



## Four Reasons Why QuickBooks Is Failing Your Retail Business

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## Introduction

QuickBooks was a good fit when your retail business was in its infancy, but is it the right choice to drive success in the next stage of your organization's growth? Many retailers arrive at similar crossroads every year.

Timing is everything—if you replace QuickBooks too early, you may end up buying more capability than you need. But if you wait too long, you could end up struggling with inefficient business processes that hurt your customer satisfaction levels, business performance and future profitability and growth.

Laboring ahead on QuickBooks may seem convenient, but at what point do you start to suffer and miss out on growth opportunities by maintaining the status quo? When is the right time to make the move? NetSuite has been working for years with retailers that have reached the limits of QuickBooks. While retailers can be diverse, the issues they face when reaching the limits of QuickBooks are remarkably similar.

This white paper draws on real-world stories of small and mid-size retailers—from brick-and-mortar to multi-channel and pure play ecommerce—that have upgraded from QuickBooks to NetSuite at critical junctures in their development. It also outlines four common business process inefficiencies that you might see reflected in your own business—the reasons why QuickBooks may be failing your retail organization:

- 1. QuickBooks is a simple solution that doesn't support the needs of a growing retailer.** Today's retailers need solutions that can create efficiency and reduce headaches across channels, departments and IT staff.
- 2. QuickBooks restricts your visibility into business performance.** Retailers using QuickBooks usually have siloed applications and data, making real-time analysis and accurate business decisions virtually impossible.
- 3. QuickBooks' limited functionality won't scale with your business.** Because QuickBooks was built to support a narrow scope of processes and business offerings, it severely limits retailers from expanding across additional channels and multiple locations.
- 4. With QuickBooks, you always have to worry about IT issues and costs.** On-premise software like QuickBooks and the applications that surround it need monitoring and troubleshooting by your IT team, and can drive up personnel and infrastructure costs.

## The Four Reasons Why QuickBooks Is Failing Your Retail Business

### 1. QuickBooks Is a Simple Solution That Doesn't Support the Needs of a Growing Retailer

Whether you're a fast-growing retailer or simply trying keeping up to date with the demands of today's fast-moving, connected, 24/7 customer, you're dealing with shifts in your business model that you didn't anticipate in your early days on QuickBooks. Retailers are expanding across multiple channels, adding additional store and warehouse locations and selling across multiple websites and marketplaces.

A small retailer with a single location can sometimes get by without a fully automated system because they're close enough to the action. But as soon as the retailer expands or adds new locations, the information to be exchanged swells out of control. You suddenly have data buried and lack access to important transaction level data or even simple on-hand inventory numbers across a few store locations.

At the same time, you need to meet the rising demands of discriminating customers to buy anywhere and return anywhere, and for a personalized and relevant brand experience that anticipates and meets their needs. To grow your business across multiple channels and satisfy consumers, you need to incorporate new and deeper functionality around QuickBooks for ecommerce, point of sale, order management, CRM and inventory control.

Some may be available as QuickBooks add-ons from Intuit, but often they are standalone solutions that are purchased from multiple vendors. By relying on disparate applications to run your business, employees waste valuable time double-entering information across multiple systems, such as trying to reconcile customer information in your CRM with sales/billing information in QuickBooks.

Here are some of the telltale symptoms you may be encountering:

#### **You're wasting time playing "Hunt the Spreadsheet"**

Retailers that run QuickBooks inevitably reach a stage at which employees are relying on spreadsheets to plug the information gap because data is scattered across the business in multiple systems, whether in QuickBooks or inventory, order management or POS systems. Often, employees who need financial information can't access QuickBooks, or they use Excel when they're out of the office because the business systems are too hard to access remotely.

Because there's no centralized repository for data, it ends up in spreadsheets and you waste time extracting data from them to share with others. Your employees are spending more time hunting for data than making decisions with it. Where are the latest store and ecommerce sales figures? Where is an integrated view of sales across channels? What about the underlying detail?

