



FLP Session 2: Deeper dive into....

- **Cost of Goods Sold (COGS)**
- **Gross Margin (GM)**
- **Chart of Accounts (COA)**



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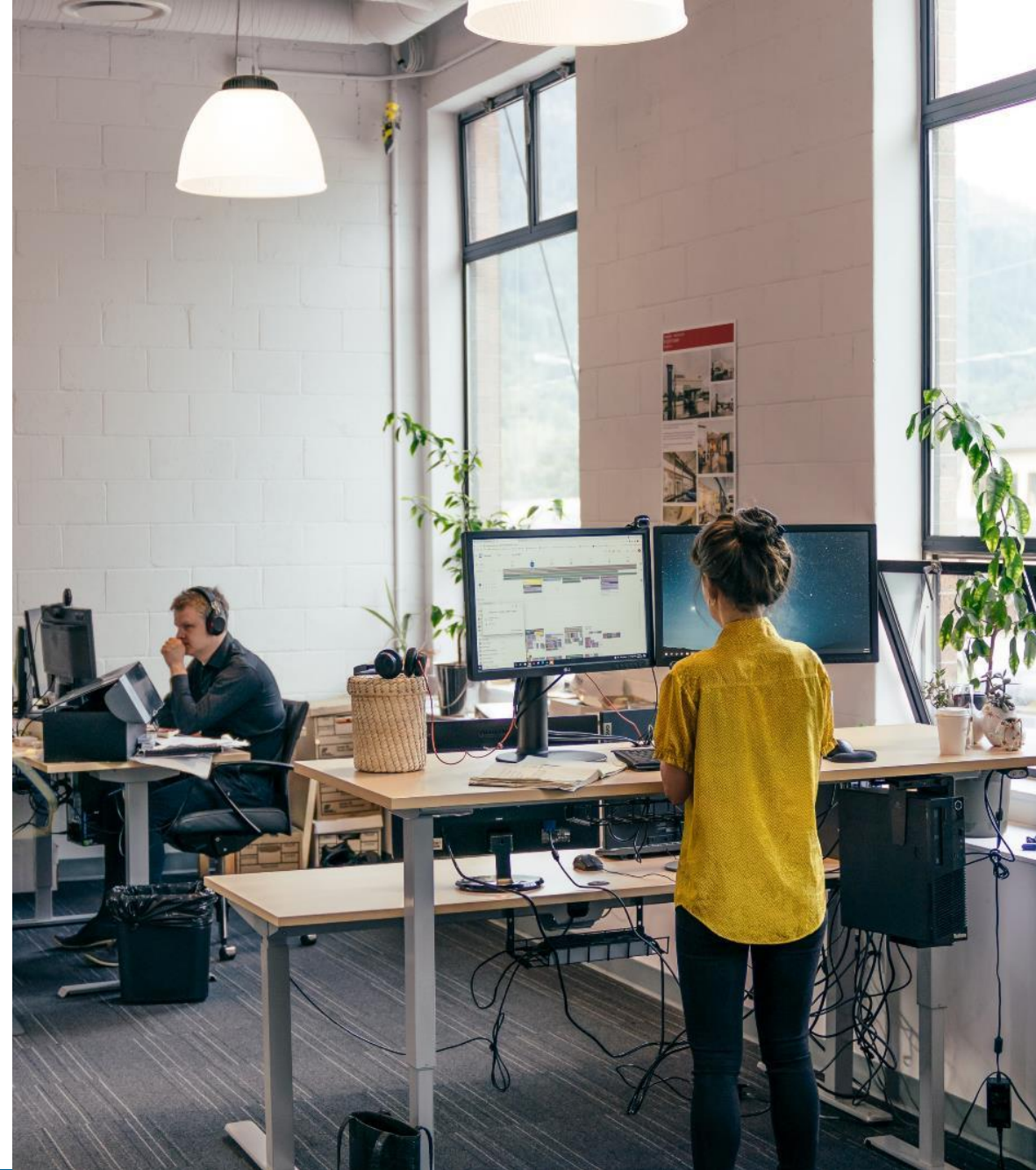
WARNING!!!

- This session is dense
- Next session: light at the end of the tunnel
- Stick with us



Revenue Centres Layout

- What information do you need to garner?
- Too much? Not enough?
- Service Co./Product Co/Manufacturing Co.
 - Will look at Service and Product Co.
 - Manufacturing is too complicated for Foundation 1 Course
- Why important?
 - COGS can't be done otherwise
 - Sometimes need to adjust to line up with COGS
- [FFLG Seminar 2.xlsx](#)



Cost of Goods Sold (COGS)

- Cannot Stress the importance enough!
- THIS IS HARD
- Fixing Expenses won't cut it
- It's not easy but worth it
- It's a PROCESS, not an event!!
- Direct and indirect expenses
- Building a process to capture time
- [FFLG Seminar 2.xlsx](#)





Revenue and COGS

- Labour (don't over bake the cake)
- Develop a feasible repeatable process (not an event) and stick with it
- Service delivery costs (fuel)
- Time to site, supplies, shipping
- Review the process and COA required
- POS Systems – Program to match COA
- Why you need a supporting COA
 - To Capture Information
 - Automate data transfer into monthly financial statements



Gross Margins

- Support Decisions
- Source of Pricing
- Where to focus sales & marketing efforts
- Equipment decisions
- Expansion or contraction
- [FFLG Seminar 2.xlsx](#)



Homework

- Revenue Centres Laid out - in Excel
- COGS Calculated
- Gross Margin (by Centre if possible?)
- NOTE: If you don't have the numbers in place, do layouts and general framework

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working group!**

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