



THE LIMITS OF QUICKBOOKS

Four Signs Your Nonprofit Organization Has Reached the Limits of QuickBooks



THE LIMITS OF QUICKBOOKS

Four Signs Your Nonprofit Organization Has Reached the Limits of QuickBooks

Introduction

For many small nonprofit organizations, QuickBooks is a good accounting system. But is it the right choice to drive success in the next stage of your organization's growth? As an entry-level accounting system, QuickBooks handles all the basics—general ledger, accounts receivable and accounts payable—but it lacks the full range of capabilities and scalability required to support the complex and ever-evolving needs of growing nonprofit organizations.

Many nonprofit organizations 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 divert valuable resources from achieving your mission and limit your organization's prospects for growth and vitality.

At what point do the costs of QuickBooks outweigh the benefits? When is the right time to make the move? NetSuite has been working for years with nonprofit organizations around the globe that have reached the limits of QuickBooks. While nonprofit organizations are incredibly diverse, the critical issues they face when reaching the limits of QuickBooks are remarkably similar.

This white paper outlines four common business process inefficiencies that you might see reflected in your own nonprofit organization—the telltale signs that you've begun to reach the limits of QuickBooks or have already outgrown it. It also showcases real-world stories of small and medium-sized nonprofit organizations that have upgraded from QuickBooks to NetSuite at critical junctures in their development.

Nonprofits such as Healing Waters, Kiva, the Positive Coaching Alliance and Rags2Riches are among the more than 350 charities and social enterprises to benefit from the cost savings, greater efficiency, productivity and visibility realized with NetSuite's unified cloud business management system, and have empowered nonprofits to fuel their mission by channeling limited resources where they matter—into social change across their target communities.

1. It's Too Hard to Find Out What's Happening Across Your Organization in Real Time

QuickBooks was designed for a time when you could afford to wait until the end of the month to get the data you need. That is not the case today. With growing pressure to provide openness and accountability both inside and outside the organization, providing transparency to key stakeholders and constituents on demand is no longer optional. Real-time visibility and insight can make the difference between thriving and barely surviving.

A small organization at a single location can sometimes get by without a fully automated, online system because they are close enough to the action. But, as your organization grows or adds new locations the information to be exchanged swells out of control. You suddenly have data buried not just in QuickBooks, but also in your other applications, such as constituent relationship management (CRM), ecommerce, project management, HR, payroll and other systems.

By relying on disparate data sources, staff is forced into unproductive manual work, creating inefficiencies and taking valuable time away from advancing the core mission. That, in turn, drives up administrative expenses reported by U.S. nonprofits to the Internal Revenue Service in addition to websites such as Charity Navigator, CharityWatch and Better Business Bureau, which are used by prospective donors to size up a nonprofit's worthiness of funding.

High administrative expenses can contribute to an unfavorable rating on charity watchdog websites, undermining fundraising effectiveness and the overall mission. Here are some of the telltale signs you may be experiencing with QuickBooks:

You're wasting time playing "hunt the spreadsheet"

Nonprofit organizations that run QuickBooks inevitably reach a stage at which employees rely upon spreadsheets to plug the information gap because data is scattered across the business in multiple systems whether in QuickBooks, CRM or donation systems. Often, employees that 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 is no centralized repository for the data, it ends up in spreadsheets and time is wasted extracting data to share with others. Your staff spends more time hunting for data than making decisions with it.

Your management reports are prone to errors or out of date

Growing nonprofits that run QuickBooks typically resort to manual work to support business processes, whether rekeying donations into QuickBooks, reconciling expense information or manually tracking inventory across multiple systems. The result is that errors in reporting are almost always inevitable, making it difficult to know where you stand. You lack confidence in the numbers and you find it difficult to forecast and adapt to change. It becomes dangerously easy to make decisions based on old, incomplete or simply inaccurate data.

