

56 Benefits of Managing Your Business With Better Numbers

In addition to potential bottom line improvements that can be calculated, there are many other company and personal benefits that result from a controlled financial management system. While we can't currently place a dollar value on the following improvements, the impact may be no less important!

Control over your own financial information

- * YOU will be in control of your numbers and paperwork (rather than vice versa).
- * You will hold and control information in your office (vs. someone else's location).
- * Information will be immediately accessible (vs. needing to be dependent on someone else's time frame).
- * You will have confidence in your data because it is in one centralized place, and you will have established controls to help ensure that it is accurate.

Setting and achieving company goals

- You will be able to set objective goals for your company, for each job, and for staff, and convey that information to others in a logical and organized format.
- You will be able to monitor your progress against plans throughout the year.
- You will be able to immediately course-correct or change direction as circumstances warrant.
- You will be able to determine whether growth is a good move for your company.

Improved interaction and relationships with employees

- ☺ You will be able to clearly set performance goals for individual employees.
- ☺ Employees are happier and more secure when they understand expectations, and know that you are financially stable.
- ☺ You will be able to reward employees for outstanding performance.
- ☺ You will have objective information to support terminations.

Structured financial relationships with clients

- ▣ You won't be tempted to let that potential client talk you into a lower price (you know precisely what your costs are!)
- ▣ Clients perceive that you are organized and that you have confidence that your information and data is accurate.
- ▣ You will be able to approach your (or your client's) banker with confidence (with organized financial information in hand).
- ▣ You will be able to submit change order invoices to your clients immediately (and avoid later "discussions" or write-offs).

Monitoring and controlling projects

- ◆ Rather than guessing where you financially stand on a project, you will be able to check your numbers whenever necessary.
- ◆ You will be able to see, in work order sequence, what you estimated as cost for each phase of a job, what you have paid (or received as a bill) to date, and how much you are over, or under, your original estimate.
- ◆ You will be able to act immediately to contain labor over-runs.
- ◆ For jobs with interim payments, you will be able to see each estimated contract payment, the actual amount invoiced, and the amount yet to be invoiced.

Clear financial and working relationships with contractors and suppliers

- ✓ You will have documented work orders and quality control standards for your trade contractors (clear expectations will help to avoid time wasted on future problems or over billings).
- ✓ You will have documented purchase orders and delivery expectations with your suppliers (clear expectations help to avoid time-consuming and costly surprises).
- ✓ For any given job you will be able to see who has not yet submitted their bill to you, and what orders are coming due or are overdue.

Improved back room operations

- Rather than having a variety of non-integrated, potentially erroneous, tracking systems, your data will be largely centralized.
- Your office will be more organized, more controlled, more efficient, and a more pleasant place for you and your staff to work.
- Your accounting staff will be able to enter bills to the correct job and job process without needing to guess or having to wait to verbally ask you for more information.
- Your accounting staff will have standard month-end proofing, balancing, reconciling, closing and reporting procedures to follow.
- You will implement basic financial controls to help avoid internal fraud temptations.
- You will have documented backup procedures to avoid costly data loss problems.

Enhanced cash flow controls

- \$ You will be able to invoice immediately, as work is performed.
- \$ You will know exactly who owes you money and when their invoice is due to be paid (or how long they have been overdue!)
- \$ You will know exactly which bills are due when, and will control how and when to pay them (without having to do it yourself).
- \$ You will know precisely what you owe on credit cards and loans so you can monitor and manage company debt.
- \$ You won't be tempted to spend money that you have not yet earned just because there is cash in the bank.

Timely, useful, understandable financial information

- You will receive proofed, balanced reports for your company as a whole on a monthly basis.
- You will know, by category, what fixed assets you own and how much has been depreciated for tax purposes, to date.
- You will have a realistic picture of your financial standing throughout the year.
- You will understand your financial reports and will use them to make better business decisions for your company.
- You will use current financial information to plan future improvements for company operations and profits.

Better, earlier tax information

- ⊙ You will be able to (roughly) anticipate your tax situation as the year progresses.
- ⊙ Gathering your company tax information for your tax preparer will be much easier and simpler.
- ⊙ Your information will be ready for your tax preparers before (almost) anyone else so they shouldn't have to file extensions.
- ⊙ You will know your actual tax results sooner.

Enjoying the benefits of a more profitable company

When your financial management system is in place and you are making a better profit with your company, you can:

- † Pay all of your bills and taxes on time.
- † Achieve a debt-free position.
- † Feel more financially secure.
- † Worry less, and rest more easily.
- † Spend more time with your family or in other leisure activities.
- † Provide your family with some of the activities or benefits you've been working towards.
- † Make arrangements for your financial future.
- † Create the time to work ON your company, rather than working IN your company.
- † Create more challenging and rewarding jobs for your employees.
- † Confidently present yourself as a successful, knowledgeable business person to others in your community.
- † Mentor others who need your help
- † Give more to your community.
- † Contribute more to your favorite charity.

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