will allow you to regularly keep track of sales volume and other sales KPIs. This will not only help your sales team keep track of progress but help you to make sound decisions within inventory management. For example, you can keep track of trends in sales data and figure out how much inventory you need to order next.

## **Report to Customers**

A sound automated reporting system will not only allow you to send reports to stakeholders but automatically send reports to customers that help keep them in the loop. For instance, you should be able to automatically send customers confirmation notices along with invoices once orders have been placed.

## **Manage Warehouse Workflow**

Once orders have been received and payments have been processed, you should be able to set your system to generate pick slips so that the warehouse team can begin picking items right away. Instead of manually printing out orders to be sent to the warehouse team, they should automatically receive them so that you can get orders shipped out as soon as possible.





# The Benefits of Automated Reporting

## ***Communication***

By allowing all members of your organization to access reports on-demand through live-linked data, everyone will be on the same page. The ability to schedule how and when reports get sent out to various stakeholders within your company keeps everybody in the loop.

## ***Productivity***

With less time spent doing manual reporting and having to manually send out those reports, employees will be able to focus on substantive tasks instead. Members of your organization will be able to quickly respond to issues and changes within their industry as they arise through detailed and customized reports.

## ***Accuracy***

With automated reporting, you can be sure that the information in front of you is accurate and free from human error. Having accurate reporting data will allow you to then make accurate decisions when it comes to planning, budgeting, and forecasting.

## ***Timeliness***

The ability to immediately generate reports that are tailored to your business needs will help your company's decision-makers receive information quickly. Manual reporting causes businesses to get caught in an endless cycle of spreadsheets which is ultimately inefficient and untimely.

## ***Information***

Through automated reporting, you will have access to information that you would've never thought to report on. This may even lead to new business opportunities. For instance, your company may have never thought about the idea of kitting until it was presented to them in a report.

## ***Decision-making***

Ultimately, the benefits that come with automated reporting will help your company make better and faster decisions when it comes to accounting and operations. Having access to dependable data and insightful KPIs will give your managers a better understanding of where your business stands and ways it can improve its processes.



# Automated Software Reporting Examples

## ***Sending Invoices***

When the system reads that the order status of an item has changed to “shipped”, it will automatically send invoices to customers. You can also automatically email other documentation such as shipping notifications and tracking information. In addition, you can automatically send multiple attachments to a single email address (such as an invoice and order confirmation) or send information to multiple emails.

## ***Populate Notes***

Instead of having to manually key in notes about a customer yourself, the system will automatically record notes about information like invoices and quotes that have been sent to your customer. That way, you can ensure that employees don’t resend information or waste time trying to figure out whether that information has already been sent.

## ***Send AR Statements to Customers***

Instead of having to manually send accounts receivable statements when they are due, the system will read the due date and automatically send those statements accordingly. This ensures that the collection process will be smooth and efficient.

## ***Send Web Orders to Warehouse***

Being able to send orders made on your site directly to the warehouse without manual review will save lots of time. Although you might think manually reviewing products before is an important step, an automated system will allow you to select criteria to determine whether it gets passed to the warehouse. The criteria might include the availability of the inventory, type of inventory, customer credit card limit (etc).

## ***Change Order Status***

An automated system will allow you to see the status of customer orders. Instead of having to manually update the status of orders, the system will change the status to a term like “paid”, “ready to ship” or whatever you decide.





# SQL

SQL reports are one of the best ways eliminate the manual work involved in reporting. It not only provides some of the same functionality that ARM does including scheduling and emailing reports, but also provides performance dashboards. The choice of whether you want to use [SQL](#) or ARM will be up to you and based on your specific business needs. Here are some additional functionalities that SQL reports can provide:

## ***Track Employee Productivity***

Using SQL Reporting tools, you can schedule daily reports that get automatically sent to the appropriate people with information on staff productivity. For example, how long it took an employee to pick/pack/process an order, the employee's fastest vs. slowest times, and how much free time they had during the day.

## ***Prevent Bad Data***

Using SQL reports can help you prevent bad data – either due to missing information, duplicate information or incorrectly entered information. The system will automatically email the correct person when information is missing or incorrect for a specific screen/task. For example, if the address field or phone number field on a customer account is missing, or if a salesperson did not correctly enter or complete an order.

