



## What Economic Downturn ?

If there ever was a time to take a complete “*Bird’s Eye View*” on your business, it is now !! It is certainly no time to sit on your hands and not change, and to not **invest in new technologies** that will ensure your business thrives - even during this (so called) Global Economic Downturn.

Central to this **Corporate Productivity Review** is the computer software that provides you with management information that constantly pinpoints where you need to make changes. By looking at the various sections in your Profit & Loss Report, plus the Balance Sheet, (and wearing your CEO hat), it will be easy to create an Action Plan that may highlight where you can be significantly more profitable.

**About the Author :** *Clive Rainbow, Director, InterAcct Software Pty Ltd*

In the last thirty years I have seen at first hand the inside workings of literally hundreds of small/medium sized businesses in great detail. Implementing business software (InterAcct) has meant that every process within a client’s business has been closely scrutinised with a view to improving the bottom line. Having a background as a Financial Controller in commerce has definitely helped. Running a successful business in the highly competitive Computer Industry for over twenty five years taught me how to survive and thrive. So much so, that we won the coveted **Australian Small Business Award**.

## How to make more money?

- ✓ Increase Sales Revenue ?
- ✓ Increase Gross Profit Margins ?
- ✓ Reduce Operating Expenses ?
- ✓ Control Debtors, Stock, Work in Progress ?

That is what this article is really all about. How to make more cash profits? In other words (by using the **InterAcct Software** package), how can you increase your cash reserves, and/or dividend payouts to the shareholders of your business?

InterAcct Software provides a **consulting service** to help you prepare this Action Plan. It starts with us doing a complete walk-through of your existing business processes, and asking a series of questions that will hopefully identify latent opportunities for improvements. One question often leads to another, and given the differences between each business, some questions are not always relevant.

Often, learning the reasons why a question needs to be asked is the most important factor. We could easily write a whole book about this, but in this article we will list out some of the more typical questions, rather than extol the virtues of what are the right answers.

**The Objectives :** How to increase revenue, reduce the cost of products/services, control expenses, and thereby increase profits. Plus, reduce the age of debtors, stock, and work in progress in order to increase Cash Flow.

**Please contact InterAcct Software if you would like to discuss further.**

Area	Topic	Checklist :		
Revenue	Marketing	A centralised database of clients & prospects ?		
		Selectively send out personalised marketing letters ?		
		Can flag contacts by their areas of interest ?		
		What products/services are Prospects currently using, needing ?		
		Which competitors are involved with clients/prospects ?		
		What sales lead sources are the most profitable ?		
		What are the reasons behind sales losses & wins ?		
		Is your Google AdWords campaign optimised ?		
		Can you create detailed 'profiles' on your clients/prospects ?		
		Can you monitor trends in the conversion of leads by source ?		
		Have you considered Direct Marketing via Telemarketing?		
		Can you interrogate customers not buying at their normal levels ?		
		Can you analyse sales by Region, Industry, Salesperson, Source, etc ?		
		Are there follow up dates recorded when customers should re-order ?		
			Sales Management	Can sales people get a list of their Hot Prospects ?
Can the follow up diary be prioritised by importance ?				
Can you monitor the quality & quantity of sales activities ?				
Is there a central register of all incoming sales enquiries ?				
Is there a list of quotations in follow up and due close date order ?				
Can cost estimates be produced quickly and accurately ?				
Can quotations be produced quickly and in a professional format ?				
Can low level follow ups be assigned to Sales Support staff ?				
Can Quotes be quickly and easily converted into Sales Orders ?				
Can lost or foregone sales be recorded and analysed ?				
Can activity and sales targets be compared to actual by salesperson ?				
Can you produce a Call Route Schedule to reduce sales travel time ?				
Can a salesperson review a customer's purchase history by product ?				
How many ways can you monitor gross profit each day ?				
Can you view the status of overdue backorders ?				
Can Management review overdue follow up dates ?				
Can you justify the quoted price of a job to a Prospect by having the cost item details ?				

**Just a 10% increase in sales often has the result of tripling profits !**

Area	Topic	Checklist :
Gross Profit	Estimating	What controls are there that Cost Items are not overlooked when you do an Cost Estimate prior to preparing a Quotation ?
		Are you using the latest cost information on products ?
		Are estimated gross profit margins accurate ?
		Can you easily prepare a Request for Quote on potential Suppliers ?
		Have you Loyalty Contracts with your preferred Suppliers ?
		How quickly can you prepare an accurate estimate or variation ?
		Can customer variations be easily recorded and monitored ?
		Can you compare quoted, budgeted, expected and actual job profit ?
		Can you Project Manage a job to show job to date performance ?
	Purchasing	How do you know what & when to order ?
		Can outstanding committed costs be shown against a job before closing?
		Are you getting the lowest buy prices ?
		Can you monitor the history of purchases for an item ?
		Can you monitor Supplier delivery performance ?
		Can cost variances be identified at time of goods receipt ?
		Can you maintain a log of activities on disputed supplier invoices ?
		Can you reserve products in stock for a sales order or job ?
		Can you monitor the cause of cost variances between job budgets ?
		Can you quickly convert the (net) materials required for a job from the estimate into a purchase order ?
	Employee Performance	Can you set employee targets for chargeable hours, sales activities, and sales results – and then monitor their actual performance ?
		Are there Labour Budgets for each aspect of a job budget ?
		Can you analyse non chargeable and written off time by employee ?
		Do you give incentives to employees when they exceed targets ?
		Do you calculate sales commission based on gross profit ?
		How do you accurately/quickly record labour (machine) hours ?
		How do you ensure that sundry cost recoveries are recorded ?
		Can you see a forward schedule of jobs/tasks by employee ?
	Management	Are key performance figures shown during the day ?
		Can you monitor trends in the financial totals each day ? (eg. Enquiries\$, quotes\$, sales\$, gross profit\$, hours charged#)
		Are all financial reports available on demand either as a visual search enquiry, or as a printed report ?
		Can all reports be emailed as a pdf file ?
		Is there a simple search facility on any combination of values within a database file?
		How easy is it to add, change, delete, un-delete, search on records ?

