

Importance of KPI's & Departmental Analysis for Retailers

WITH today's level of intense competition in the retail sector, it is now more important than ever to have accurate financial information readily available. We find the best and most successful retailers produce weekly Key Performance Indicators (KPI's) and would produce management accounts monthly/quarterly including Profit & Loss Account and Full Departmental Analysis (analysis of actual gross profit margin to scanning gross profit margin per department).

KPI's

What are the best Key Performance Indicators (KPI's)?

- Weekly sales;
- Weekly Wages as a % of sales;
- Weekly wastage;
- Weekly variance between actual gross profit margins and scanning margins on key departments such as fresh food, cigarettes and alcohol.

What are the real benefits of weekly Key Performance

Indicators (KPI's)?

- Allows you monitor store performance on a weekly basis;
- Enables you to identify problem departments before losses become too great;
- Enables you to benchmark your store performance;
- Enables you to advise your key management and department heads on areas to focus on.



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Departmental Analysis

How often should you produce management accounts including Profit & Loss Account along with a Full Departmental Analysis?

- For new stores and stores that have a variance of greater than 1.2% between their actual gross profit margin and scanning margin, we would recommend production of monthly management accounts for a period of three months to aggressively address the

problem;

- For more established stores and stores that have a variance of less than 1.2% between their actual gross profit margin and scanning margin, we would recommend production of quarterly management accounts.

What are benefits of accurate and timely Management Accounts?

- Problem departments can be identified at an earlier stage to prevent the build-up of large losses;
- Allows for the performance of the department heads and managers to be monitored and assessed on a regular basis;
- Allows for the monitoring of all costs throughout the year on a regular basis.

If you have any further queries please do not hesitate to contact us at: **Tax Accounting Ireland, 32 Fitzwilliam Place, Dublin 2. Tel: (01) 662 4977 or by email/website as detailed below.**



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Our mission is to add value to our clients business in an efficient and cost effective manner whilst maintaining high professional standards.

Our Services include:

- ▶ Accounting, auditing, computerised bookkeeping, monthly/quarterly management accounts, full in-house payroll and taxation advice in the food & beverage and retail industries especially in the owner-managed sector.
- ▶ Store location & acquisition, sources of finance, IT software selection & implementation, recruitment & training of staff, internal controls & security measures, cost reduction & improved efficiency.
- ▶ Detailed departmental analysis with comparison of actual gross margin per department to scanning gross margin per department.

We have over 25 years' experience in industry & practice with a high level of involvement with each client. For further details please do not hesitate to contact us or visit our website.

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