### **Your management reports are prone to errors or out of date**

Growing retailers that run QuickBooks typically resort to manual work to support business processes, whether rekeying end of day sales figures into QuickBooks, reconciling customer information or manually managing SKUs across multiple systems. Reporting errors are almost inevitable—there are too many people touching or massaging the data. It's dangerously easy to make decisions based on old, incomplete or incorrect data.

### **Simple QuickBooks reports take way too long to run or print**

Ever find that some QuickBooks reports take way too long to run, print or export to Excel? Maybe it's a gross margin by product report that needs hours to process, or even worse—other QuickBooks users get frozen out while the report is running. With QuickBooks, it's easy to hit a performance bottleneck but less easy to solve it; reporting is often one of the first areas affected. When reports take too long to run in QuickBooks, the amount of data your business has amassed has outgrown QuickBooks' reporting capacity.

### **You can't get a comprehensive view across your retail organization**

If your business has grown into multiple geographies or you've added additional locations or channels, you've likely ended up with one set of financials in QuickBooks, and the financials for your other geos or channels in separate installations or financial products. The result is you're likely struggling with an extended, manually intensive and error-prone financial close process when moving data between financial systems. Without visibility into the performance of specific store locations, channels and geos, you're battling emails and spreadsheets back and forth because you can't access the data you need. There's no doubt you're also struggling with a 360-degree view of the customer and an enterprisewide view of real-time inventory information.

**RESEARCH FACT:**

Customers migrating from unintegrated legacy and custom accounting systems to one central accounting system with NetSuite can expect to accelerate financial close times by 20%. Some customers accelerated time to close by up to 50%. — ROI Evaluation Report, Nucleus Research

## 2. QuickBooks Gives You Limited Visibility into Business Performance

With QuickBooks, you'll never achieve a comprehensive, real-time view of your retail business. The reason is the data you need to make decisions is often not just in QuickBooks—it's buried in other applications across your business. As a result, it's easy to spend too much time collecting, integrating and distributing data in spreadsheets.

Even then you're likely to make crucial business decisions based on outdated and contradictory information on store sales, on-hand inventory, top sellers by region and more. With solutions like QuickBooks, accurate, real-time data is out of the question. You can't afford to have your business creaking along. Here are some of the warning signs that QuickBooks is costing you:

### **Customer satisfaction suffers because you don't have access to enterprisewide inventory information**

If you're out of stock of a particular item or size that a customer is looking for, you need to be able to quickly and accurately track that item down at another location or warehouse. Customers don't have the time or patience for associates to do a manual stock check over the phone. Today's savvy customer expects you to have real-time access to inventory information. If you don't, they will likely find the item somewhere else.

### **You can't effectively monitor real-time performance**

With siloed applications across the business, it's impossible to get an accurate and holistic view of the business. You'd like to make decisions based on real-time or even recent data, but QuickBooks was designed for you to wait until the end of month to build reports to see how your business performed.

### **Inventory never seems to be where customers want it**

You're frequently running out of stock at some of your store locations while the same SKU sits on the shelves elsewhere. You're never able to pre-empt it because it takes too long to update and consolidate your POS data, and you don't have real-time access to trend analysis by SKU and location.

“NETSUITE IS SIMPLE TO MAINTAIN AND SCALABLE AS YOU GROW. WE CAN MANAGE THE BUSINESS WITH AN INCREDIBLY LEAN ACCOUNTING STAFF.”

glassybaby

### **You don't have a single view of the customer**

A single view of the customer across web, in-store and call center channels is important to deliver a more relevant and personalized message to your shoppers. It's also crucial for increasing revenue and helping sales associates identify potential upsell and cross-sell opportunities. But gaining that single customer view with QuickBooks is a tall order, requiring a standalone CRM system and multi-point integrations that are so costly and complex that few retailers even make the attempt.

