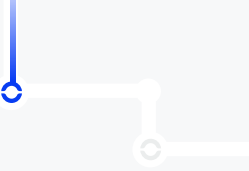




Stuck in the Workaround Layer

**QuickBooks and Xero handles the books,
why are spreadsheets handling everything else?**



OVERVIEW

Stuck in the Workaround Layer

The Thing Nobody Says Out Loud

Nobody decides to run a factory on fourteen spreadsheets. It just happens.

Most manufacturers start small. QuickBooks handles accounting, a spreadsheet or two tracks inventory, and one person on the floor knows where every SKU lives. For a while, that's enough. Orders ship on time, inventory feels manageable, and the month closes clean.

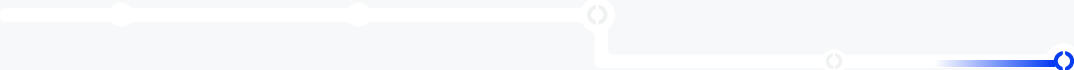
Then the business grows. You add more SKUs, open a second location, or land a customer that suddenly requires lot tracking. Products become more complex. Inventory lives in more places. The spreadsheets that once worked start collecting additional tabs, formulas, and workarounds. Before long, one worksheet feeds another, and a process that used to take minutes now takes hours.

There's rarely a single breaking point. Instead, the cost shows up gradually. It shows up in the hours spent reconciling inventory counts, in the stockout that shouldn't have happened, or in the order you couldn't confidently commit to because nobody trusted the numbers.

That's the workaround layer. It's often one of the most expensive parts of the business that never appears on a report.

This paper won't try to pry QuickBooks out of your hands. It's good accounting software, and most of the manufacturers we talk to want to keep using it. The accounting system isn't the problem. The problem is everything you've built around it to manage inventory, manufacturing, purchasing, and fulfillment. Those workarounds were manageable when you were smaller. As complexity grows, so does the cost of maintaining them.

In this whitepaper, you'll learn:

- How to Why spreadsheets become harder to manage as inventory and manufacturing complexity grows
 - The six operational signals that indicate you've outgrown manual processes
 - Where inventory inaccuracies, overbuying, and reconciliation costs start adding up
 - How to determine whether it's time to stay the course or invest in a dedicated inventory and manufacturing system
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Why This Happens, and Why It Isn't a Discipline Problem

There's the honest version: spreadsheets were never built to run a manufacturing business, so eventually they stop being able to.

You can't out-organize the problem. A tidier workbook, a stricter naming convention, or another color-coded tab doesn't solve it. A spreadsheet has no idea what's physically sitting on your shelf. It only knows what was entered into it last. The difference between those two things is where mistakes, delays, and unnecessary costs start to show up.

Three patterns appear in almost every growing manufacturer we talk to.

Inventory numbers are wrong more often than most teams realize.

This isn't a knock on your team. It's simply what happens when spreadsheets become larger, more complex, and more heavily used.

Spreadsheet errors are more common than most people realize. In a review of field audits, researcher Ray Panko found that 88% of spreadsheets contained errors. When inventory planning, purchasing decisions, and financial reporting depend on those spreadsheets, even small mistakes can create bigger operational problems.

Source: Ray Panko, What We Know About Spreadsheet Errors, University of Hawaii. Verified.

You over-buy to feel safe.

When stock lives in two places, and one of them is a spreadsheet, nobody fully trusts the count, so you order extra. The extra sits there. Every month it sits, it costs you in cash, in floor space, and in the slow rot of obsolescence.

Run the math on your own business. A \$5M manufacturer carrying roughly 8% of revenue in inventory is sitting on about \$400,000 of stock. At a 25% annual carrying cost, that's roughly \$100,000 per year. The question isn't whether carrying costs exist. It's whether you have enough visibility to understand what they're costing you.

Source: Illustrative model, not a benchmark. The 20–30% carrying-cost range is widely cited across APICS/ASCM; treat the dollar figures as a thinking tool.

Reconciliation quietly eats your most expensive hours.

Most growing manufacturers have at least one senior person spending the better part of a day each week reconciling counts, BOMs, and order statuses across systems. Put a rough number on it. At a \$90,000 fully loaded salary, eight hours a week of reconciliation is roughly \$18,000 a year of senior time that produces nothing you can sell.

You're not alone. Small businesses account for more than 98% of all U.S. manufacturing firms, according to the U.S. Small Business Administration. Most eventually reach a point where the systems and processes that got them here start getting in the way.

Source: U.S. Small Business Administration Office of Advocacy, Facts About Small Business Manufacturing Statistics 2025. Verified.

None of this feels dramatic on any given day. That's what makes it easy to ignore. The costs are spread out, hidden inside everyday processes, and often tolerated until growth starts exposing the cracks.