## ***Generate Recurring Reports***

Effortlessly create inventory reports on a date that you select—be it daily, weekly, or monthly—and have them automatically sent to designated email addresses. This feature enables you to monitor important inventory data, including pricing, costs, and stock levels which will help your team to make proactive decisions. Further, the system helps generate recurring reports to address various business needs beyond inventory management.



# Power BI

Power BI is software tool that's useful for viewing advanced performance metrics. It allows you to visualize your data in a way few reporting tools can do. Below are some of the functionalities of Power BI:

## *Dashboards*

The dashboards within Power BI can give you graphical and tabular information that provides insight into how your business is doing. These dashboards can provide info such as gross margins, booked sales values, geographical locations where products are being sold, a rank of top-selling products and more. You can then break these types of dashboards down into more specific categories such as product classes or metrics for a specific date range for instance. Power BI also provides maps for you to be able to see insights in specific geographical locations like states and countries.

## *Visualization*

Not only does Power BI allow you to see overall business performance, but it allows you to drill down to see insights related to specific customers. Say for instance you want to see the amount you sold to a specific customer last year. You can evaluate seasonal trends and see that this customer bought more in the summer months but bought less during the winter. You can then adjust your inventory management, sales and operations strategy accordingly.

## *Decomposition Tree*

This is the most unique feature in Power BI that allows you to break down any starting number into different segments. Say for instance you want to visualize your sales data by the year ordered. It will allow you to see all of the different years that you had sales, and then you will have the option of breaking down that data as far as you would like to go to see things like product class, cities in which the products were sold (etc).







# Profit and Loss Statements (Income Statements)

*Picture This:* Your wholesale and distribution business has been up and running for a year now, and you have been successfully entering all your transactions into your all-in-one inventory management and accounting ERP software. The system is showing that you have a lot of money in the bank, and therefore the company must be doing well, right?

Not necessarily. No matter what business you're in, money in the bank is only one part of the picture when it comes to measuring a company's overall health. An abundance of cash can be the result of much more than just sales revenue, and money in the bank could come from a loan, an initial contribution by the company's owners, or a recent influx of payments due on accounts receivable. However, just looking at cash in isolation does not take into consideration other important factors such as interest or payments due on the loan, your accounts payable balance and other expenses and credits owed.

In order to get a better understanding as to how your business is performing, there are other metrics and data points that you should evaluate. Most ERP systems will provide specific tools used to report on overall/departmental company performance and health. For example, certain systems will...

- ✓ Automatically calculate specific financial ratios based on numbers pulled from the GL
- ✓ Allow users to review general ledger details
- ✓ Generate reports on specific business activities
- ✓ Create financial statements such as balance sheets and profit and loss statements (P&L)

While some combination of the above can usually give you good insight into how your specific business is performing, P&L statements are especially useful in doing so.



# Income Statements (Profit and Loss)

You may have heard the term P&L before with a different name – Income Statement. Both refer to the same type of statement which covers a period of time, usually a month, quarter or year and provides insight into a company's revenues and expenses. The revenue section depicts the income earned from the sale of product or delivery of a service. In the case of a wholesale distribution business, the Cost of Goods Sold (COGS) is then deducted from the income. The resulting difference is referred to as Gross Profit/Margin (or Loss if negative) and reflects the profit the company has made on the sale of product, without taking into consideration the costs of operating the business. Operating expenses is where the next section of the P&L report comes into play.

All expenses of the business other than COGS are reported below Gross Margin, often in detail by type of expense (i.e. advertising, rent, salaries or travel). These expenses are then added together, and the total is subtracted from the Gross Margin. The result is the company's Net Income (Profit) or Loss, for the specific period being reported on. This allows a business owner or manager to see if the company has made a profit for that particular time period, how much of that profit came from the sale of products and how much it was lessened as a result of operating expenses.