Simple QuickBooks reports take an unacceptable amount of time to run or print

Do you ever find that some QuickBooks reports take way too long to run, print or export to Excel? Maybe it is a month-end report that takes hours to process or, even worse, other QuickBooks users get frozen out while the report is running. It's not uncommon to hit a performance bottleneck with QuickBooks, but it isn't as easy to solve it. In fact, performance degradation is often one of the first symptoms experienced by growing organizations. When reports take too long to run, the amount of data your organization has amassed has outgrown QuickBooks' reporting capacity.

You can't get a comprehensive view across all of your locations or entities

If your nonprofit organization operates in multiple geographies, locations or is a multi-entity organization, then you've likely ended up with one set of financials in QuickBooks, and the financials for your other geographic locations or entities in separate installations or financial products. The result is that you're likely struggling with a manually intensive and error-prone financial close process when moving data between financial systems, along with a lack of clarity into the performance of regional or field offices. Without visibility into the performance of your organization, you're battling emails and spreadsheets back and forth because you can't access the data you need.

2. QuickBooks Gives You Limited Visibility into Key Metrics

Growing nonprofit organizations are under tremendous pressure for reporting and operational transparency, and these challenges are multiplying. You must quickly and accurately share every aspect of your financial and operational performance with savvy board members, executive management and other constituents who play a vital role in keeping your organization alive. In today's online environment, key stakeholders expect on-demand access to metrics, approvals and reports.

Unfortunately, such real-time responsiveness will never be achieved with QuickBooks. The reason is that, often, the data you need isn't only located in QuickBooks, but also buried in other disparate, poorly integrated or offline systems across your business, or simply not available. You can't afford to have your nonprofit creak along. Here are some of the warning signs that QuickBooks is costing you:

You can't provide your stakeholders with accurate, up-to-the minute information

When the board wants information on the impact of a particular program, a donor wants to understand where you are spending money, or your CFO wants information on the organization's cash position, your staff scrambles to pull the desired information together from separate spreadsheets or systems, causing unnecessary delays and potential errors in reporting. You are finding it more

and more difficult to provide the required levels of transparency, accountability and auditability required in today's competitive nonprofit environment.

The budgeting process relies on too much guesswork

It is too difficult to get the data you need to develop accurate budgets and forecasts. Sure, the data is out there, but not easily accessible or available when you need it. Expense items are stuck in lengthy processing cycles or in interoffice mail, while funding data is in a spreadsheet somewhere. You suffer unnecessary delays gaining visibility into revenue and expenses, making it very difficult to forecast.

Your constituents can't self-serve information

Your employees are on the move, and so are your fundraisers and other constituents. You'd like to provide online access for real-time delivery of information and for self-service into processes like expense management, but you can't justify the investment of time and money it would take. In any case, your business system was never designed for anywhere, anytime access and you're not confident you could keep it secure.

3. QuickBooks' Limited Functionality Won't Scale with Your Organization

If you are like many growing nonprofits using QuickBooks, there inevitably comes a time when the system runs out of headroom and can no longer handle capacity or functionality requirements. Greater transaction volumes and speed are key to your organization's growth and success, and it's easy for QuickBooks to start cracking under the pressure.

To keep your nonprofit organization vibrant and compliant, you need full audit trails, rich business planning and reporting, and fully automated processes without having to add additional systems or devise workarounds. These are capabilities that QuickBooks simply can't provide. As a result, you find custom applications and spreadsheets springing up around QuickBooks in an effort to fill the gaps of your business management system. Here are some of the signals that you've reached this stage:

Finance staff members are using 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 consolidated reporting, or more mundane but equally important processes such as calculating employee expense reimbursements. With multiple applications, you don't have a single version of the truth and fear that every staff member might have a different answer to the same question.

Financial consolidation takes ages

As you expand into new geographic regions or add field offices, you find that it is taking longer and longer to finish cross-posting transactional data between systems. Finance staff is working late every month to finish consolidating the financial reports and, even then, the reports are delivered far later than needed.