The Six Breaking Points

Think of these as diagnostic signals. You won't necessarily experience all six at once. But the more of them you recognize, the more the workaround layer is already costing you.

Point 1 — SKU Count and Complexity

The signal: You've pushed past a few hundred active SKUs, and nobody can hold the list in their head anymore. New parts get misnamed. Old ones go dormant in the spreadsheet but still sit on the shelf. Procurement placed duplicate orders because the search across tabs missed what you already had.

Verdict: A short, straightforward SKU list can work in a spreadsheet. Once you move beyond roughly 100–150 SKUs, especially with variants, sub-assemblies, or seasonal parts, the workaround layer turns into a liability. Step up.

Point 2 — Multi-Location Stock

The signal: Inventory now exists in more than one place—a second warehouse, a 3PL, company vehicles, or a retail location. Transfers happen through emails or manual updates, and when two locations disagree, nobody is sure which one is right.

Verdict: One shelf, one person counting, stay. Two or more locations, or any stock you don't physically touch each week, step up. This is the breaking point with the fastest payback. The cost of one mis-shipped order usually beats a month of software.

Point 3 — BOM Complexity

The signal: Products are built from sub-assemblies, and BOMs live in Word documents, spreadsheets, printed binders, or someone's memory. Change a component and the update doesn't flow through the rest of the structure. You find the inconsistency at the worst possible moment, usually mid-commitment to a customer.

Verdict: Single-level BOMs with a handful of components and rare changes are survivable in a spreadsheet, barely. Multi-level BOMs, frequent

engineering changes, or any part that feeds several parents — step up. The math stops being linear fast.

Point 4 — Lot and Serial Tracking

The signal: A customer, auditor, or regulator asks which lot went into a product shipped six weeks ago, and answering the question requires digging through emails, receiving records, and spreadsheets.

Verdict: No traceability needs and no recall risk, stay. Food, beverage, supplements, cosmetics, medical, aerospace, automotive, anything regulated — step up now. One badly handled recall costs more than a decade of software. And customers are starting to demand traceability even where regulators don't.

Point 5 — Order Volume and Picking Errors

The signal: You're shipping more orders a week than you used to and picking mistakes are creeping up. Customers notice. A wrong shipment costs you the reship, the goodwill, and sometimes a slice of that account's lifetime value.

Verdict: Low order volume and simple products: a sharp lead with a printed pick list copes. Higher volume, mixed orders, kitting, anything that needs a lookup mid-pick — step up. Picture the stakes: manual picking errors tend to run in the low single digits, software-driven picking well below that. At real volume, a point or two of difference is several wrong shipments a week, each one a refund and a dent.

Point 6 — Audit and Month-End Pain

The signal: Close used to take an afternoon. Now it takes a week. Your accountant asks for inventory adjustments, and the honest answer is "let me get back to you." The physical count and the spreadsheet disagree by 5% or more, and nobody trusts either number.

Verdict: If inventory reconciles cleanly and month-end runs smoothly, you're probably fine. If close has become a recurring fire drill, it's worth evaluating whether your current tools are still supporting the business.

If there's any chance you'll raise money, sell the business, or set a real audit in the next two years, this stops being an operations problem. Lenders and buyers price inventory uncertainty as risk and discount you for it, whether or not they ever say so out loud. That makes it a valuation problem.

Stay or Step Up

Stay where you are if your SKU list is short and flat, your stock lives in one place, your BOMs are single-level, and your close is clean. There's no prize for buying software you don't need yet.

Step up when you recognize several of these at once, particularly multi-level BOMs, multiple locations, or traceability requirements. Most manufacturers don't hit one breaking point. They hit two or three in the same quarter, and that's the real trigger. One is something you live with. Three is a tax on your growth.

In our conversations with SMB manufacturers, this transition usually gets urgent somewhere between \$2M and \$10M in revenue. But it's the operational

complexity that forces the call, not the revenue line. Plenty of \$1M businesses are fine, and plenty of \$4M ones are already drowning.

Where Fishbowl Fits

This is the layer Fishbowl was built to be. Inventory and manufacturing in one workflow — BOMs, lot and serial tracking, reorder points, multiple locations, picking — sitting alongside the QuickBooks or Xero you already trust for accounting. It's an addition, not a rip-and-replace ERP. You keep the books where they are. You stop running operations inside a tool that was never meant for them.

About Fishbowl

Fishbowl helps SMB manufacturers gain greater control over inventory, manufacturing, purchasing, and warehouse operations while continuing to use QuickBooks or Xero for accounting.

If a few of these breaking points felt close to home, the most useful next step is a short walkthrough built around your own SKU complexity, BOM structure, and QuickBooks setup, so it looks like your operation rather than a generic tour. It only takes twenty minutes.

See what stepping up looks like