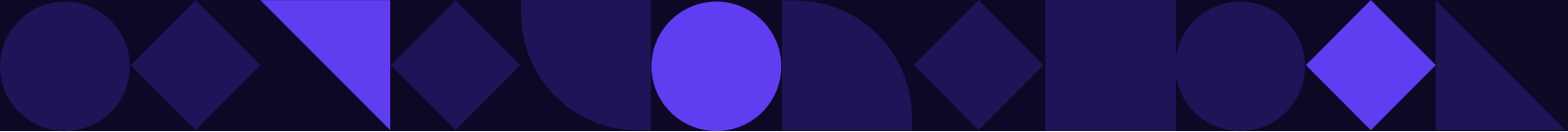**Zone**Reporting

Reporting & Analytics Strategies for Uncertain Economic Times

As we all know, the current economic conditions are uncertain - especially as the Fed keeps raising rates heading into 2023. If you're a CEO or CFO in today's economy, it's more important than ever to have accurate reporting and analytics in place. This equips you to make sound decisions about your business' future, especially given the state of today's business climate with volatile markets, declining new sales and continuously squeezed margins.

As a NetSuite 5–Star Partner, we were surprised to hear this from one of our customers:

> **"** We are facing dramatic and uncertain economic times and need to more frequently report our financial results and operational KPIs to avoid any unexpected surprises. You have been working with us for several years now, what reporting strategies do you suggest?"

Stories of economic uncertainty and recession have led to a lot of discussions about how companies are trying to navigate these difficult times. It is not easy! But, the most successful companies are the ones employing innovative strategies driven by insights from advanced analysis of their company data.

So here are 3 strategies for reporting and analytics during uncertain economic times based on real deployments in NetSuite customers you've likely heard of or use yourself.

Knowing the Profitability of Your Key Business Views

The key to success in this uncertain economic climate is knowing your true profitability.

And not only top line profitability, but granular performance data across the key views of your business, including product/service lines, business units, locations, and subsidiaries.

Profitability can be better defined in this scenario as fully loaded gross margin down to the unit economic level – i.e. gross margin per unit by product or service line.

Most companies can get 80% of the way there by recording transactions against general ledger accounts. Perhaps you might even need to use some custom fields within NetSuite. But if we're looking at getting that last 20%, then there's no better way than using reporting tools that can distribute the unallocated revenue and COGS to get to a true gross margin.

Now that you have this data in front of you, you'll want to examine any trends by looking at a rolling 12 month view, as well as monthly or quarterly comparisons.

In uncertain times, cash is king. Understanding where and when you are profitable can protect that precious resource while also enhancing your company's ability to weather economic storms. Spotting these trends early can help ensure that you divide appropriate resources to those profitable areas of the business.

While this concept isn't new to CFO's, we speak with so many companies that don't have the reporting tools to show profitability, and so their executives wind up making subjective decisions instead of data driven ones.

We encourage all our clients to build reports that not only show their true profitability across their business view, but also the drivers that support the results.

Planning Based on your Recent Trailing Data

How often do you update your forecasts?

As any executive knows, budgets and forecasts are essential tools for planning and tracking progress. But these projections can become outdated if they are not regularly updated.

This is especially true in a volatile economy, where market conditions can change rapidly.

By updating your budget or forecast on a regular basis (i.e. monthly), you can ensure that your assumptions are realistic and that your planning is based on the most up-to-date information.

This will help you to make better decisions about where to invest your resources and how to adjust your strategy as conditions change.

Let's look at an example.

Say our trailing 12 months results showed a strong growth of 22%. So, forecasting forward, we assume future growth of 25%.

However, the trailing 2 months of growth is down to only 2%. It's important to determine if this is due to poor sales or if it's the new normal, so that we can update our budget/forecast with a new scenario plan using actuals from the recent trailing data and re-forecast results. We wouldn't have caught this if we hadn't tightened up our planning based on more recent data.

By looking at recent trailing data and key KPIs, you can make necessary changes. For example, if you see that profits are down, you may decide to slow down hiring to cut costs. Or, if you see that cash flow is tight, you may decide to accelerate invoicing or reduce discretionary spending. By staying proactive and making changes as needed, you ensure that your business remains on track for long-term success.

For years, the mantra for startups has been "grow at all costs." With easy access to capital and a booming economy, many companies have focused on expansion over profits. This strategy is no longer sustainable. As the economy has softened and investors have become more cautious, the most attractive companies are those that are profitable and stable. VC and PE firms are now investing in companies that have strong fundamentals and a sound business model.

