Tools to make your data persuasive

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Telling the story

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Moore's law dictates that technology's power doubles every year, and given the rate of progress in accounting technology, that observation may still be true 55 years after it was originally made. However, powerful automation and data modelling abilities are only so useful without the ability to visualise them in a way that can be easily understood and interpreted by colleagues and clients.

1. Keep it simple

The most effective visualisation and reporting tools use as few steps as possible. Once you've identified which reports you need to run, you may not necessarily need a third party app to achieve the best results, especially if you're only reporting financials.

"Wherever possible, the number one thing to look for is not having to outsource that to another app," explains Rachel Martin, founder and director of Accountant_She. "It's best to generate the information from your accounting software and you should be able to get all the information from what the client gives you without having to include anything else. If you're not able to do that, the most important thing is the integration and not having to duplicate any work. It's vital to have automatic connections and two-way data feeds so you're able to feed information in, make amendments and those amendments would feed back into the accounting software."

The primary strength of third party apps, Martin says, comes when some of the KPIs you are reporting on are non-financial, such as environmental benchmarks, R&D progress, staff retention, marketing impact and lead generation. "Information that comes from your accounting software will only be able to feed you accounting information. If that report is going to a board, for example, it's not just a finance director on a board — there's also marketing, recruitment — so with a third party app you can enter in and track other KPIs."

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2. Collaborate

If you do produce reports on non-financial information, third party apps can become useful collaboration tools with other teams.

"You would ask your client what your top KPIs are outside of finance, and you might look at return on investment in different marketing streams," explains Martin. "That's working in partnership with your accounting data, but you'd need your marketing team to input into the app where the leads have come from. Most small businesses do a lot of that themselves and manually calculate the return on investment and that's where the third party apps really help. Normally in a bigger business you'd use it as a collaborative tool and you'd connect it with your CRM and track your sales leads and recruitment and report on all of those things and manage your data."

3 - Have fun with it

Once you're happy with the information you're producing for your reports, you can begin to get creative with the presentation.

"It depends on what your board is like, but some might place appearances very highly on their priorities, while others might be more interested in the data," explains Martin. "Once you've got that process set up, it exists for everybody. It can be intensive at the start, making sure it's right, but once you know the numbers are right, you get to have fun with it."

4 - Unlock opportunities

Crucially, while many may view reporting in this way a more superficial and aesthetic exercise than a substantive one, displaying and reframing data in different ways can lead to the identification of new opportunities.

"A lot of the time, business owners work on the business and third party programmes can analyse and present the same data in a different way," says Instruo Group founder Furqan Baig. "As an accountant, it's easy to understand the numbers, but other people really struggle and you need to be able to present that information in a way everyone understands."

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For your app stack

Making sure you have the right reporting and visualisation tools is vital for any organisation. Here are some of the most widely-used options on the market

Fathom

Fathom allows users to create analytics, reports and dashboards that enable you easily compare, rank or consolidate multiple departments and organisations. As with many reporting tools, Fathom is customisable and integrates with Xero, QuickBooks Online and MYOB. It also allows users to monitor trends to identify improvement opportunities.

Requirements: Xero, Quickbooks Online, MYOB **Price:** £29.00 / month with a 14-day free trial
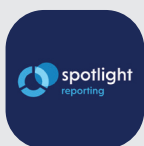
Spotlight

Spotlight is versatile and offers a range of comprehensive management reports, fully customisable dashboards, three-way forecasting (linking your profit and loss, balance sheet and cash flow), and franchise reporting. It is also capable of reporting across multiple entities, such as franchise, not-for-profits and industry specialists.

Requirements: MYOB, QuickBooks Online, Sage 50cloud Pastel, Xero

Price: £25.00 / month with a 28-day free trial

Clarity

Clarity monitors seven key metrics (revenue growth, gross profit, operating profit, revenue per employee, core cash, cash days and business return) and produces regular reports on your business's performance. It can also be used to build step-by-step development plans and access funding.