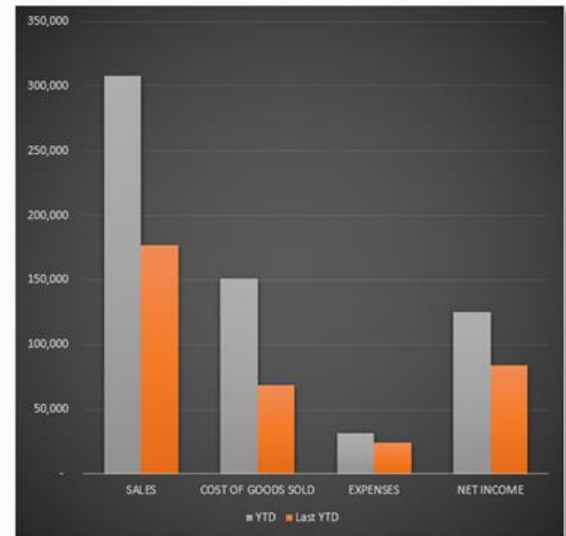
## International Corp.

### Income Statement - 3 Month and Prior Year

	Period Oct-2020	Period Nov-2020	Period Dec-2020	YTD Dec-2020	Last YTD Dec-2019
<b>SALES</b>					
Product Sales	9,962	95,123	11,726	308,053	177,077
Service Fees	-	-	-	-	-
Other	29	14	15	72	132
<b>Total Sales</b>	<b>9,991</b>	<b>95,136</b>	<b>11,741</b>	<b>308,126</b>	<b>177,209</b>
<b>COST OF GOODS SOLD</b>					
Product Costs	3,773	52,049	13,042	151,538	68,246
Other Costs	(1)	-	0	(155)	189
<b>Total COGS</b>	<b>3,772</b>	<b>52,049</b>	<b>13,042</b>	<b>151,383</b>	<b>68,435</b>
<b>GROSS MARGIN</b>	<b>6,219</b>	<b>43,088</b>	<b>(1,301)</b>	<b>156,743</b>	<b>108,774</b>
<b>EXPENSES</b>					
Payroll and Travel	-	4,631	2,200	10,518	4,841
Marketing and Promotion	-	-	1,330	6,962	1,740
Office and Miscellaneous	683	275	620	2,341	1,308
Rent & Utilities	-	1,050	1,340	11,924	16,344
Bank and Other Charges	-	0	20	20	133
<b>Total Expenses</b>	<b>683</b>	<b>5,956</b>	<b>5,510</b>	<b>31,765</b>	<b>24,366</b>
<b>NET INCOME</b>	<b>5,536</b>	<b>37,131</b>	<b>(6,811)</b>	<b>124,978</b>	<b>84,408</b>

# Interpreting the Data

If the P&L shows a profit for the specific period, then great – the company must be doing well. Once again though, this is not necessarily the case. Evaluating P&L statements over multiple periods can give you a better indication of company performance, compared with just evaluating one period in isolation. This is why it is important to find ERP software that allows you to easily create and review P&L statements on a regular basis, such as once a month.



## Example:

Let's take a look at the Income Statement on the previous page. December 2020 you'll notice a (\$6,811) loss, which isn't great. But now let's compare to November 2020 and we'll see a \$37,131 profit! This information might result in some questions such as:

- Why did my profit drop significantly from last month?
- Was last month's profit amount an anomaly or is this month the anomaly? Or neither?

Evaluating and comparing your Profit and Loss statement period over period, can provide indications of the health of the business, growth direction and highlight reasons for differences between periods. In the scenario just discussed, a quick look at the Total Sales shows a large decrease from \$95,136 to \$11,741, with a total Gross Margin decrease from \$43,088 to (\$1,301). As the Expenses are almost equal (\$5,956 vs \$5,510) why such a large differential in overall Net Income? A drill down into the Product Sales Transaction details shows a few larger sales made in November and none in December. You will also notice that the Net Income in October was not as high as November but still better than December.

Reviewing P&L statements period over period and especially month over month can allow you to see trends as they occur, giving you the opportunity to try and fix any negative ones and take advantage of opportunities. Monthly P&L statements can also highlight anomalies associated with certain business transactions and they can aid in catching posting errors close to when they occur.

In summary, looking at any piece of financial information in isolation may provide some benefit, but the better option is to review specific information over a collection of periods, and to combine that with reviewing other complementary financial information and departmental data.



# Exception Reporting



Management by exception is the practice of examining the financial and operational results of a business, and only bringing issues to the attention of management if the results represent substantial differences from the budgeted or expected amount. The purpose is to only bring to light the most crucial variances from the planned direction set forth by the business. As a result, you can benefit in several ways from being alerted by the company's ERP software to those exceptions from the norm.



