



# Case Study: Using Financials to Improve Profits

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# Handle It

Handle It is a full-service accounting firm providing everything from basic bookkeeping to tax preparation and advice. We go the extra mile to help you understand what your financial reports tell you about the health of your business; we take the confusion and fear out of accounting.

We care about your business like it is our own. With Handle It, you have a dedicated financial team working for you.

We are passionate about your organization's success.

We hope this case study provides insight into our process.

We welcome an opportunity to learn about your business and how Handle It might help you.

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## Using Financials to Improve Margins

Business owners often think of bookkeeping and accounting during tax season and when they are applying for additional financing. However, your financials can tell you everything about your business. Is your staff operating efficiently? What is your most profitable product or service? Are you paying too much in raw materials? Are you paying enough principal on your loan?

If you have accurate financial records, you can see your business more clearly and make decisions confidently.

Handle It was hired by a small manufacturing client (1 Employee, 1 Contractor) that wanted to grow their business. Naturally, they started thinking about sales and marketing.

However, a Handle It Senior Accountant recommended that they review their financial reports to determine if there were efficiencies and opportunities that could help the company grow.





The client's Senior Accountant reviewed over a year's worth of product costing reports. The client was evaluating 4 different products. Together, the client and Senior Accountant reviewed material costs, labor, and the final price of each of the products.

The client believed Product C was the best product to produce and promote. However, after this review of financial records, we determined that Product C actually ended up costing the client money. The sale price could not cover the material costs, labor costs, and promotion costs required to produce and sell the product.

## **Successes:**

- **Cost accounting review of product lines to assess profitability.**

The client eliminated Product C from the sales line. He re-focused his efforts on selling and promoting the remaining products with strong profit margins. This allowed the client to improve cash flow while growing the company.

## **Challenges:**

- **Could the business make more money by selling more products or by increasing profit margins through more cost-effective production or cheaper raw materials?**