

WHITE PAPER

# Why Dumping Spreadsheets Can Supercharge Your Business





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The humble spreadsheet is the sticky tape of every business. Spreadsheets hold together processes in sales and HR, they record email list after email list, and track items in inventory and assets.

However, when businesses reach a certain size the sticky tape wears thin. Either too many people need to update one central spreadsheet, or the data needs to be 100% correct and in real-time for other parts of the business to operate efficiently.

The consequences are no doubt familiar—extended delays in areas critical to cashflow, such as invoicing, delays in ordering materials or manufacturing inventory to maintain stock levels, and uncertainty around the profit margins of one job compared to the next.

Spreadsheets will always remain the most popular business tool. But SMEs can unconsciously sabotage their operations and their development by becoming dependent on quick fixes.

The alternative method, as practised by most successful companies, is to consolidate spreadsheets and various applications into one interconnected platform. This will automatically reduce the amount of copy and paste from applications and paper forms to spreadsheets.

Fewer spreadsheets decreases the friction in the business, making it possible to operate smoothly as you add more staff. Companies that expand internationally need to have processes in the head office mapped out first. Then they can replicate it in other locations and expect similar results.

This white paper looks at five areas where SMEs commonly use spreadsheets and the impact they have on operations. It will also look at how things are improved by moving to a single system.

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# Ditching the Paper Timesheet

## Call Time on Paper Timesheets

If you run a services business then you know how important it is to track time worked by your staff. Time is money, and if it's not billed correctly to your customers, then you may not charge out enough time to cover payroll.

So many businesses still rely on paper and pen to record timesheets because it's simple and it works. Why change? However, there's a hidden cost to using paper timesheets. During the period between collecting and entering the timesheets into your billing programme, you have no idea whether you are on target for each job.

Have your staff already passed the agreed budget? If they have, will the client pay the overage? It's much harder to make these requests after the fact.

If you have a real-time view of hours worked, you can decide to reduce the number of people working on a project to keep it under budget. Or you can negotiate with the client for a larger budget if the spec was out. Modern business systems give staff a choice of mobile app, offline client or online browser to record timesheets directly against projects. Staff can use the timesheet interface to record not just time worked but also holiday requests.

One timesheet can record time for multiple projects, phases or tasks, or it can track and submit time in bulk. Time can be marked as billable or non-billable. If you're using the same business system for customer support, the timesheet can track hours worked for cases too.

## Impact

Eliminating the lag between writing and recording timesheets can immediately improve your cashflow. Some businesses wait a month to invoice their customers because they have to wait for a secretary to type up their timesheets.

Online timesheets also give you an instant update on everyone's capacity. You can see how far each person is through a project and when they will next be free. The more hours you can guarantee work for your employees, the more billable hours and the higher your profits.

There is no need to employ someone to type paper timesheets into your billing system. As soon as an employee enters their times, it is visible against the client's budget. Logged time will automatically appear on your general ledger to calculate payroll.

Modern business systems can also set up a process for approving timesheets. Each project can have a different approval process, or it can be set by the user.

# Inventory

## Take the Formulas Out of Inventory

There is no better demonstration of the power of a spreadsheet than inventory. With the right fields and formulas you can turn Excel into almost a mini-ERP.

But if you're at the stage where your spreadsheet is turning into a work of wonder, then it's probably crossed the complexity line.

## Just because you can use a spreadsheet to do something doesn't mean that you should.

The flexibility of Excel gives it extraordinary power. But once you start building a complex spreadsheet, it becomes harder to know exactly how it is working. Especially if you hire someone new to look after inventory.

The first questions anyone should ask when they are handed a complex spreadsheet include:

- Are the formulas correct?
- Is the data correct?
- When was the data last updated? Who else is updating this, and when do they update it?

Modern business systems use inventory modules that automatically update whenever the company makes a sale or creates a product or receives a delivery. The inventory screen becomes a place to view a record of the inventory rather than a place to update it.

## Impact

Better inventory management can have an instant impact on your cashflow. It means less capital sitting on the factory or shop floor in raw materials, tighter supply lines and reducing your old or discounted stock.

If you're a manufacturer, a better inventory can show you how much wastage you're creating with each product. Once you can measure your wastage accurately, you can try various experiments to reduce it, which immediately puts money back into the bottom line.

Instead of your staff updating sales from the inventory, your customers do it for you. Business management systems use the same database for recording ecommerce sales or point-of-sale purchases and stock management.

Your warehouse staff update inventory automatically every time they record new stock arriving in the warehouse. Often they do this by updating a purchase order, which the business system had already generated based on minimum stock levels.

