





Cost of Goods Sold Deep-Dive Analysis

VIP SOLUTIONS CASE STUDY




BACKGROUND

Our client did not have confidence in the monthly COGS recognized in 2020. Margins fluctuated in unpredictable ways that were not inline with business performance.

OBJECTIVES

-  Review cost of goods (COGS) process on orders
-  Identify process improvements to address timing of receipts and shipments
-  Implement processes to enhance accuracy of cost of goods
-  Prepare process narrative to serve as training

SOLUTIONS

-  Developed cost analysis process to validate COGS every month
-  Developed closing procedures to enhance accuracy and credibility of reporting
-  Prepare process flowchart and narrative to serve as training

Developed process to ensure accuracy of COGS and facilitate margin analyses at a product level

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STATUS DOCUMENT

Project Status

Objective(s):

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- Identify process improvements to address valuation of COGS
- Identify process improvements to address timing of receipts and shipments
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- Prepare process narrative to serve as training
- Prepare recommendations to enhance and maintain accuracy

Open Requests:

Health	●	2
Owner	Matthew Edwards	
Est Completion	Feb. 2021	

	Jan				Feb				Mar	100%	no Complete Health	
	1/4	1/11	1/18	1/25	2/1	2/8	2/15	2/22	2/29			3/7
Review of COGS Recognition Process											100%	●
Identify valuation process improvements											100%	●
• Evaluate costing on goods counted in physical Inv											100%	●
• Evaluate ability to cost kits and FG on Jan orders											100%	●
• Develop process to actively cost Jan orders											100%	●
• Evaluate consigned inventory valuation											100%	●
Identify timing process improvements (receipts & shipments)											100%	●
• Evaluate consigned inventory on hand reports											100%	●
• Evaluate process used to timely receive and ship goods											100%	●
Implement processes to enhance accuracy											100%	●
• Develop process to value of on hand FG											100%	●
• Develop process to value WIP											100%	●
• Prepare inventory process diagram											100%	●
• Develop process to identify & value in transit inventories											100%	●
• Develop month end inventory workbook											100%	●
Prepare process narrative to serve as training											100%	●
Develop calendar of close activities by observing Feb close											100%	●
Prepare recommendations to enhance and maintain accuracy											100%	●