REPORTING

Management reporting is a type of business intelligence presented to management-level staff within your organisation.

The process of creating a management report often involves employees consolidating and analysing data from different sources and using it to make a detailed, clear overview of business performance, which, once complete, they then submit to their managers.

Management reporting is an important part of business operations because it helps businesses measure their performance against specific targets and compare their results with competitors.

All aspects of a management report can be decided upon internally, such as deadlines and timeframes, content inclusions and report length, and the format in which they're delivered. As management reports contain financial and proprietary information, they are confidential documents for use internally only.

Presenting management reports to your business leaders can showcase areas within your business that need to be improved upon and highlight patterns and trends so sound conclusions can be made quickly. From here, leaders have a clear picture of the business's health, and critical operational and strategic business decisions can be made based on the performance insights contained within the report.

Essential types of management reports

There are some types of management reporting you could present to your senior executives to show how each division is meeting KPIs for the month, quarter or year.

The following management reports are essential in driving your business forward:

Analytical reports

Analytical managerial reporting involves examining and assessing the effectiveness of your business strategies.

During the process of collating data for the report, business divisions can present quantitative data to crunch the numbers and qualitative data as a way of explaining the reasoning and logic.

Implementing analytical reports within your business can lead to improved innovation and constructive, strategic decisions.

Internal reports

An internal report is typically prepared within a business to relay the performance of plans or projects within business departments.

Internal reports can effectively track the progress or status of activities assigned to team members, measuring how productive business workflows are.

Operational reports

Operational reports monitor the performance of different business metrics with various intentions, such as:

- Optimising business performance,
- Identifying trends,
- Minimising costs, and
- Improving day-to-day operations.

Operational reports can help uncover efficiencies and inefficiencies within your business and are often created at monthly, quarterly and yearly intervals.

Importance And Benefits of Reporting

A management report is an analytical tool to assist managers and business leaders in assessing the performance of many aspects of the business.

Management reporting contains many benefits for business advisors, management-level staff and CFOs, including:

- Providing business leaders with the data and insights they need to make strategic and operational decisions.
- Leaders can use the reports to understand the overall health of their business, which can help them to prevent unnecessary losses or expenses.
- Supporting leaders in your business to understand top KPIs and use these to set performance goals.
- Serving as a means of communication within your business, enabling divisions and teams to come together in the collective sharing of information and working towards common business performance goals.
- Improving collaboration between business divisions, with everyone working together with a common objective.
- Encouraging continual business growth and ensuring a prosperous long-term future.

Effective Report

Effective reporting can be a powerful tool in driving improvement within your business.

For effective reports that give business leaders everything they need to see, it should include the following:

- **Your objectives:** Communicate the goal of management reporting within your organisation and how the report contributes to it.
- **Your measurements:** Utilising KPIs as a metric for success so far and explaining the goals the business is striving for.
- **Be clear with your narrative:** Ask yourself, what do my managers need to do with this information? Developing your management report with this question will help you get to the point quicker and keep the information tight.
- **Visualising your data:** Using visualisation techniques in your management reports to tell an engaging story. These techniques may include charts and graphs that communicate results quickly to business leaders.

- **Include recommendations**: Include an action plan or recommendations within your management report based on the insights you've included. Your business management can use these pointers to determine what steps they'll need to take next.
- **Use of Reporting Technology**: Leverage management reporting software to streamline the process of creating your report, removing the need for repetitive manual intervention and assuring the accuracy of your data.

Report Creating

Although there isn't a one-size-fits-all management reporting process, there is a series of steps you should follow in gathering, analysing and presenting your business data in the form of a management report.

The management report you produce after following these steps will help leaders make some forward-thinking calls about what trajectory your business will be taking.

Identifying Your Reporting Objectives

Start with setting the specific strategic goals you're trying to achieve through your management reporting, and understanding what results you will be looking for.

You'll also need to set measurable KPIs to benchmark your business success in alignment with overall company goals.

Collecting your data

The next step is collecting the necessary information to track your success and progress towards achieving those goals. Focus on picking the sources of data you need to tell the big picture.

Management reporting systems are a valuable tool in this instance, as they'll allow you to automatically connect all your data sources with the click of a button.

Here are some essential elements that should be contained within your report:

- Start with your reporting objectives.
- Document trends in KPI performance.
- Add a section on current KPI performance metrics.
- Create an at-a-glance analysis of the business performance based on the data obtained from your accounting software
- Include a consolidated financial report
- Make recommendations on action items for your business leaders to consider, including a cash flow forecast to help with business planning (learn more about what is cash flow forecasting)

Best practices for management reporting

Management reporting best practices can help you to enhance the quality of your reports. A well-crafted report that maximises its impact can make all the difference to how your managers respond and, subsequently, how informed and strategic their recommendations will be.

Following these management reporting best practices can include:

- Understanding your management reporting goals,
- Use data to tell the story to your business leaders,
- Ensuring that you have relevant KPIs to track your business goals,
- Using management reporting software to simplify and automate your tasks,
- Making reports visually engaging so it is easy for managers to interpret.

OBJECTIVES OF MANAGEMENT REPORTING

- To provide accurate and timely information.
- To measure organizational performance.
- To identify deviations from planned targets.
- To support effective decision-making.
- To improve coordination and control.