### **Forecasting, planning and replenishment rely on too much guesswork**

You trust your instinct, but if you're honest with yourself, you recognize that you haven't got much in the way of solid data to back up your sales projections and planning budgets. It's too difficult to get historic information in the right format to do proper trend analysis, and you and your merchandise managers often find yourselves putting figures into spreadsheets based on guesswork because, even though you have the actual data somewhere, it's too hard to get hold of it.

## **3. QuickBooks' Limited Functionality Won't Scale with Your Business**

It's easy to run out of headroom when you want to add more store locations, vendors or inventory items than QuickBooks can handle. Greater transaction volumes and speed are key to your business growth and success, and it's easy for QuickBooks to start showing the cracks.

When you need transaction-level details, full audit trails, better business planning and reporting, or automated processes, you'll find yourself having to add additional systems and Band-Aids. To manage growth and maximize efficiency, businesses require stronger financial controls, better SKU management and improved support for more complex financial processes such as LIFO and FIFO. These are capabilities that QuickBooks simply can't provide.

As a result, you find new financial systems, custom applications and spreadsheets springing up around QuickBooks, filling in the gaps that you'd expect your accounting system to take care of. Here are some of the signals that tell you that you've reached this stage:

“THE UPTIME, SPEED AND ABILITY TO GET THE INFORMATION YOU NEED WITH NETSUITE ARE TREMENDOUS. THE POTENTIAL FOR EXPANSION AND GROWTH ARE BUILT INTO NETSUITE—IT’S UP TO US TO PUSH IT.”

Saddleback Leather

### **Finance staff members are using several different applications to do their jobs**

Your needs have become much more complex than when you first bought QuickBooks, and you’ve filled the gaps with other software packages, spreadsheets or homegrown applications. They handle vital aspects of financial management, such as revenue recognition and consolidated reporting, or more mundane but equally crucial processes such as calculating employee expense reimbursements and incentive payments. Your finance staffers spread their attention across as many as half a dozen applications, and you can’t help worrying about the constant risk of errors, especially when relying on spreadsheets or custom-built software.

### **It’s too difficult to add new sales channels, product lines or locations**

Staff is working overtime or having to dream up new workarounds every time there’s a change in the business. Adding ecommerce or selling across multiple marketplaces means bolting on separate software packages. Processes that cry out for automation have to be done manually or from spreadsheets. QuickBooks doesn’t have built-in support for everyday functions such as making simple changes across matrix SKUs, adding new sales tax rates or handling kits and assemblies. Adding a new store location or warehouse means plugging in yet another batch upload that someone has to supervise and if you plan to grow to more than 20 locations you won’t be able to do it with QuickBooks.

### **You can’t adapt fast enough to changing business conditions**

The lack of advanced or specialized functions is preventing you from modernizing your operations the way you want to, and hampering your capacity to react to market opportunities. It’s far too difficult, time-consuming and costly to implement new capabilities to support your business, such as real-time inventory views across locations or more responsive online customer service.

## **4. You Spend Too Much Time Worrying About Technology Instead of Focusing on the Business**

QuickBooks requires you to manage and update the software yourself, as well as integrating it with systems for order management, inventory, CRM, POS and ecommerce. In addition, you have to worry about ongoing availability, security, backups, database performance and the risk of hitting the maximum 30-concurrent user limit of QuickBooks Enterprise. In fact, many QuickBooks users experience a loss of data or face unacceptable delays in menus, screens or reports at some point. And you have to spend cycles maintaining costly and error-prone integrations with other business systems.

Today's best cloud-based, on-demand business systems for retailers are built from the ground up for flexibility and agility, without the overhead of maintaining the underlying technology layer. They're designed to stay up to date with the state-of-the-art in business automation, giving you the tools you need to keep ahead of the competition and seize new opportunities as they emerge.

#### RESEARCH FACT:

The typical company deploying NetSuite increased sales productivity by 12.5%, and companies can expect to improve productivity by up to 20%.