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For a typical wholesale/distribution business, scheduled exception reports are a great way to get access to the data you need, when you need it so that you can address any issues (or take advantage of any opportunities) in a timely manner. The following are three examples of automated exception reports that can help business owners and decision makers identify issues in a timely manner without having to decipher through many routine transaction details.

Exception Report	Purpose
Price & Margin Exceptions	Alerts owner to any sales orders where the gross margin is below acceptable levels, or where order entry person has overridden system default selling price
Fulfilment Time Exceptions	Alerts owner when an order has failed to ship within defined shipping time frames.
Inventory Movement Exceptions	Alerts owner when units sold has declined below usual level, or unit sales trending upward beyond normal sales growth projections

### **Price and Margin Exceptions**

A Price and Margin Exception Report will alert the owner to any sales orders entered on a certain day for which the gross margin is below an acceptable threshold, and/or where the order entry person has overridden the system-defaulted selling price. The details will of course be dependent on your specific business and rules. For example, should the exception report be based on each individual line of an order, or just the order total? In addition, the frequency and timeliness of this report will depend on your warehouse shipping process and timeliness. If your orders ship daily, then a nightly summary would be sensible.

### **Fulfilment Time Expectations**

Most companies place a large emphasis on customer service but many fail to live up to expectations due to simply being unaware. A Fulfilment Time Expectations report can help a customer service or logistics manager proactively manage dissatisfied customers. If you establish “normal” or “acceptable” shipping timeframes – the elapsed time between receiving an order from a customer to shipment – then you can generate exception reports that alert you only when an order has failed to ship within these specific timeframes. Using an exception report of this magnitude, you will gain the ability to proactively communicate with the customer to re-set expectations and provide any remedies that may be required to [maintain customer satisfaction](#).

### **Inventory Movement Exceptions**

This report combines two types of inventory exceptions and creates a single exception report that can be reviewed on a weekly basis, once again depending on your purchasing/replenishment cycle. This report identifies and reports on the following two types of anomalies based on sales trends over the past several weeks or even months:

- Products for which the number of units sold per week or month has declined below the usual level (this can also be based on comparison with same weeks or months in previous years for seasonal businesses)
- Products for which unit sales per week are trending upwards beyond normal sales growth parameters – again, adjusted for seasonality if applicable – to trigger investigation into whether we need to re-think replenishment rules (i.e. min/max levels) for these products

Weekly reports generated in this manner will help draw attention to only those items that need careful analysis and thought. In a business that tracks and sells a large number of SKUs, this can quite literally allow you to better manage inventory with significantly fewer human resources.





# Inventory Management Reporting

A difficulty for any business in the product-oriented landscape is the constant struggle to manage inventory at optimum levels. The struggle exists between the need to have sufficient product to satisfy and fulfil demand versus the desire by conscious business owners to avoid the very costly pitfalls associated with overstocking. This tension is magnified for small business owners who are managing inventory without senior management expertise level and sophisticated tools at their disposal. In addition, without a purchasing professional on hand, a business owner will often find themselves more prone to the drawbacks of discounting. This includes purchasing more when the price is attractive, without fully comprehending how much slow-moving or [dead stock costs](#).

This represents yet another critical situation for small business owners. Once again, the simple use of automated reports can help you make better decisions regarding inventory levels, purchasing, and specifically what to get rid of.

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*Every piece of inventory has a physical cost associated with it. The more cash you tie up in inventory, the less there is available for other parts of the business.*

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Inventory Report	Purpose
Inventory Ranking Report	Ranks products based on gross margin generated over specific time period.
Inventory 'Hits' Report	Compiles number of times an item has appeared on an invoice
Daily Average Sales Report	Highlights average daily sales over different time periods.



### ***Inventory Ranking Report***

This report ranks a business's products in descending order based on gross margin generated over the past year (or a time period that suits your business structure). This ranking compares the profitability of a particular product with the holding cost. It is very useful for a business owner to recognize which products are occupying more space in the warehouse and more value on the balance sheet than what may be justified based on their contribution to profits. Any crucial decisions or conclusions should not be drawn solely from this analysis as other criteria must be considered. However, this report does provide a valid starting point to begin an inventory analysis on products to cut or reduce.

