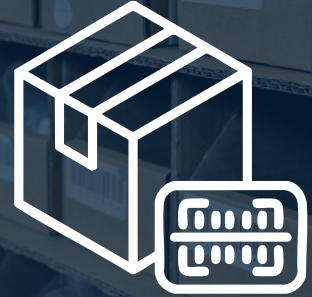




EBOOK



Scaling SKU Complexity with QuickBooks Online and Inventory Management Software

Scaling SKU Complexity Without Losing Margin Visibility: A Practical Guide to Maintaining Cost of Goods Sold and Margin Visibility as Product Lines Expand

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Introduction

As your SKU count increases, inventory complexity grows faster than most teams expect. Each new product, variant, or assembly introduces cost variables that are harder to track consistently. Cost of goods sold is usually the first place where accuracy breaks down. Expanding product lines, multiple locations, and manufacturing make it difficult to assign the right cost to each unit.

This challenge is especially common for businesses using QuickBooks Online as their sole system of record because its native inventory costing logic struggles with complex SKU structures. Spreadsheets and manual adjustments can fill some gaps, but there's still a disconnect between inventory and financial reporting.

Keep reading to learn how you can use inventory management software which includes manufacturing like [SOS Inventory](https://www.sosinventory.com) to maintain consistent, scalable cost and margin tracking with complex inventory.

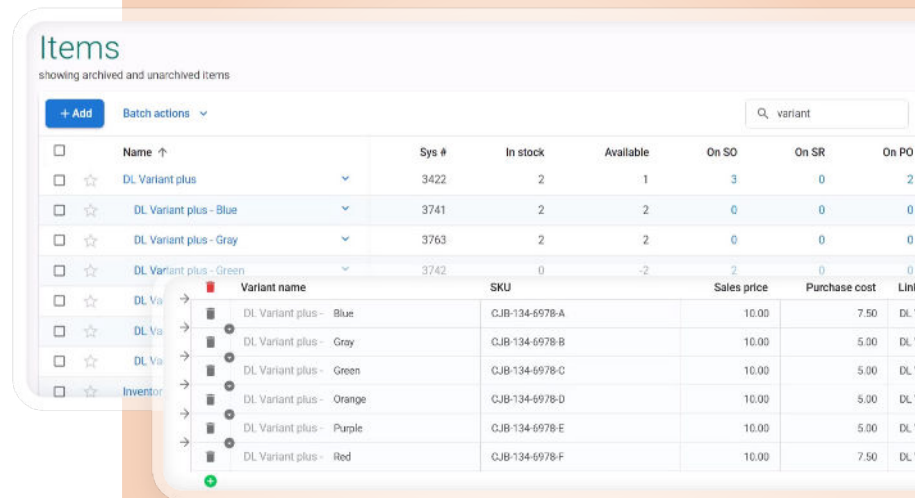


Why SKU Growth Breaks Cost of Goods Sold Visibility

As SKU counts rise, cost structures become more variable and harder to manage consistently. Each additional product introduces new cost inputs (changing purchase prices, freight, handling, and labor) that increase variability across products and sales channels.

Even small inaccuracies in these inputs compound when applied across hundreds or thousands of SKUs. Over time, those errors distort net margin reporting, making it difficult to clearly understand which products are truly profitable and why.

Problems only get worse when inventory and accounting data live in disconnected systems. Cost updates lag behind operational activity, while cost of goods sold calculations fall out of sync with reality, and margin insights arrive after you need them.



Name	Sys #	In stock	Available	On SO	On SR	On PO
DL Variant plus	3422	2	1	3	0	2
DL Variant plus - Blue	3741	2	2	0	0	0
DL Variant plus - Gray	3763	2	2	0	0	0
DL Variant plus - Green	3742	0	-2	2	0	0

Variant name	SKU	Sales price	Purchase cost
DL Variant plus - Blue	CJB-134-6978-A	10.00	7.50
DL Variant plus - Gray	CJB-134-6978-B	10.00	5.00
DL Variant plus - Green	CJB-134-6978-C	10.00	5.00
DL Variant plus - Orange	CJB-134-6978-D	10.00	5.00
DL Variant plus - Purple	CJB-134-6978-E	10.00	5.00
DL Variant plus - Red	CJB-134-6978-F	10.00	7.50

Where Spreadsheet Costing and QuickBooks Online Logic Fail

Spreadsheet-based costing can't keep pace as SKU counts, locations, and transaction volume grow. Frequent price changes, partial receipts, split shipments, and substitutions require constant manual updates, making it difficult to maintain accurate per-SKU costs across sales channels.

