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**THERE IS GOLD IN YOUR NUMBERS!
YOU JUST NEED TO KNOW WHERE TO LOOK**





Have you ever had the feeling that the answers to your accounting needs are right in front of you, but you don't know how to make sense of them? Dashboards, analytics, metrics, key performance indicators, sales forecasts – these are just a few of the many buzzwords that provide insight into the health of your business. The challenge lies in sifting through the mounds of information to get to the heart of what you need to know. The solution is being able to extract the RIGHT information to create a clear picture so you can make critical business decisions.

A typical small business owner may get standard monthly reporting that includes a balance sheet, income statement and accounts receivable/payable aging reports. Few companies, if they are lucky, receive a cash flow statement. Instead of receiving this strategic data shortly after month-end, many small business owners are left to wait weeks or months, if they get any at all. In addition, to the lack of timeliness, business owners are also confronted with issues of inaccuracy.

Business owners and executives accept this mediocre accounting service because they are too involved in running their business and simply do not know what they are missing!

HERE ARE THE FIVE (5) THINGS YOU NEED TO SEE THAT YOU LIKELY DO NOT:

1. Visibility Into Profit Drivers
2. Overhead Allocations
3. Cash Positioning & Forecasting
4. Finance Team Effectiveness
5. Planning, Budgeting and Analysis

DO I KNOW AND UNDERSTAND WHAT IS DRIVING MY PROFITS?

Having access to the proper information to understand and analyze profitability is essential for any industry or size of business. Using various dimensions of your customer base to perform a profitability analysis can provide a significant amount of quality business information. It is important to know which programs, products or services significantly impact your operations. Which have the best margins? More importantly for a non-profit, which programs have the most positive impact without straining your operational budget? These are the issues that keep business owners awake at night. Unfortunately, these fundamental pieces of information are typically difficult, if not impossible, to extract from the basic “off the shelf” accounting software and a limited finance team.



HOW AM I ALLOCATING MY ADMINISTRATIVE COSTS?

Overhead allocation helps identify how products or services consume overhead, which goes hand-in-hand with profitability analysis. All too often, management struggles to understand how to justify allocating overhead expenditures to a particular product, service or program. As a result, companies either apply an overly simplistic rule, which assumes every product, service, etc. consumes overhead equally or they overcomplicate the process of resource utilization and provide no real value to the process. Understanding the most appropriate means of overhead allocation for your business can reduce the risk of spending time performing detailed calculations, which often ends in an illogical or unsound model. The proper model eliminates the guesswork, supports accuracy and helps businesses succeed Cash Positioning & Forecasting

Unfortunately, many small businesses do not have the capability or internal resources to forecast a cash position. Cash position and forecasting are a necessity. Keeping in mind that cash is not equal to profit, there are small changes that can be made to impact the cash balances. Modifications to the cash conversion cycle can significantly impact the cash balances long-term.

DO I KNOW MY CASH POSITION AND FUTURE NEEDS?

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IS MY FINANCE TEAM EFFECTIVE?

Most individuals working in the accounting function are said to be wasting as much as 25% of their time! This is not intentional, but is largely attributed to time wasted performing documentation that does **not** need to be completed (manual work). Copying paper that should be in electronic format, utilizing spreadsheets to perform analysis, and generating reports that go overlooked. At minimum, the accounting function should be reviewed for adherence to best practices, internal controls and optimal uses of resources.

DO MY NUMBERS MAKE SENSE?

One common question business owners ask is “Is this what you see with other businesses in my industry?” Am I making the profit margin that I should be?” These are basic questions to which most business owners simply cannot get the answers. Do you have a CFO that provides that information and insight into your business? Is someone helping you benchmark your company?





Companies need a financial direction and someone needs to be able to translate that direction into easy to digest information. Using benchmarks and industry standards are a great foundation to assess your financial health.

SUMMARY:

Many successful business owners are successful because of their passion, hard work, and intuition about their business, NOT their accounting skills. When faced with the finance function, they feel they should be receiving more.

Knowing what to look for can provide direction to drive the “right” pieces of the business forward while eliminating products, services, people, or practices that add little or no value.