Requirements: QuickBooks Online, Xero **Price:** £50.00 / month with a 14-day free trial

Case study

"Use apps to reframe your numbers"

Many third party reporting apps, such as Fathom, are able to incorporate non-financial KPIs into reports alongside their financial counterparts. Doing so allows businesses additional flexibility in their reporting and, in many cases, assign monetary value or cost to non-financial and operational activities, such as inventory or lead generation.

This example shows 30 KPIs and a binary ontrack/off-track progress measure. Third party apps are also able to represent financial information in a wide variety of ways, which can be easily read and understood. Spotlight (right) is showing a business's financial position though its balance sheet, equity and two representations of its liquidity.

"What's really important to remember is, when we're reporting these things, we have to do it in an impactful way," says Instuo Group's founder Furqan Baig. "We're telling a story, and that story is depicted by the numbers we have. So it's vital to be able to tell the story and engage with the audience."

While some might regard the use of reporting tools as superficial, Baig suggests it's more practical than that. "It's about usability. Yes, the data in an Excel spreadsheet contains the same information, but if, for example, you're on an upward trend but your forecasting shows a downturn in six months, you can see that in a graph or bar chart. In a spreadsheet, you'd have to analyse each data point."
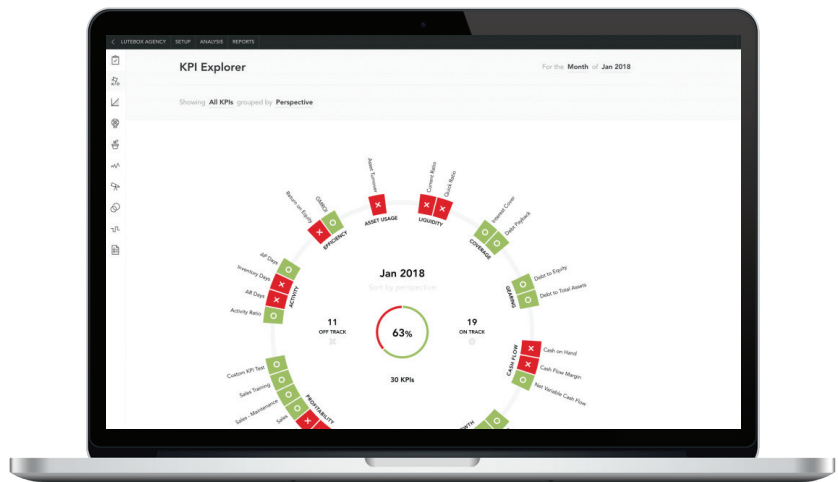
Impact

Nobody likes to see a spreadsheet full of thousands of cells of data. It can be overwhelming and have the effect of drowning out the key information.

"Visualisation tools can make reporting more digestible, more succinct and more easily understood," Baig says. "If you can convey that financial information to your colleagues in an effective visual format, it can, in time, lead to an entirely data-driven organisation, which in turn makes organisations more proactive."

He gives the example of a cheese manufacturer he's aware of, which implemented data visualisation tool Power BI.

"Within seven days, they were able to close off the whole accounts for the manufacturing, which is quite a feat. Normally, this would happen on a monthly basis, and even then it would have had holes in it. It meant they just had to click a button to refresh the information and they had up-to-date, accessible and understandable data."

Tips to get started

1. Be confident in your numbers

The basis of all good reporting and the effectiveness of reporting and visualisation tools is correct and up-todate data. Make absolutely sure that the data you're working with is sound before you explore representing it in new and exciting ways.

2. Identify your KPIs

This will help determine whether you can use standard accounting software for your reporting and visualisation or require a third party app. Third party apps can provide everything you might need, but if you only need financials, you can achieve that with your standard accounting software.

3. Experiment

Once you're happy with your numbers and benchmarks, you can experiment with the format and presentation of your data until you find something that works for you, your clients and/or colleagues.

4. Spot issues and opportunities

The way data is presented can influence how it's interpreted and understood. Reframing data can, as result, lead to the identification of problems and opportunities if done correctly. Take the time to re-examine how you're presenting information to make sure you're getting the most from it.

Any questions?

We hope you've enjoyed our overview of data visualisation tools.
Please get in touch if you have any questions or feedback.

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