— ROI Evaluation Report, Nucleus Research

Here's how you'll know that you're ready to switch from QuickBooks to a cloud solution like NetSuite:

#### **You keep on putting off upgrades and improvements because of the cost and disruption**

You know that your business systems fall short of what the organization desperately needs, but you can't face the thought of going through all the disruption and expense of upgrading them to the latest version. You're also falling behind on giving employees and customers the ability to access information over the web and from mobile devices, because you haven't got the internal resources to implement and manage the required technology.

"THE REAL-TIME REPORTING IN NETSUITE IS WONDERFUL, AND BEING IN THE CLOUD IS HUGE BECAUSE WE DIDN'T WANT TO HAVE TO RUN OUR OWN IT SHOP." Philz Coffee

#### **You're constantly worrying about backups, server failures, malware and data security**

All your financial data is concentrated in a single QuickBooks system, while ancillary information is scattered around the organization in other software or spreadsheets. You know how exposed you'd be if one of those machines suffered a serious failure—or worse, you had a fire or other catastrophe at your premises—and you're conscious of how dependent the business is on all-too-fallible backup routines.

With so much business now being done by email and Internet, you're equally concerned at the potential for malware attacks or data theft. Does your staff understand the nature of the threats out there? Are your firewalls and anti-virus software fully up to date with the latest threat protection? How fast could your business recover if a server went down and you needed to revert to a backup?

## RESEARCH FACT:

For most companies moving from traditional server-based enterprise applications, the annual cost of NetSuite licenses is less than the annual cost of IT personnel to support the old systems.

— ROI Evaluation Report, Nucleus Research

### **The time it takes before you see a return makes you nervous of investing in new technology**

You know from experience how much working capital you'll have to put aside to fund any major new application or technology upgrade. Yet after a large up-front capital investment, it can be many months before you start seeing a return, and even then you have no guarantee you'll realize the results you expected. In these circumstances, it feels safer to keep muddling on with your existing systems and processes, even if you know they're holding you back.

### **NetSuite Lets You Forget About Technology and Grow Your Business**

If you've been experiencing any of the signs that QuickBooks is failing your retail business, it's time to consider an alternative that better suits your company's next stage of growth. You need a system that covers all the key business functionality such as accounting, sales and service, CRM, inventory, fulfillment and ecommerce in one integrated business management suite, and can deliver real-time, actionable information when you need it the most.

Since 1998, thousands of companies have moved from QuickBooks' limited point functionality to NetSuite's integrated cloud business system. NetSuite not only offers advanced accounting, but also includes built-in inventory, order management, invoicing, CRM, POS and ecommerce functionality that can scale with your growing business. As a result, you no longer have to worry about sourcing separate software for this functionality, constantly integrating various systems or upgrading IT infrastructure as your business grows.

Saddleback Leather, Patriot Outfitters, glassybaby and Philz Coffee are among the retailers to have upgraded from QuickBooks to NetSuite.



“We don’t believe that growth would have been possible with the previous platform. We’ve become much more empowered with NetSuite and have much better control over the business. Because of the functionality inherent in NetSuite, we’re able to do things we could never have done before.”

**Saddleback Leather**

## Saddleback Leather

### Leather Goods Retailer Drives 50% Revenue Gain with NetSuite

Saddleback Leather ([www.saddlebackleather.com](http://www.saddlebackleather.com)), a manufacturer and retailer of rugged and distinctive leather bags, luggage, wallets and accessories in San Antonio, Texas, sacrificed efficiency and productivity with QuickBooks and a set of disparate back-office, CRM and ecommerce applications. The company lacked cross-departmental visibility into key metrics and spent excessive time on manual data manipulation.

Implementing NetSuite and SuiteCommerce in 2011, Saddleback Leather has:

- Grown revenue 50% year over year and gained real-time visibility into key business metrics.
- Leveraged SuiteCommerce to run its e-tail business with full integration of webstore with inventory, financials and CRM.
- Saved two FTEs previously required for inventory forecasting with SuiteApp solution from NetSuite partner Valogix.
- Streamlined multi-currency transactions with a manufacturing subsidiary in Mexico while managing subsidiaries under a single virtual parent.



