REPORTING CAN AND WILL CHANGE THE WAY YOU MANAGE YOUR BUSINESS

Revolutionise the way you view the decisions you make in your business.

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Introduction

The team at Leverage Technologies helps businesses choose and implement ERP solutions (software – finance, inventory, customer relationship management, manufacturing and more). Implementing new business / ERP software is not about the software – it is about improvement and change. Getting better productivity, improved customer service and increased margin is what you really want. Well implemented business software and reporting tools are an enabler to improvement. Over the years we have seen companies implement great ERP solutions without finishing the solution off with proper reporting – these companies have done all the hard work to implement a new business software solution but have not completed the picture because they have left off the all important reporting. If you have implemented an ERP or business management solution then reporting can revolutionise the decisions you make in your business. This e-book explores some of the concepts, ideas, tools and methodologies to implementing reporting solutions that will help change the way you run your business. We hope you find this ebook useful. More information about Leverage Technologies and other e-books is available on the Leverage website at www.leveragetech.com.au

What is reporting?

OK – I get it – we all know what reporting is. But let's be honest, if we ask 10 business managers for a definition of reporting and what reporting their business requires we will probably get 10 different answers. Part of the reason for this is that technology is evolving rapidly and is becoming more readily available for all businesses – large and small at reduced prices. Due to budgetary constraints Business Intelligence and analytics was previously only available to larger, corporate businesses. But with recent advances in technology – cloud, mobility, SAAS to name a few, the pricing of reporting solutions has greatly reduced. This means that smaller businesses now have access to reporting solutions that were previously the domain of only larger businesses with an IT department and associated IT skills. Reporting allows you to put data, potentially lots of data, from one or multiple solutions into rows, columns, graphs and visual aids to give the information that you want, when and where you want it to allow you to make the right decisions. The ultimate format and delivery mechanisms for reporting will depend on your company specific requirements – more on this later.

Why is reporting important for my business?

If you have implemented an ERP or business management solution then you will have already done a lot of the hard work. Your ERP solution will be collecting a huge amount of really useful data and a good reporting solution will unlock the potential contained within the data. Visualise your business with decision making tools based on accurate and up to date information. If you don't do it (give your business the opportunity to improve through better reporting) then your competition is highly likely already on a path to improvement. Akin to an ERP solution, reporting is not about rows and columns or graphs, it is about business improvement. You don't want reporting to just look good – you want reporting that can improve your

business – better customer service, improved cash flow and staff retention are examples of business improvement.

- **Better customer service**. Stating the obvious I know, but better customer service leads to more profitable return business which is a stated objective for most companies repeat business usually has a higher margin and lower cost of sale. Let's consider an example of two basic reports that can help improve customer service. An on time in full report which shows your deliveries to your customers, based on on-time and % completion / % fulfilment. A customer service representative can immediately get a view, via dashboard with a drill down report, to how well you are servicing your customers with on time in full delivery.

- **Cash Flow**. Improved cash flow is the lifeblood of any business. Poor cash flow can be a real inhibitor to further growth for many businesses. The solution - a range of tools and reports provided by a good ERP solution to help manage cash flow. The difficulty in managing cash flow is there are multiple moving parts. Putting all of the elements which make up cash flow together with assumptions and what if scenarios into Excel is not only time consuming but usually provides outdated data. Dynamic cash flow reporting plays a substantial role in improving cash flow. Improving cash flow starts with understanding your current cash flow position. A good cash flow report will enable the user to run different criteria, what if analysis and cash flow models. If your three largest customers pay you 30 days late what will the impact be on cash flow? If you only include items with a high level of certainty in your cash flow what will your net cash position look like this week and in the next two months? When will you run

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into cash flow problems given your current cash flow and expected sales?

Reporting – timing is everything.

