

Structuring a P&L to your Business



Case Study: Having a Structured P&L that tells you about your business

Situation

The business generated a Profit and Loss statement each month, but the information was too basic to provide clear insights. Revenue was lumped together, making it difficult to pinpoint strong and weak areas. Costs were either misallocated or bundled, which obscured understanding of spending. The P&L lacked departmental breakdowns and was difficult to read—like trying to read a book in a foreign language. Management struggled to use the data for decision-making.

Action

We worked with management to identify the specific information needed from the P&L. The goal was to clarify which revenue streams were generating income, how costs were allocated, and where spending could be reduced. We broke revenue down into five streams to show which services were performing well. We also automated supplier invoices to improve cost allocation and categorized expenses into three key areas:

- **Cost to Serve** the clients
- **Cost to Sell** to the clients
- **Cost to Administer** the business

Outcomes

Reorganizing the Profit and Loss statement created a clearer, more user-friendly document. Key outcomes included:

- ✓ **Clarity** – The revised P&L provided a clearer view of the business's financial performance.
- ✓ **Ownership** – Managers took ownership of both revenue and expenses within their departments.
- ✓ **Trend Identification** – The business could now spot trends and make informed decisions.
- ✓ **Proactive Management** – Management could identify unusual trends early and take action.
- ✓ **Informed Decision-Making** – The clear, organized P&L enabled confident, strategic decisions.

OPTIMA BIS

OUTPUT
PROGRESS
TALENT
INTEGRATION
MENTORING
ACTION

UNLOCKING
YOUR BUSINESS
POTENTIAL