Slow and disjointed approval processes

Simple decisions such as expense claim approvals or routing contract signatures take days or weeks to finalize because the process depends upon people passing paperwork around, as opposed to having the functionality built into the application. With no single, shared record of what stage the process has reached, staff frequently spends time hunting for lost documents and tracking down late approvals.

You can't adapt fast enough to new opportunities and challenges

The lack of advanced or specialized functions is holding you back and preventing you from modernizing your operations, thus hampering your capacity to react to opportunities and trends in the environment. You know that modern technology and new capabilities have the potential to improve every aspect of your nonprofit, but these specialized solutions, such as online donor applications or CRM solutions, are handled in external packages and have limited or no integration with QuickBooks.

4. With QuickBooks, You Always Worry About IT Issues and Costs

QuickBooks requires you to manage and update the software yourself, as well as the other systems you maintain to run your business. 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. Many QuickBooks users, at some point, experience a loss of data or unacceptable delays in menus, screens or reports and, must spend cycles maintaining costly and error-prone integrations with other business systems.

Today's best cloud-based, on-demand business systems for nonprofit organizations 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 efficiently manage financials and operations to better focus resources on your core mission. Here's how you'll know that you're ready to switch from QuickBooks to a cloud solution provider like NetSuite.

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

You know that your business systems fall short of what the organization 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 key stakeholders the ability to access information over the web and from mobile devices because you lack the internal resources to implement and manage the required technology.

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 were to experience a catastrophic event at your business premises such as a fire and you're conscious of how dependent the organization is on all-too-fallible backups.

The time it takes before you see a return makes you nervous about 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 that you expect. 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.

With so much business conducted via email and over the 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 organization recover if a server went down and you needed to revert to a backup?

NetSuite Lets You Forget About Technology and Focus on Your Mission

If you've been experiencing any of the signs that you've outgrown QuickBooks, it's time to consider the cloud-based products and services that NetSuite offers. Moving your nonprofit organization to the cloud allows for more efficient and effective business operations, enabling you to focus on strategic activities and minimize ongoing operational costs.

Healing Waters International, Kiva, the Positive Coaching Alliance and Rags2Riches are only a few of the more than 350 charities and social enterprises that use NetSuite to fuel their mission.



HEALING WATERS INTERNATIONAL

Delivering clean water systems and education in more than 130 communities

Since 2002, Healing Waters International (www.healingwaters.org) has supplied clean water systems, health education and training in more than 130 communities in Haiti, the Dominican Republic, El Salvador, Guatemala and Mexico. Based in Golden, Colo., Healing Waters International struggled with QuickBooks' limited visibility, resulting in delays and unnecessary manual work on accounting for project financials and managing operations across five field offices in Latin America.

Since upgrading to NetSuite in 2007, Healing Waters International has:

- Gained a unified cloud business management system that reduces costs and manual work and frees resources to focus on its core mission.
- Realized cost-efficiencies that support plans to expand in 2014 to Nicaragua, Colombia, Sierra Leone, Congo, Uganda, Burundi, Mozambique and Swaziland.
- Increased its visibility and control over water treatment and filtration systems in stock for future projects.
- Improved decision-making speed and effectiveness with real-time data and summary-to-detail drill down reporting.



“NetSuite has been able to accommodate everything we need on a global basis. I can report with a high degree of confidence on each project as to how funds are used. The flexibility that NetSuite gives us as a cloud-based system has been incredible. And with NetSuite OneWorld, we can look at the general ledger of each field office for a real-time view of where they are.”



KIVA

Changing lives in developing nations with microfinancing

Founded in 2005, Kiva (www.kiva.org) has facilitated nearly \$500 million in microfinancing between more than 1 million lenders and borrowers in 73 countries, with a repayment rate of more than 99 percent. The San Francisco-based nonprofit is making a genuine difference around the world by enabling small businesses to start up and grow, generating jobs and helping alleviate poverty.