In the world of reporting timing has three substantial reasons for being important:

1. **Data is quickly outdated.** With early enterprise systems and reporting the IT department would go through data on a batch basis and would print out reams of paper reports for a Monday morning or monthly meeting. This data was typically based on historical information which was and remains outdated by the time it is available for review. Decisions made on a Monday morning based on last month's data might not be all that useful.
2. **Mobility.** In the new technical age you have access to instant information from your smart phone. Access to powerful computing has created an expectation of instant access to information. If you can book a flight from Sydney to Melbourne from your smartphone then why shouldn't you be able to review today's sales and gross profit numbers? The idea of mobility is not only about being mobile – it's about timing. You want the information when you want and where you want it.
3. **Competition.** Call this competition, opportunities, threats or anything else the rules are simple and remain the same. If you don't make the right decisions to look after your customers somebody else will. Make sure that you have data ready and available. How about a quick morning KPI / snapshot with drill-down to all VIP customer orders that are more than 24 hours late? Get the required information, take action and beat the competition. Remember – if you don't take action somebody else will.

Why graphical?

Statistically graphical information has a higher retention rate. It really is that simple. However graphical reports aren't for everyone – some people prefer grid based or Excel type reporting – at the end of the day the choice rests with the individual.

KPIs, Dashboards, Pivot tables.....so confusing?

People sometimes get caught up in the hype and acronyms associated with the business software industry and wonder whether they needs KPI's, dashboards, business intelligence and more. The truth is most organisations need a combination of various reporting types. Very often the different reporting types are based on user roles. Let's consider some examples to illustrate:

The CEO will require – almost certainly KPI and dashboard reporting – with the ability to drill down to more detail as and when required. Most CEO's are time poor and want access to multiple data sources – sales, finance, cash flow, production, working capital and more. Instead of inundating the CEO with pages and pages of data and reports why not provide graphical KPI's. The sales dashboard or KPI can be presented in red if there is an issue with the actual vs budget number. Green represents that the actual number is on track or over budget. When the CEO has a quick look at the KPI or dashboard

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he or she will only investigate further (usually via drill down to a more detailed report) if the KPI is in red – indicating sub par performance on that KPI.

Finance Manager –finance usually requires more detailed reporting. A level of detail, analysis and the ability to perform what if analysis is required. What if $1000,000 worth of new capital equipment was purchased for the warehouse – what will the impact be on cash flow? These reporting requirements are usually satisfied with Excel type reporting with the ability to slice and dice data with ease.

Manufacturing manager – planning, bottlenecks and quality are three important areas for production managers. Planning will require complex charting taking into account multiple factors:

- Raw materials

- Demand for finished goods

- Routing

- Work in progress

- Resources – available labour and machine time.

As you can see the planning requirement will not be drafted in a simple report. In fact a production manager will most likely use a specific production planning module with multiple reporting options to satisfy his or her production planning requirements.

Simply stated – no one reporting solution or style of reporting will satisfy all reporting requirements.

This should not concern any organisation. I am not suggesting that organisations should end up with a myriad of reporting options – what I am saying is that usually more than one style and delivery mechanism for reporting is

required. Sometimes this can be delivered within the same toolset or family of reporting tools.

Reporting goes mobile?

Everything else has gone mobile – so should reporting. We want information available 24/7 – when and where we want it. We can book airline tickets and holidays with the power of a smartphone so why not have access to up to date reporting. So what can a good ERP solution offer your business and your industry?

Data – is it all the same?

No data can sit in multiple places and can be updated constantly. Some data might be in older legacy systems and not easy to extract. Other data might be from your website, CRM or ERP solution. No matter what that data looks like and where it is you should be striving to get quick access to it – across multiple sources and databased in single or multiple reports. Why not combine data from your web site with your financial information to get an understanding of budget spend vs leads generated. The fact that the data sits in two separate data sources is irrelevant. Yes, this makes reporting somewhat more challenging but if you want to get the business improvements that you are after you

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sometimes have to go beyond standard, one dimensional reporting.

Should you be worried about big data?

No. For most modern ERP and reporting systems that operate over a database big data volumes will not be an issue. Multiple vendors now offer in memory computing to provide fast access to large volumes of data for instant reporting. A cautionary note – without the proper tools very large data volumes can present challenges. Make sure that you use the right tools for the job – a good database and reporting tools designed for the job. For example a profit and loss or balance sheet financial report can be run in MS Excel without risk of running out of memory or slow performance. An operational report across hundreds of thousands of stock items might however require a more specialized reporting tool or data warehouse to improve performance.

