Eight Signs Technology is Holding Your Business Back

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Entry-level accounting systems are a logical choice for small businesses and entrepreneurs looking for an easy way to track basic finances. And it works—until it doesn't.

For many businesses, entry-level accounting systems can create time-intensive problems that add up to hours lost and opportunities missed. And now, more than ever, is the time to focus on increasing efficiency in your operations. Here are the top signs that basic accounting systems are is limiting your business and that it's time to leverage a better, more comprehensive tool like NetSuite.

1. You're spending too much time managing spreadsheets.

Using entry-level accounting systems, employees can spend hours each week on manual processes that range from creating invoices to filling out complicated spreadsheets. Many accountants using these systems must create workarounds to make the system function for their organisations. And many use Excel spreadsheets to record deferred revenue, allocations, and yearly and recurring payments.

If a customer pays a subscription fee of €1,200 for the year upfront, for example, accountants must make a reminder to create a journal entry every month for €100. Multiply this by your total number of customers, and these workarounds become unscalable. Your finance and accounting

> "There's a great amount of ingenuity that goes into creating intensive workarounds. But it's much more efficient to have a system that does this for you and removes the manual work. NetSuite puts the data where it needs to be, and you know the numbers are always correct."

Aaron Field, Principal Market Research Analyst, Oracle NetSuite

teams wind up spending more time tweaking various systems than doing their day-to-day job.

In NetSuite, payment schedule processes are automated, eliminating the risk of an accountant forgetting to record a payment each month. This automation also gives your employees more time in their day to focus on value-added work.

Frey Farms experienced the spreadsheet struggle firsthand. The U.S.' No. 1 supplier of pumpkins (cool, right?) formerly ran on a combination of an entry-level accounting system, Google Docs, and a 110-column spreadsheet served as the de facto ERP system.

> "NetSuite is the perfect convergence point for different datasets. We are able to see customer interactions, the status of order lines, inventory detail, and shipment information at a glance from a single application."

Dr. Joel Schlessinger, Founder, LovelySkin

Each of Frey Farms' four business units required a separate instance of the software, and users could only be logged in to two of those at a time. The business had grown to comprise seven of its own farms, as well as relationships with partner growers and dozens of distribution partners. Financial transactions related to each of these activities had to be entered in five locations between the company's various spreadsheets.

CFO Tracy Martin relayed to the founder that it was time for a change. Now, on NetSuite, she simply logs in to see Frey Farms' entire operation in a single report. Custom saved searches show her transactions and balances for any combination of the company's four business units or all of them combined.

"[NetSuite is] definitely closing some gaps that we had before," Martin said.

2. Manual processes are creating errors.
Not only is manual data entry time-consuming, but it also leads to significantly more human error and frequently results in end-of-month crises. A common cause of delay with entry-level accounting systems is revenue recognition.

"When you're using a system that doesn't have a concept of revenue recognition, you have to do it entirely off the books, which becomes complicated, dangerous and fraught with error," Field said.

If you never know when an error will creep into your spreadsheets' formulae, this renders your data unreliable and leaves month-end reconciliation up to chance, making the month-end close very time-consuming. The dependence on spreadsheets by basic accounting systems makes finding the most up-to-date data difficult to impossible. If you can't trust your numbers to be updated and error-free, you can't trust your system to help you properly manage your business.

It's a problem Dr. Joel Schlessinger, Founder of skincare retailer LovelySkin, knows all too well.

While working on basic accounting software, "our data was very fragmented and in multiple locations, including different systems," he said. "Sometimes we were bookkeeping in Excel files, nothing was equal across the board, and it was very hard to get information about all the pieces of our company."

With NetSuite, all employees use the same system, and information is updated in real time, meaning it's consistently accurate. LovelySkin leadership makes decisions using data they're confident is accurate.

3. Inaccurate data is preventing informed decision-making.
In today's environment, being able to make smart decisions quickly can be make-or-break for businesses of all sizes. Thus, forecasting and budgeting has become more important than ever. Leaders are unable to do this properly without accurate data.

With error-prone data and disjointed systems, it is nearly impossible to gain comprehensive and valuable business insights. Basic accounting software reporting is critically limited: It takes even more workarounds to try to make existing reports work for your goals or to create new ones.

On the other hand, you can easily report on any data you enter into NetSuite.

"The biggest benefit of NetSuite is the ability to forecast where our business is driving, and the reporting is crucial to making informed decisions across the business," said Mel Sawyer, Senior Consulting Controller at Mythics, an IT advisory business with expertise in systems integrations.

Sawyer's organisation moved to NetSuite to escape the manual work of handling two basic accounting systems: one for the core business and another for a new subsidiary.

Unreliable data and a lack of reporting can both cause issues internally and put your business at risk. With no segregation of duties in entry-level accounting software, you can't prevent the same person from paying and approving a bill, for example, leaving you prone to accounts payable fraud.

