

How do you build a KPI Driven Financial Reporting System?

You build it backwards. What this means is you design all your KPI metrics you need to drive profitable growth first, and then design all the details to support quick, and easy access to those KPI's.

This requires complexity up front for simplicity and clarity on the backend. One practical result is how easy you will be able to answer the hard questions bankers and investors ask in order to provide funding.

You do this by designing consistent length, semi intelligent naming and numbering schemes for:

- General ledger numbers.
- Customers,
- Vendors.
- Inventory items.
- Salesman or rep groups.
- System code fields.

Think about setting up product lines, departments and divisions to segregate your reporting by natural divisions in your business.

Use a 4- or 5-digit general ledger numbering system with room for future growth between account numbers.

Put more detail into your chart of accounts than your accountant wants but design your financial reports to easily summarize data. Be able to switch from a detailed and summary look at the touch of a button.

This drives future scalability.

Most accounting departments go thru the ancient ritual of a month end close and take a couple of weeks to a month to report the results. In that time opportunities and issues that you should have known about, pass you by.

Focus on doing daily and weekly tasks so you know where are at least weekly.

A great mechanism to do this is preparing a 13-week cash flow every week. This forces a look at what customers owe you, who you have to pay, and is your sales pipeline adequate.

As a startup it is important that you invert the normal order of review of these 3 key financial reports below. Most people rush right to the income statement. As a startup, cash is king, and you should start there.

Statement of cash flows - where is my cash coming from and going.

Balance sheet - Your snap shot of what I own, what I owe and what I have invested

Income statement – My current state of profitability over some measure of time.

The benefits of designing and implementing a **KPI Driven Financial Reporting System keep giving as your company grows.**

Accounting Solutions Of Wisconsin is able to help you develop one for your company.

Visit www.acctingsolwi.com for more information.