Budget?

When it comes to reporting budget is unfortunately very difficult to predict. In fact when it comes to implementing ERP solutions I often advise customers to be very careful of the budget they allocate to reporting. Reporting is regularly an area of substantial budget overrun or disappointment. The best way to overcome these budget overruns is to specify or scope your reporting requirements carefully. Sometimes, during the scoping process the majority of the time spent identifying core ERP needs and reporting is ignored. PLEASE DON'T. Reporting is critical – getting the information you want, when you want it will help you get the return on investment that you require from your ERP solution.

Why is reporting so expensive?

Reporting is like a mini project within any IT or ERP project. Think of the stages involved in providing a reporting solution:

- Establish budget
- Scope the reports
- Identify reporting tool to be used
- Decide on deployment method
- Choose a distribution method
- Write the reports
- Test the reports (basic test)
- Deploy the reports in a test environment for the user
- User training
- User acceptance testing
- Reconciliation of the reports
- Final sign off

These steps will require consulting time and effort from your ERP or reporting / BI provider. Simply writing a report is only part of the solution. Testing, scoping, implementation and configuration all takes time.

How do I get reporting within a limited budget?

Requirements and budgets differ greatly from one company to the next. A full business intelligence reporting solution for a large multi-national across multiple divisions, companies, countries and territories can cost hundreds of thousands of dollars to implement. A simple profit and loss for a small local business can be implemented, tested and delivered in under an hour – based on a profit and loss pivot table or previous reporting template. Whether you are a large corporate looking to contain that million dollar budget or a small business just looking to get some decent reporting the same principles apply.

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1. Ensure you scope your requirements accurately.
2. Consider your data points – are you using data from a single or multiple databases and different applications.
3. Is the reporting solution already integrated into your ERP/ Business Management Solution?
4. How many people in your organization will write reports / develop their own report?
5. Reporting tools might be easy to use but the difficult component can be extraction of data from your ERP / Business Management Solution – how easy is it to access your data?
6. Does your reporting solution offer pre-built report templates?
7. Can you create your own reports with drag and drop style reporting?
8. How easy is it to switch between graphical and non-graphical reporting?
9. Is your reporting solution mobile compatible?
10. Make sure you run an appropriate methodology for the delivery of your reporting solution.

Use reporting tools that are already integrated with your ERP solution.

The challenge with report writing is not simply displaying data in a grid or graphical format – the challenge is finding, collating and analyzing the data. If your ERP provider already integrates to multiple reporting tools then a lot of the hard work is done for you. As an example some ERP providers have pre written pivot tables for various functions – sales, finance, distribution etc. When you open a pivot table the reporting attributes are available without any pre-work required. To

write the report all the user does is select the reporting criteria from the list – click, sort, done. These "cubes" – pre-written data warehouses make life much easier for the team writing the reports.

Most modern ERP solution have built in dashboards, KPIs and report templates. Often these KPIs and templates can be role based. This means that the ERP solution ships with a number of KPI's, reports and templates for sales, a different set for finance and so on. This means that a high percentage of the reporting requirements per functional area are standard, out the box – ready to go. This saves time and money.

Modify existing reports.

It's less expensive to take a report that is 80% of what you want and to modify the report than it is to build the report from scratch. Look for an ERP solution and associated reporting that has a high degree of reporting fit for your business out the box. You will never get a 100% reporting fit without some modification but you can achieve a high degree of fit with standard reports – then simply modify the reports.

Consolidate your reporting requirements with reporting dimensions.

Sometimes we have multiple reports that analyse similar data. These reports can often be consolidated into one report with better report definitions and criteria. As an example why not have a sales report that has multiple reporting options – in one report. When you log into the sales report think of these options:

- Date range
- Item range

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- Customer range
- With or without budget – if budget is included in the report then which budget should be used (assuming you have multiple budgets)
- Customer property range (based on certain customer properties – for example all customers in NSW)
- Customer grouping (for example all retail customers)

With these simple several reports may be combined into one report with multiple choices / criteria for the report. This saves time and money. The lesson here is to map out your reports and reporting requirements carefully – think through the options you might require – now and into the future and include all of the options into the report.