4. Audits pose concerns.

Without sufficient internal controls around approval workflows, separate roles or audit controls, many entry-level accounting systems have auditability concerns. This prevents you from taking the next step in building your business:

If you need to get a loan from the bank, are pursuing funding from investors or are looking at going public, for example, you need a rock-solid set of numbers.

Fintech company Brex gives NetSuite credit for its growth from startup to industry powerhouse. The financial controls in NetSuite prepare the company for audits, per Chief Accounting Officer Erik Zhou.

"You need solid checks and balances to have your books aligned for an audit by a Big 4 firm," Zhou said.

The team uses NetSuite to keep a steady audit trail, access audit-relevant logs and workflows, and drill down into the details of transactions where needed.

On the other hand, in the products sector, popcorn manufacturer Preferred Popcorn switched to NetSuite in search of an easy way to track inventory for compliance. To comply with international food safety standards, the Nebraska-based company has to track its popcorn kernels from the grower to the end customer using lot numbers. Then, they're audited.
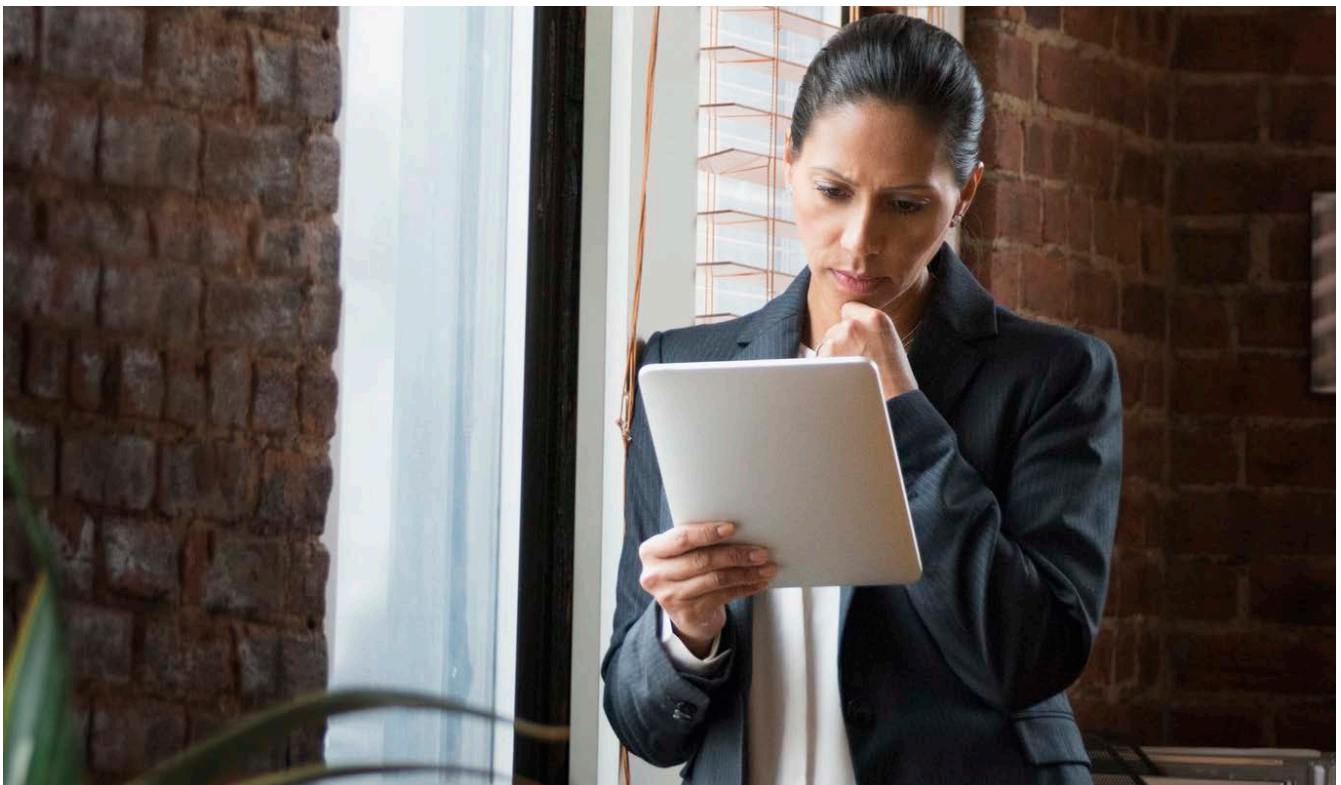
With the previous software, "we used to spend days tracking source documents for the auditors," said Director of Finance Brenda Budzinski.

In NetSuite, the team can easily enter a lot number when receiving, moving and shipping grain. Then when it comes time for an audit, they run simple reports in the system vs. chasing down documents to verify compliance.

5. Customisations are getting complicated.

Entry-level accounting software can work for a growing business, for a time. All it takes is an army of consultants and/or a tangle of complex workarounds, which often come with a hefty price tag.