**Know where your Gross Profit is, was, and will be generated**

Area	Topic	Checklist :
Operating Expenses	Budget Analysis	Do you set budgets (by General Ledger A/c) by month and then analyse the variances to actual costs?
		Are expenses reported (Month to Date and Year to Date) as a percentage of sales revenue – to highlight anomalies ?
		How do you ensure that expenses are classified to the correct account ?
		Can expenses be recorded in the General Ledger even though the Supplier invoices might not yet be approved for payment ?
		Can you match actual costs against a Purchase Order ?
		Can costs and profits be reported by Division/Department ?
		Can you breakdown costs by Employee or Sub Account ?
	Efficiency	How quick & easy is it to input new accounting transactions ?
		What checks are available to ensure posting accuracy ?
		How quick to select what creditors are to be paid ?
		Can you accrue costs before receiving an invoice ?
		How easy to complete a Bank Reconciliation each day ?
		Can you search and retrieve information from any file on the database ?
		Can transactions be left temporarily unbalanced when queried ?
		Are transactions only entered once, updating all related files ?
		Do many people work on the same area at once ?
		Can the Operator be identified who entered an accounting transaction ?
		Can you “drill down” into a detailed audit trail when necessary ?
		Can you create financial reports to your own design ?
		Can R&D and Fringe Benefit Tax expenses be easily analysed ?
		Can the GST/BAS report be reconciled easily if required ?
		How quick & easy to do an EFT Payments run ?
		Does your accounting system need to be operated by Accountants ?
		Can you produce reports as at any prior date ?

**The Purchasing Department should be a Profit Centre**

Area	Topic	Checklist :	
Working Capital	Debtors	Are Invoices and Statements in a format that eliminates any confusion by the customer as to what, why & when to pay you ?	
		Can you monitor outstanding invoices by their expected payment date ?	
		Can retentions be monitored by their due date ?	
		Can you record payment commitments made by a customer ?	
		Can you monitor Age of Debt trends by customer ?	
		Can you easily drill down from Debtors Ledger to the source transactions?	
		Can you selectively produce Overdue Debtor Letters ?	
		Can you see a summary of expected cash receipts/payments by week ?	
	Stock	On what basis can you set min/max levels for stock ?	
		How easy is it to automatically re-order stock ?	
		Can stock costs and selling prices be selectively changed ?	
		Is there a stock Aging report ?	
		Can the current gross profit margins be monitored easily?	
		Can stock levels be optimised across multiple locations?	
		Are stocktakes performed on a cyclical basis ?	
		Can stock purchase orders, back orders, forward orders be monitored?	
		How are costs calculated on imported shipments ?	
	Work in Progress	Can you easily identify those jobs that have a "Yet to Invoice" amount ?	
		Can you easily create job Progress Claims by % complete by Phase ?	
		Can you create a printed reconciliation with a job invoice showing the original contract price, agreed variations, retentions, and the balance yet to be invoiced ?	
		Can you control the amount of job profit reported during a job ?	
		Is the Debtor's balance outstanding shown by Job ?	
		Can you analyse actual costs and expected revenues by job by month, and then compare that with the actual revenue taken up by job/month ?	

**Convert Debtors, Stock and Work in Progress quickly into Cash**

## InterAcct in a “Nut Shell”

- ✓ Established 1983
- ✓ Data input only once
- ✓ Low Cost Software Changes
- ✓ Australian Designed/Owned
- ✓ Extremely simple to use
- ✓ Powerful Management info
- ✓ Deal Direct with the Authors
- ✓ Competitive Hourly Rates
- ✓ Experienced Support People
- ✓ Practical software features to assist Managers run a business more profitably !



## Winners : Australian Small Business Award

Please contact –

**Clive Rainbow**

Director, Sales & Marketing

InterAcct Software Pty Ltd

Toll Free Ph : 1300 66 26 26

Suite 202, 2<sup>nd</sup> Floor, Building C

14 Rodborough Road , Frenchs Forest NSW 2086

Email : [sales@interacct.com.au](mailto:sales@interacct.com.au)

Web : [www.interacct.com.au](http://www.interacct.com.au)

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