Use analytics.

Analytics allow the user to run one report and then select different criteria in the report. Let's assume that the report has been run for the full year, a good analytic report will allow drill down to months, weeks and days. With good analytical tools the user can drag in (or out) additional data and criteria – the report will automatically refresh. This allows consolidation of reporting – suddenly one good analytical report replaces multiple static reports.

Will the standard ERP reporting work for me?

As stated above most companies will want some modification to the standard ERP reports. There is no doubt that some ERP

providers offer better standard reports and report writing tools than others. Even with hundreds of standard reports available there will usually be a requirement for some level of modification to the standard reports or some additional reporting requirements. The trick is to find an ERP provider with good standard reporting and the option of multiple reporting tools. This saves time and money.

Cloud vs on-premise reporting.

Everyone is asking the question – CRM, ERP, reporting, business intelligence – in the cloud or on premise? There is no right or wrong answer. Cloud vs on premise depends on a number of factors – internet access, remote access, budget, growth plans and a whole lot more. With regards to reporting the more important question is mobility – whether your server is on premise or in the cloud the important aspect is that your reports are available anywhere, anytime – mobility is critical.

Why can't I design my own reports?

Actually you can. Reporting tools have changed, modernised and become more user friendly. This includes the writing of reports. As stated earlier a number of ERP and CRM

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providers now give users access to a pre written data cube. To write the report a user now only has to drag and drop the fields they want into the reporting "boxes". Modern reporting tools that are already integrated to an ERP solution allow uses to modify or write their own dashboards. KPI's and basic reports. More complex reporting across multiple tables and databases will still require some technical skills – usually in the form of someone who does this for a living. In summary – write the simple KPI's. dashboards and KPI's yourself and leave the complex reporting to specialists. As discussed previously a well written report or analytical report will still allow the user to configure the report on the fly – given the number of options available this is as good as writing your own report.

What does new reporting look like and will it really impact the way I make decisions?

Technology is a game changer. In today's world we expect instant access to information – whether we are in the office, sitting in front of a customer or travelling. The reason we all want better, quicker ERP reporting is that we want the ability to make the right decisions – on time. This requires quick access to lots of data and the ability to quickly represent ERP data in a meaningful way. The very nature of ERP reporting is changing – gone are the days of static, semi-manual, one dimensional reporting. In today's world of mobile technology we want the ability to be able to slice and dice big volumes of ERP data quickly – analytics are important.

ERP Reporting is changing for the better and is opening up opportunities to change the way we run our businesses. Previously business intelligence tools like KPI dashboards and

analytics were only within the grasp of larger organisations with substantial reporting budgets and high end ERP. Smaller businesses where left to run "static / one dimensional" reports distributed via email or worse still hard copy. The problem with this older style reporting is that the user only gets one view of the data. As an example if a sales report indicates that the July sales number is on par with expectations from a revenue perspective but the gross profit is below budget or forecast the sales manager will want to quickly drill down to a detailed level so that they can identify the reasons for the lower than expected gross profit. Hard copy or one dimensional reporting does not allow this type of analysis and is therefore of limited use.

So how does a new age of technology and reporting change your reporting options? Analytics is the answer. A good analytical report can offer hundreds of reports in one interface. How is this possible you might ask? Let's look at our sales report example again – the sales manager is trying to identify the reasons for lower than expected gross profit on the July numbers. Using analytics the sales manager can drill down on the monthly sales number, sort the July invoices by margin and define and choose the orders which are below budgeted margin. Furthermore the sales manager is able to drill down and review these invoices and the associated line items and notes. Now the sales manager is able to drag these "below margin" sales orders out of the month's numbers and see what the net effect on margin is. All this in under 30 seconds.

Now add in the advantages of taking your analytical reporting mobile.

In summary – when choosing reporting for your ERP implementation consider a good analytical reporting option that allows users

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to drill down to source data and slice and dice or sort data by multiple criteria. Make sure your ERP reporting tool can help your business change the way you do business.

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