**Organizational Systems: Filling in the Income Statement**

After completing this activity you will be able to:

* Discuss how ERP systems dramatically improve the efficiency of the accounting organization.
* Discuss how ERP systems can improve the decision making of a company.

**Step 1: Individually Complete**

Read: You are an accountant with FitterSnacker. You are responsible for creating the income statement. The data that you need to create the income statement is spread out across a variety of systems. Here are the systems:



**Step 2: Discuss as a Group (2-3)**

1. Which systems will you need to get data from to complete each line of the income statement? Feel free to ask questions about what each of the systems do.

Gross Sales: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Cost of Goods Sold: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Personnel: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Rent: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Operating Expenses: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. How often is the same piece of information captured in more than one place, and when it is, which place should you get this information from?

3. What are the odds that information that is stored in multiple locations is always identical or can this information get out of synch? If it is not identical how can this impact your ability to make decisions?

4. FitterSnacker receives a call from a prospective customer. This could be the first of many large orders from this customer! The customer is asking for a price of $1.00 per snack bar. It looks like your cost for making a snack bar is $0.90. However, due to the time and resources it takes to calculate the cost of making each snack bar it is only calculated once per quarter and this cost of $0.90 is two months old. You also know that the price of oats, a key raw material, has been going through the roof over the past few months so you’re really not sure how much each snack bar costs to make. You don’t want to turn away a prospective large customer but you don’t want to lose money on the deal. Do you take the order at $1.00 per snack bar or walk away?

5. How do things get more complicated if you are the parent company for a collection of companies and you need to put together the income statement for the parent company?

6. How can an ERP system with a single integrated database improve the efficiency of the accounting organization?

7. How can an ERP system with a single integrated database improve the decision making of the organization?

**Step 3: Students will be called upon at random to discuss**

Discuss the answers to these questions.

**Step 4: Rate this activity (individually) and submit completed activity sheet**

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| **Ratings** | 1 Completely Disagree | 2 Somewhat Disagree | 3 Neutral | 4 Somewhat Agree | 5 Completely Agree |

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| **Statement** | **Rating (1 to 5)** |
| This is an engaging activity. |  |
| This activity helped me learn more about today’s topic. |  |
| This activity should be included in future classes. |  |
| Anything else you want the instructor to know? |