

Grinding Beans to the Bottom Line

How a Business Productivity Audit Can Lead to a More Robust Net Profit
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It's no secret that running a business today is more challenging than ever. Controlling rising costs, finding elusive customers and managing real time communications and logistics are just some of the forces confronting business executives. Consequently, many are turning to their most trusted financial advisors, their CPA's, for advice and counsel to keep their businesses competitive and profitable. A recent article in The Economist: "From Bean Counter To Business Strategist", argues that "accounting's horizons are expanding...accountant's can offer managers and owners guidance on improving productivity and maximizing profitability, as well as on specific business decisions". This article concludes that enlightened CPA's who take a more hands on approach to a client's business operations will gain influence and income because they don't just count the beans, they help grind more of them to the client's bottom line.

Improving productivity and maximizing profitability is a never ending business management challenge. One way to increase profitability is to drive down operating costs, to streamline how work is done within the organization. Wal-Mart made this its corporate management mantra decades ago. In today's technology driven work environment the need to increase work flow efficiency is frequently achieved by integrating new business productivity software solutions. Accounting applications were some of the first enterprise management software products to enter the market as cost saving work flow solutions. Software programs such as the ALERE[®] Accounting program revolutionized painstaking pencil and ledger book entry procedures with computer data entry and reporting systems. Accounting software solutions reduce employee input costs while increasing the timeliness and accuracy of financial reporting. Today, the business software development community provides a virtually unlimited variety of solutions to extend the functionalities of a core accounting system into the nooks and crannies of a company's daily

routines and workflow. These productivity software tools help managers and front line employees improve the granular processes of their tasks to achieve gains in productivity: increased output from equal or reduced input. The vagaries and challenges of the current business climate are realities that suggest the only path to an improved bottom line is to squeeze out operating costs. After all, there is no other way to improve bottom line results from a static or declining revenue line. And once a company reduces its expense ratio regime it is prepared to reap higher marginal profits once the top revenue line swings up.

Is it time for professional accountants to include business productivity consulting on their menu of client services? Robert Howell, professor of business administration at the Tuck School of Business, Dartmouth suggests that it is. He advises that accountants need to have a more strategic perspective, rather than the historical green eyeshade view, on a client's business. He posits that a hands-on understanding of a client's operation will help uncover opportunities to squeeze costs out of work routines and procedures. To do this the accountant must understand how work is done in a client's business and then collaborate with managers to organize a productivity (a/k/a profitability) improvement plan. Introducing: the business productivity audit!

Conducting a business productivity audit is really no different than F.W. Taylor's applications of his scientific management system applied to the operations in early Twentieth Century manufacturing companies: (www.netmba.com/mgmt/scientific). Taylor helped companies reduce direct labor costs. Opportunities to improve productivity were discovered through time and motion studies conducted on manufacturing employees.

The goal of today's productivity audit is to find opportunities for today's employees to carry out their tasks more efficiently. More work is done at computers than on assembly lines, many of which are now controlled through robotic systems oper-

ated by software. Logistical work such as shipping, delivery, warehouse management, etc. is also dependent upon technology and digital intelligence... think of FedEx. The Twenty-first Century productivity audit determines how fast and accurately data can be transformed into the business information outputs that a company needs to meet its operational deadlines and financial budgets. In the old days assembly line workers were given new hand tools, faster conveyor lines and physical training to make more and better widgets per hour. Today's productivity audit must identify ways for employees to gather, analyze and implement business data and information to get their jobs done. New software applications, computers and program user training have replaced hand tools.

The productivity audit follows the Taylor logic that every task is intertwined with two other tasks, one before it and one that follows. Taylor referred to this relationship as the workflow. For example, let's consider the task of order entry. It can't occur until an order is first obtained from a customer. So the task of order entry follows the task of customer contact. Then the task of order fulfillment

follows order entry. The productivity audit asks a diagnostic question: can this sequence of three connected tasks be executed more accurately and faster by integrating new software tools into the workflow? In other words, would the implementation costs of a new software solution be less than the anticipated reduction in operating costs? If so, then the audit outcome represents a "new corporate ROI" opportunity.

The corporate mission for Data Developers Plus, Corp. (DDP) is to provide productivity software tools for small to medium size companies. The chart below illustrates how software solutions from DDP, in the middle column, integrate with a corporate workflow. The input represented in the left column yields an improved output in the right column by leveraging the workflow productivity of a DDP software solution that is integrated with the ALERE Accounting System. Each solution represents a new corporate ROI opportunity.

Business productivity software, as outlined below, is today's high tech grinder that will help your clients count more beans on their bottom lines. How can we help you become the financial barista for your client network?

TASK	DATA DEVELOPERS PLUS	PRODUCTIVITY ROI
Solicit sales orders from qualified buyers, launch promotions and direct marketing initiatives.	Riata™ CRM: customer contact management, marketing database, sales management system, etc.	Higher closing ratios, higher rates of repeat sales, higher average transaction prices, lower advertising expense ratios.
Manufacturing and production.	ALERE Manufacturing	Immediate payment for customer orders; reduced AR aging and collection calls.
Manage inventory received, in stock, customer orders shipped, take inventory, evaluate work in process, etc.	Riata™ RF: Warehouse Management System.	Remote inventory transactions in real time to accounting system, reduced shrinkage, increased GMROI.
Assorted back office operations and tasks.	ALERE System Add On Modules	Task oriented solutions: payroll, AR and AP management, data security systems, shipping, management reports, etc.
Task specific workflow management requirements.	Software development and program modifications by Data Developers Plus software program engineers.	Ultimate ROI from software modifications to ALERE and DDP applications.

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"Productivity Software Tools For Your Business"