Upon expanding into big-name retailers, feminine care brand Honey Pot needed a system that would electronically relay order details from its office to retailers' for fulfilment. These retailers required Honey Pot to integrate with their systems for electronic data interchange (EDI).

Co-founder Sy Grey brought in consultants to try and integrate Honey Pot's order details with their existing accounting software, but it didn't work. Graduating from the basic system seemed to be a rite of passage in retail, he said.

Grey studied other strong consumer goods companies to determine Honey Pot needed an ERP system, vs. making tons of adjustments to its basic accounting software, to get the results it was looking for.

Once finished with NetSuite implementation, Honey Pot will be able to house all order data centrally in the system and convert its purchase orders into invoices automatically vs. manually, Grey said.

6. It's too hard to find out what's happening across your organisation in real time.

Keeping one set of data in your accounting software and storing other critical information elsewhere makes it nearly impossible to get a real-time view of operations. Many product companies that use entry-level systems for financials manage inventory in spreadsheets or add-on systems. Without integration between inventory and financial data, they lack accurate inventory counts. Having inventory and financials on the same system, however, gives product companies the real-time view they need to accurately track and value inventory—and increase sales.

Take hair care company Mielle Organics, for example. Its inventory management software couldn't connect to its ecommerce storefront, so the team had to manually track ecommerce sales vs. the inventory it had on-hand. After connecting the ecommerce store to NetSuite, the team now sees inventory data in real time—and can trace details of every activity associated with an order for audits.

Basic accounting software also doesn't allow customers to see stock levels in real time, confirm delivery schedules while they place their order or allow calls to customer service minutes after the order is placed. With NetSuite, all employees are using the same data, updated in real time for both employee and customer benefit.

One such beneficiary is PB2, a powdered peanut butter manufacturer. While working on basic systems, PB2 couldn't track inventory and lacked critical customer-based data.

"NetSuite has provided us with visibility that we didn't have before and allowed us to step up our game as far as what we're able to do and the decisions to make," said Steven Ramage, VP of Finance and Operations. "I feel like we have become a better company because of the data and the resources available."

Using NetSuite, PB2 has cut inventory waste from 8% to 2%, significantly improved the cost of goods and driven profitable processes around cash management.

7. Billing processes affect your forecasts and cash flow.

Being able to accurately forecast future payments and cash flow is especially crucial today. For services companies, subscription billing and project accounting are manual processes in entry-level accounting systems. Subscription billing in this way can get complicated, even for relatively small software companies. Similar to creating payment schedules, you are relying on employees to remember to send a bill every month.

Take the case of CentralReach, for example. It's a leading provider of electronic medical records, plus other solutions, for health clinics that serve children with developmental disorders. A variety of offerings means that CentralReach has to track and manage subscription payments, the amounts of which change depending on a given customer's number of users and subscription service levels.

Before NetSuite, a disjointed billing system forced CentralReach to send customers separate bills for each of its solutions, which include practise management, billing, employee education and reporting. CentralReach's customers, which include small clinics, multi-clinic chains and those based in schools, didn't enjoy this system any more than the company's finance team.

> *"As an integrated application, NetSuite is ideally suited for startups with a clear growth path. It maps all relevant business processes and can be easily customised. Its ease of use and scalability are further benefits for young companies."* Frank Stuhlmüller, Chief Financial Officer, FELS Group GmbH

Under their previous system, "customers were frustrated with multiple invoices, and billing was a lot of work," Controller Ian Larkin said.

By adopting SuiteBilling, CentralReach was able to add all its subscription services as separate items in one connected system, send single invoices to customers and greatly simplify the billing process.

8. Reports take hours (or days) to pull.

While working in basic accounting software, breakout beverage brand Super Coffee built its own order entry system. That spreadsheet acted as a dashboard which the sales team used daily in order to understand its goals. However, manually entering each order into the spreadsheet "was taking a lot of our team's time," said Co-founder Jordan DeCicco.

Now, while working in NetSuite, the entire company gets a sales report at the end of each day, which breaks down sales by SKU, region and customer. That report, which arrives in their inboxes automatically, "would'voe taken hours, days or maybe even weeks to produce before," per DeCicco.

This newfound ability to work smarter means team sizes have stayed consistent, he added. The supply chain and finance teams haven't changed since Super Coffee's ERP implementation, even though the company has grown nearly 500%.

The Bottom Line

Entry-level accounting software was designed only to automate a handful of core accounting functions, not to manage your entire business. If your business is experiencing any of the above critical limitations, it's time to graduate to NetSuite.

Of their previous basic accounting software, Preferred Popcorn's Budzinski said. "It's designed to serve small businesses, but once you start servicing more customers, you need more robust systems."

Switching to NetSuite allows companies to increase efficiency, simplify core processes and boost productivity, leading to long-term success.