But, with QuickBooks and Excel, Kiva lacked timely, accessible and comprehensive information and faced limitations in growing to maximize its social impact. Since implementing NetSuite in 2010, Kiva has:

- Streamlined accounting and expenses and payables, freeing staff to focus on the core mission of connecting lenders to borrowers.
- Improved its financial management practices and visibility across developmental, managerial and programmatic areas for better compliance and reporting.
- Saved time and money with automated multi-currency conversions for micro-loans across dozens of nations.
- Reduced the time exhausted processing per diem expense report approvals from a week to a day for approximately 60 employees traveling through more than 60 countries.
- Reduced the time for budget vs. actuals reporting from two days to an hour.



“NetSuite allows our finance managers to engage more with our products and systems as opposed to simply dealing with manual data entry, processing and reporting. Now we can get information in five minutes that would take days with previous applications.”

Kiva



POSITIVE COACHING ALLIANCE

Youth sports coaching program gains a winning edge

Founded in 1998 and based in Mountain View, Calif., the Positive Coaching Alliance (PCA) (www.positivecoach.org) has impacted more than 5 million young athletes by providing sports coaches, parents and other leaders at more than 1,700 schools and youth organizations with training and resources on sound, character-building coaching.

PCA struggled, however, with QuickBooks, Excel and a custom-built web store that hurt efficiency and consumed valuable resources. With delays and limited visibility into revenue and expenses, PCA found it difficult to forecast and adapt. Since upgrading to NetSuite in 2009, PCA has:

- Gained efficiency and visibility to better focus on its mission of developing “Better Athletes, Better People.
- Fully automated daily transactions that used to take up to three hours to manually process.
- Improved visibility and management of nine regional offices in the U.S., with self-service access for employees.
- Enjoyed steady double-digit revenue growth that helps in continued program expansion and opening new regional offices.
- Streamlined online sales of coaching and training services, and web-based donations, atop the NetSuite SuiteCommerce platform.



“The integration between our SuiteCommerce storefront and NetSuite is great because we can make changes to our web store very quickly. NetSuite gives us a lot more transparency into our information. There’s no way we could do as much, or be as successful in reaching youngsters, with our previous system.”



RAGS2RICHES

Alleviating poverty among Philippine artisans via the cloud

Rags2Riches (www.rags2riches.ph) got its start in 2007 with the innovative idea to work with women who crafted rugs and other items from scraps of fabric scavenged from Payatas, one of the Philippines' largest dumpsites and home to 12,000 families. Based in Manila, Rags2Riches was using QuickBooks and paper-based processes that limited its ability to operate efficiently, help provide artisans with fair access to the market and improve the well being of the women and their families.

Since implementing NetSuite in 2012, Rags2Riches has better efficiency and can make informed data-driven decisions to grow its business. NetSuite has helped the organization:

- Expand its community of partner artisans from 300 to 800, dramatically improving social impact.
- Increase revenue by 150 percent, with funds reinvested in its eco-ethical business model.
- Triple its full-time workforce to more than 25 people, providing good jobs and an engine for growth.
- Grow channels to include direct-to-consumer ecommerce sales and dozens of brick-and-mortar shops in both the Philippines and abroad.
- Pursue a growth path through improved inventory and order management, manufacturing, distribution, and B2C and B2B sales.



“NetSuite has been a big part of the Rags2Riches effort to help our artisans lift themselves and their families out of poverty. NetSuite is more than just a tool—it’s a genuine partner and like a family. NetSuite helps us understand how we are doing with sales and expenses and makes our operation more effective to serve people better.”

About NetSuite

NetSuite is the world's leading provider of cloud-based business management software. We offer nonprofit organizations a complete solution—integrating accounting, financials, constituent relationship management (CRM), Ecommerce, professional services automation (PSA), HR, payroll and more. Over 350 nonprofit organizations across the globe benefit from automated operations, streamlined processes and real-time access and visibility to key operational information anytime, anywhere. Through our NetSuite.org corporate citizenship program, nonprofits benefit from product donations and discounts, pro bono programs and social solutions.