# Integrating Departments

## Unite Your Departments Into a Single Machine

In small business, the business owner juggles multiple roles, including sales, marketing, services and customer support. It's relatively easy to keep track of everything because one person knows what is happening in every part of the business.

As the business hires employees to take control of each role, it's harder for the boss to keep tabs. Is marketing sending enough leads to sales? Is the sales guy selling enough to keep the services team busy? Is the services team able to keep up with the amount of work coming through?

The boss or manager has to flick through various applications to find out the status of each department, or ask staff constantly for updates, or pull it together into one spreadsheet.

These methods don't work well once you hit a certain size.

Your staff are busy working and don't want to stop to give updates. You spend your life generating reports from one app and another, but you really need to see multi-departmental reports. You could combine it all into a spreadsheet, but then it needs to be updated and who has time to do that? Modern business management systems replace a collection of applications with one platform.

Sales, marketing, project management, manufacturing, accounting and finance are all handled in one interface. Each of those departments uses the same customer record so you can see what they have bought, the marketing materials they have read, the products ordered and whether they have paid their invoices.

## Impact

A single platform to run your business shows the manager how each department is performing. It is easier to set goals for the company and work out targets for each department to achieve.

For example, a business management system can track leads, opportunities, orders, invoicing and cash receipts—from first contact with a prospect to the delivery of the order.

The general speed of the business should increase too. A business management system can turn a sales order into a work order, which will automatically create a bill of materials and deduct it from stock at hand.

The net result for the customer should be a much better experience. Everyone in the business knows what is happening with their order and when they should receive it.

Each department also uses one product record. It tells you exactly how many products are in stock, who bought them, how long it takes to make them and the materials required to build them.

Typically a business using a collection of applications requires manual processes to hold their processes together. A business management system can automate processes such as restocking orders, marketing campaigns or invoice approvals.

# Governance

## Get to Grips With Good Governance

Businesses eventually need more help steering the ship than just the boss. A board of directors keeps a company focused on the numbers that matter, interrogates strategy and gives advice.

However, to get the most out of a board, you need to feed it with the latest information about how the business is performing. This requires efficient reporting methods in place to ensure that the board receives accurate reports on time.

Directors also have a role to enforce good governance within the business. This includes accountability and transparency among the directors to members, shareholders and stakeholders.

It is difficult to provide sufficient accountability and transparency if the trading status of a company is buried in a series of spreadsheets.

It can also take a long time to compile your board reports if you need to download data from applications and manipulate it in spreadsheets. In smaller companies, this time comes out of the CEO's schedule when arguably it could be spent more effectively.

Instead, the CEO could be studying the reports, testing scenarios and plotting ROI. Then the board meeting could discuss the assumptions and track them rather than start the strategising in the meeting itself.

Governance can be particularly important in manufacturing for medical products. Health Department approvals in Australia or the US (for export sales) scrutinise every stage of development, from prototyping to manufacturing. A strong reporting system that captures all the required data is essential, and allows for

## Impact

Adding a board and committing to good governance is a sure sign of maturity in a business. A board will want to establish budgets, goals and targets, and then help track them throughout the year.

This requirement forces a business to work on its processes and ensure a level of consistency in the performance of the business. Real-time reporting makes it much easier to know if the processes are functioning properly and whether the business is on track to hit its targets.

Opening up reporting to managers can often set in train a change in culture. Instead of staff meeting to work out a particular problem, they meet to discuss which action would best solve it.

transparency at critical junctures such as audit time.

Good corporate governance should be a seamless process that requires minimal effort and administration to oversee. The secret to easy governance is real-time information. If executives and business unit leaders have daily visibility of their financial performance, they can measure how they're tracking against budget.

Business management systems can track all departments in a business. This makes it much easier to pull together reports comparing the performance and impact of each department relative to another.

# Scalability

## Take the Show on the Road

One of the signs of success in business is opening a new location and repeating the magic formula. Expansion, whether locally, interstate or overseas, is an exciting if nerve-wracking idea.

There are three important activities in expanding a business—training, reporting and monitoring. All of which are difficult when you have clunky systems that rely on too many manual steps. Establishing systems for each of those activities is essential to maintaining margins at the new location.

You can tell when a business hasn't systemised its processes. Every time it adds a new office it also hires more accounting staff just to process the increase in transactions. This works if the business is making a lot of revenue, but staff salaries are often the most expensive line item. Scaling up your back-office can quickly deplete profits from the extra revenue in the new front-office. Good systems are essential to increasing your revenue without increasing your operational costs.