When we work with NetSuite companies to overhaul their reporting structure, we emphasize the importance of real time reporting, with hourly data refreshes. This information can then be used to update assumptions in a planning model, so that businesses can see their new projected trajectory. Additionally, our reporting tool includes alerts and alarms that will notify management of any important exceptions, so that they can take proactive action. As a result, our reporting tool provides the insights and flexibility that businesses need to stay ahead of the competition.

# Be Precise With Your Capital Allocation

Determining the root cause of financial or operational problems can be a daunting task, especially for large businesses with many different moving parts. Executives are often left wondering what specific levers affect KPIs such as revenue or gross margin at the unit level?

Statistics can provide great insight into what is impacting key performance indicators, but building a statistical model that takes into account all the different variables can be time-consuming and complicated. In some cases, it may not be possible to build an accurate model due to the sheer number of transactions and business segments, especially using spreadsheets where you may struggle to manipulate large sets of data.

In these cases, businesses need tools that have been designed to perform these types of analysis and projections.

For example, ZoneReporting's base package of pre-built reports contains a view that allows you to automatically test the increases and decreases in revenue and gross margin by count, impact, and segments/clusters.

With a statistical model like this, you can understand the winners and losers in your business and know where to allocate your resources — capital, people, process and technology — for the best results. Having this information at your fingertips allows you to make smart decisions about resource allocation, which can be the difference maker for a business navigating dire economic conditions.
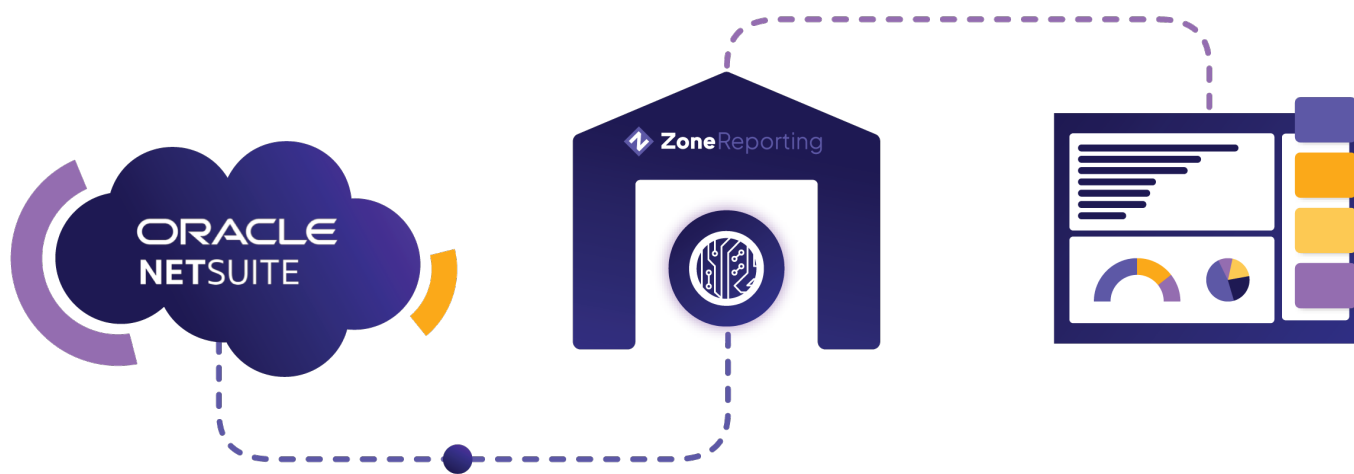
Combat Uncertainty with ZoneReporting

Today, business data is coming from more places than ever before. NetSuite, Salesforce, and other cloud-based applications have made it possible for organizations to better leverage their operational data. However, this data is often siloed, making it difficult to get a holistic view of the business.

ZoneReporting is the only pre-built solution for NetSuite that brings all your data together into a single platform. With Zone, you can connect your data from NetSuite, Salesforce, and other pre-built data sources. Zone's advanced ETL processes make it easy to load and transform your data, so you can start analyzing it right away. And with over 50 pre-built reports and dashboards designed by former CFOs and COOs, ZoneReporting gives you the insights you need to make better business decisions.

In undependable economic climates, the difference between successful companies and the ones who flounder is the ability to adapt and pivot. And having up to date data and insights at your fingertips equips you with the tools needed to make informed decisions.

So if you're looking for a comprehensive reporting solution that can help you deliver value on day 1, join hundreds of other NetSuite companies and let ZoneReporting deliver reporting enlightenment.

Learn more at **ZoneReporting.com**