“We really feel NetSuite is the top, best-in-class solution, head and shoulders above the competition. It’s a strategic initiative for us to have our entire core data consolidated in one location.” **Patriot Outfitters**

### Patriot Outfitters

#### Multi-Channel Retailer Grows with Unified Ecommerce and In-Store POS Solution

Patriot Outfitters ([www.patriotoutfitters.com](http://www.patriotoutfitters.com)), a multi-channel retailer of military tactical gear near Topeka, Kansas, encountered scalability problems with its previous environment of QuickBooks and a custom-built webstore. The company lacked visibility into sales across its ecommerce storefront and 23 physical stores.

Upgrading to NetSuite, SuiteCommerce, NetSuite POS and CRM in 2012, Patriot Outfitters has:

- Realized breakthrough efficiencies across financials, inventory, ecommerce and physical POS.
- Gained real-time visibility into inventory on hand across 23 stores and in the warehouse to ensure adequate stock and eliminate delay.
- Enabled rapid growth, improved decision-making and strengthened customer relationships.
- Equipped call center agents with on-demand access to all customer transactions and interactions to improve service and sales effectiveness.
- Streamlined ecommerce order management for fast and accurate fulfillment with real-time financials reconciliation.

glassybaby

“NetSuite is a very complete system that’s easily adaptable to a wide range of operations. It’s simple to maintain and scalable as you grow. We’re able to access sales data very quickly, and that’s a powerful tool for production planning.” [glassybaby](#)

[glassybaby](#)

### Retailer Streamlines B2C/B2B Business Across Ecommerce and In-Store Channels

glassybaby ([www.glassybaby.com](http://www.glassybaby.com)), a manufacturer and multi-channel retailer of hand-blown votive candleholders based in Seattle, struggled with manual data re-entry across multiple applications and poor visibility into sales and production in its previous QuickBooks environment. Reconciling POS revenues from its three brick-and-mortar stores into QuickBooks was time-consuming and prone to errors.

Implementing NetSuite, SuiteCommerce and NetSuite POS, glassybaby has:

- Streamlined business operations across accounting, ecommerce and in-store sales, inventory and manufacturing.
- Scaled the business to \$7 million in 2012 sales, with 10% of profits donated to cancer-related charitable organizations.
- Seamlessly processed transactions while capturing customer information at three brick-and-mortar stores.
- Gained a single view of customer transactions and interactions across ecommerce and in-store touchpoints.
- Supported craftsmanship and production of 175,000 candleholders a year in more than 400 colors at Seattle facility.
- Improved its ability to scale the business to meet seasonal demand spikes during the November-December holidays with real-time and historical data.



“We implemented NetSuite before we really needed it because we wanted something scalable and robust and didn’t want to go through an implementation in the middle of our growth. NetSuite is a very important tool that helps us work efficiently and effectively, which results in us being able to scale and grow faster.”

**Philz Coffee**

## Philz Coffee

### Fast-Growing Coffee Retailer Drives 400% Revenue Growth

Founded in 2003 in San Francisco, Philz Coffee ([www.philzcoffee.com](http://www.philzcoffee.com)), with an ecommerce channel and 16 coffee shops in the Bay Area, faced hurdles in achieving its rapid growth objectives with QuickBooks. The company wrestled with time-consuming manual work in tracking and replenishing inventory, reporting on sales and other key metrics, and managing transactions with suppliers and corporate customers.

Implementing NetSuite and SuiteCommerce in 2010, Philz Coffee has:

- Improved process efficiency in accounting/finance, ecommerce, inventory and warehousing, order management and procurement.
- Realized 400% revenue growth over two years while expanding its number of physical stores.
- Grown its wholesale distribution channel to more than 100 buyers, including Whole Foods, Virgin America, LinkedIn, Yelp, Facebook and Google.
- Increased B2C sales of 30+ custom coffee blends to customers in the U.S. and internationally over its SuiteCommerce storefront.
- Gained real-time visibility into stock in stores and its Bay Area warehouse, with store managers empowered to reorder as needed.