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Accounting Systems Must Grow with Your Company

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"You spend a long time when you are starting out making decisions... coming up with a vision and actually working on it," the CEO and founder of Atlas Resell Management, Mason Fuller, said in a recent Business Insider article.

Atlas is a niche company that resells used medical equipment via the Internet. The business has experienced enormous growth each year to date. However, recently Fuller remarked, "I wish I would have spent a little more time up front preparing the company to report to new investors and stakeholders."

These past few months my students and I have had the opportunity to examine how this start-up company was able to support its strategic changes, expansion in size and evolution in structure with accounting systems. Our objective was to evaluate the past changes in the accounting system and design a system to meet the future requirements of the company.

Atlas started with the simple goal of establishing a market for reselling used office equipment. In recent years, it has found a niche in used dental equipment. The company is now one of the major players in the used dental equipment industry, according to licensed eBay market data.

In this past year, the company welcomed new investors and appointed a board of directors to guide its direction, operations and expansion. Since then, its Boise office has grown along with strategic locations in the Northwest that will serve the rest of the country. Initially, Fuller was able to control Atlas' operations and make decisions from Boise. However, it became more challenging as additional staff members were hired locally and in the new locations.

ACCOUNTING SYSTEMS
To support the growth at Atlas, the accounting system has had to evolve. The system was able to meet reporting and tax requirements, but it is not flexible enough to be used for planning, monitoring and decision making.

ACCOUNTING FOR THE FUTURE
We designed an accounting system to help Atlas develop plans, provide early warnings of operational problems and assist in decision making.

We recommended that the company collect pertinent information for planning purposes and nonfinancial measures for its operations.

We created a working model of a profit plan and specified the items needed to forecast revenues and costs. To monitor and motivate performance, we developed a set of customer and operational measures with targets directly linked to profitability.

Finally, we demonstrated our design with a popular dashboard system.

The dashboard system enables management to monitor key measures, visualize its impact on the profit plan and make decisions to keep performance on track. The class was able to learn and implement the key take-away: that the accounting system needs to change to continually support the evolution of strategy and structure in a growing business with such a bright future.

Thanks, Mason.

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