

Why You Need A KPI (Key Performance Indicator) Driven Financial Reporting System Part 1

One task in any startup is setting up your accounting system. You have done your projections, raised some capital and are ready start recording transactions.

You set up QuickBooks and off you go.

That is a good start, but it will not help you drive long term profitability!

To do that, you need to design a complete financial reporting structure, not just an accounting system. The goal is to drive better operating decisions, in real time, based on the facts that explain what your eyes and ears are telling you as you navigate in your business.

One way to do that is to make sure your financial reporting system easily answers questions like:

- How are you performing against your initial projections, or current budget?
- Where is your cash coming from and where is it going?
- How much does it cost to acquire a customer?
- What is your gross profit by customer and product line?
- What are the costs of the item or services you sell?
- What is your GSA (general selling and administrative) expense?
- What costs are fixed versus variable?
- Who owes you money?
- Who do you owe money to?
- Does your financial information support your growth plans and tell you when to change them?

I call this a KPI (Key Performance Indicator) driven financial reporting system.

Designed correctly, a KPI driven financial reporting model will help you take the emotion out of business decisions by creating a fact-based decision-making culture as your company grows.

The final question is, why would you operate without one?

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

Visit www.acctingsolwi.com for more information and to read Part 2 of this article **How do you build a KPI Driven Financial Reporting System.**