Training staff quickly and effectively is a key ability for adding new locations. To train, you first need an agreed set of processes that your new staff can replicate at the new office. Otherwise, you won't know whether the new office will bring in enough revenue to offset the extra salaries.

Timely reporting is another requirement. Now your business has a manager at the satellite office who needs to know whether they are hitting their targets.

## Impact

A business management platform makes it easier to scale a business as it can contain many essential processes.

One advantage of using a single platform is that you can design workflows across critical departments such as sales, marketing and finance. With the right rules in place, an action in one department can automatically trigger an action in another.

This creates efficiencies in the back-office that will give it the capacity to handle increased employees in the front-office.

Another benefit is that new employees only need to learn one interface to run the business' systems. Fewer interfaces equal less training required to get new staff up to speed. And that means a faster return on investment for a new office.

Monitoring is an extension of reporting. It includes processes to ensure staff and customers are happy, and that the new office reflects the company culture and standards.

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## The challenge with a new office is setting up training, reporting and monitoring simultaneously and quickly.

Speed of deployment is one of the reasons cloud (or online) software is so popular. You can open up a new office and log into the same cloud programme immediately, without needing to set up a server first.

New employees using the same cloud software can view and share data with head office. These lines of communication can help strengthen the bond and share knowledge and culture throughout the company.

But cloud software alone is not enough. If your business relies on a bundle of cloud apps, it can still require spreadsheets (even cloud-based spreadsheets) to centralise the data to determine how the office is performing.



## Choosing the Right Platform

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Running a manufacturing business today requires a business platform that can handle different types of accounting methods, as well as cost and stock tracking. The closer the information is tracked in real-time, the faster you can make decisions about how to invest money in running the business.

Older ERPs or a mix of applications and spreadsheets can struggle to move from average costs to standard costs. Some just won't be able to calculate it without supplementary spreadsheets.

Spreadsheets are incredibly useful but every spreadsheet in your reporting reduces the speed of making decisions. You can only make a decision if you have the data, and if a manager has to update the spreadsheet, then you'll have to wait until he or she gets around to it.

It also increases the likelihood of errors. A typo or number in the wrong field can throw off results.

Cloud-based business systems platforms (or ERPs) can replace many spreadsheets in a manufacturing business. Instead of multiple systems, a single customer record tracks everything from leads to sales to work orders and delivery.

When the business development team pull up the customer record, it will list all previous purchases, when they were delivered and any customer support issues.

There is also a single record for products that shows stock levels in inventory and the raw materials, parts and assemblies required to make it.

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**A business systems platform can replace inventory, financial (or accounting), CRM, marketing and production management applications.**

This cuts down the number of software vendors you need to deal with. It also eliminates the hassle of sending data between the applications or paying your staff to manually copy it across.

Now that a lot of machinery in manufacturing is computerised, it can connect directly to your business systems. Instead of viewing reports on multiple machines, entering the results in spreadsheets and comparing it to your production software, a business system can collate the results for you automatically.

For example, a machine can take a record of the production order and track how much raw material it consumed and how much was wasted during the production run.

Cloud-based business systems can be viewed by everyone in the business a format that works for them. For example, a production manager could scan raw materials going into a production order with a mobile device and start the machine to begin production.



## eve sleep

“We are delighted to work with NetSuite as the platform allows us to gain greater visibility into our supply chain and order management, while seamlessly automating tasks that previously took days to process.”

Chris Green, Senior Product Manager, eve sleep

Founded in 2014, eve sleep designs premium products to give customers the best possible night's sleep. The company set out to turn a sleepy category into a truly desirable one and has since grown to over 50 employees and a range of over 60 products that can be found in retailers Next, Dunelm, Homebase, Argos and more.

### Disconnected Disruption

The company had outgrown its Xero accounting software and highly customised Magento ecommerce software, and it was still running warehouse and inventory operations on spreadsheets. Logistic coordinators had to download and manipulate orders before sending them to warehouses for fulfilment whilst employees had to manually upload CSV files to update stock numbers.

### The Brains of the Operation

After implementing NetSuite, eve sleep now has a unified platform to centralise and automate key business functions across supply chain, order management, inventory management and financials. With a single view into all key business processes, eve sleep is better placed to efficiently fulfil orders and improve inventory visibility.

### Company Snapshot

**Company:** eve sleep

**Location:** United Kingdom

**Industry:** Ecommerce, Retail

**Countries:** 3 (UK, Ireland, France)

**Systems replaced:** Modular ERP, Excel, Xero

### Finessing Operations

Working closely with NetSuite, the finance team at eve sleep is significantly reducing the time it takes to complete month end close and automating the ordering process.

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