### ***Inventory "Hits" Report***

'Hits' simply refers to the number of times over the reporting period that the item has appeared on an invoice. Once again, this number is compared with the holding value and costs. This report helps to identify specific products that appear infrequently while representing a significant portion of on-hand inventory. This report becomes more effective when used in conjunction with the ranking report outlined above. Using them together provides validation for concerns and a sound basis for any considerations of stock reduction.

### ***Daily Average Sales Report***

This report, albeit self-explanatory, highlights average daily sales (in units) over different time periods, for example, monthly, quarterly, and yearly. The information is even more useful when presented side by side as it helps to uncover trends that can affect future decisions made. Users of this particular report should be weary as a common flaw exists in some software. Often, the report only shows items that have sales in the particular time period being used, which is incomplete information. Ideally, a business owner should be able to see all the items in the period whether they have been sold or remain on hand, and their current inventory levels and value. This will help owners identify products where reorder levels and purchasing policies may require revision.



# Blue Link Reporting Tools

In addition to the reports outlined previously, Blue Link ERP provides a variety of other types of reports and automated reporting tools. Automated reports can save your business time and money and reduces the risk of human error associated with manual data entry. Blue Link ERP also allows you to customize your own reports that may be unique to your business processes.

## Operations Reports:

With [Blue Link's Operations Dashboard](#), you are given a very useful look at information that can benefit you at a glance, plus the option to drill down further to get into the real detail that Blue Link provides. For example, you can choose to have a graph that shows your Potential Lost Sales Over the Last 30 Days, which when broken down, shows you items that were back-ordered. If they had been in stock, they would have been ready to sell immediately and not result in a potential lost sale if the customer ends up canceling their order – a useful tool for inventory management.



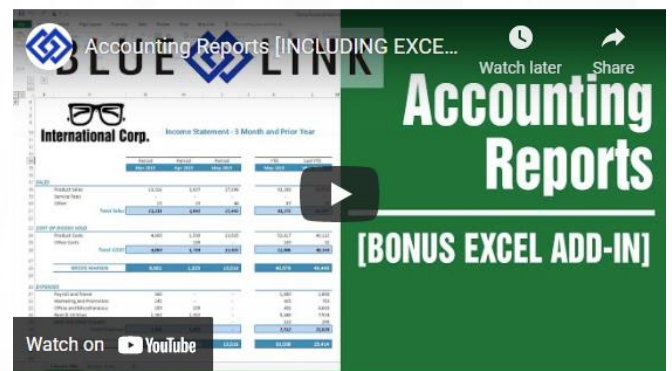
## Sales Reports:

[The Sales Dashboard](#) is an incredibly useful tool and also gives you the ability to view different reports on sales, such as Sales Margin by Customer comparing the current year to the previous year, and giving you a good look at what has changed for your business and which items are flying off the shelf. We also give you the ability to slice and dice your data and your sales information [interactively in Excel](#), giving you even more flexibility when it comes to analyzing your orders and processes.



### Accounting Reports:

Another feature of Blue Link is the ability to view [Accounting Reports](#) such as the General Ledger Trial Balance in summary or detail to ensure the trial balance actually balances as it should. When it comes time to produce financial statements, the [Blue Link Financial Report Writer Excel Add-in](#) gives you unlimited flexibility to generate statements using your real-time financial data.



## Conclusion

Whether it is informing management of certain variations from the norm or having key information on hand pertaining to inventory levels, automated reporting allows small business owners to act like their big business counterparts. It may not be feasible for small businesses to employ staff dedicated to managing inventory or mining through historical data to uncover different trends or opportunities to explore. The onus often lies with the owners whose time is stretched with other administrative and managerial responsibilities. Automated reporting, such as the methods outlined in this eBook, allow a company's inventory and accounting software to complete the brunt of the work, giving management the ability to focus their efforts on running the business and exploring new avenues for growth.



Blue Link offers all-in-one accounting and inventory management ERP software, primarily for small-medium size wholesalers and distributors.

With Blue Link software you will be able to:

- ✓ **Grow Your Business** with advanced functionality and an all-in-one solution
- ✓ **Decrease Costs** with better inventory management
- ✓ **Save Time and Automate Processes** across all business operations

[Learn More](#)