QuickBooks Online inventory tools impose limits on businesses that manage assemblies, serial numbers, or lot-controlled items. Mainly because that functionality does not exist in that software system. It cannot account for component-level costs, build activity, and inventory movement outside of basic buy-and-sell workflows. Many teams rely on manual journal entries and end-of-period corrections to compensate, but these adjustments are error-prone, extend close times, and increase audit risk.



Identifying Cost and Margin Blind Spots in Your Current Workflow

You can't fix margin problems until you know exactly where cost data breaks down. This section acts as a diagnostic checklist you can use to pinpoint gaps and prevent blind spots that may be eroding profitability in your operations.



Warning Signs That Indicate Margin Blind Spots

- Compare inventory valuation between systems and physical counts
- Review the frequency of end-of-month COGS adjustments or manual journal entries
- Check for inconsistent margins on identical SKUs across locations or channels
- Assess reliance on spreadsheets to reconcile inventory quantities and costs

Auditing Purchasing and Receiving Workflows

- Review how purchase orders are created and tracked
- Identify where item costs are captured at receipt and where they are delayed or missing
- Evaluate how freight, landed costs, and supplier price changes are recorded
- Map data handoffs between purchasing tools, inventory systems, and QuickBooks Online
- Flag manual steps that introduce errors or timing gaps

Auditing Inventory Movement and Production Processes

- Review how inventory transfers between warehouses or locations are tracked
- Evaluate how assemblies and bundled products are costed
- Confirm how component costs are rolled into finished goods
- Identify manual inventory adjustments during production
- Verify cost traceability for lot and serial tracked items



Auditing Sales and Fulfillment Workflows

- ❑ Review how sales orders affect inventory quantities and shipments reduce inventory quantities
- ❑ Confirm when cost of goods sold is recognized relative to fulfillment
- ❑ Evaluate how returns, credits, and order changes are handled
- ❑ Identify inventory availability mismatches across sales channels
- ❑ Flag manual overrides that distort margin reporting

Mapping Where Cost Data Breaks Down

- ❑ Identify handoff points between teams and systems
- ❑ Locate where cost data is overwritten, estimated, or added after the fact
- ❑ Identify ownership gaps between operations, finance, and sales
- ❑ Flag processes that rely on end-of-month cleanup instead of system-driven accuracy
- ❑ Document a baseline map of the current state of cost visibility

Restoring Structured Cost Tracking with SOS Inventory

Maintaining consistent cost tracking becomes increasingly difficult as SKU counts grow, so you need inventory management software that can structure workflows around accurate, real-time data. By implementing SOS Inventory, you can restore visibility into the cost of goods sold and regain confidence in the financial health of every product, location, and transaction.

The following sections outline the steps you can take to transform cost tracking from a reactive, error-prone process into a scalable, repeatable system.



Establish a Single Source of Truth for Inventory Costs

- ❑ Confirm where inventory quantities and costs are currently tracked across systems and spreadsheets
- ❑ Identify gaps or mismatches between inventory records and QuickBooks Online financials
- ❑ Evaluate whether inventory transactions are synchronized in real time or reconciled after the fact
- ❑ Eliminate duplicate data entry by centralizing inventory operations within SOS Inventory



Standardize Cost Capture at Purchase and Receipt

- ❑ Review how purchase orders are created and whether item costs are consistently recorded
- ❑ Ensure inventory costs are captured at receipt, not retroactively adjusted
- ❑ Identify where freight, handling, or supplier price changes are added manually, using an item receipt in SOS Inventory
- ❑ Use system-driven purchase and receiving workflows to preserve cost accuracy

Structure Manufactured Goods (Assemblies and Finished Good Inventory Items) and SKU Relationships

- ❑ Identify products built from multiple component SKUs
- ❑ Review how component costs are currently rolled into finished goods
- ❑ Replace spreadsheet-based assembly costing with system-managed assemblies
- ❑ Ensure finished goods reflect true component-level cost inputs

Maintain Cost Traceability Across Locations and Inventory Types

- ❑ Review how inventory is tracked across warehouses or locations
- ❑ Confirm that inventory transfers preserve accurate cost history
- ❑ Identify SKUs requiring lot or serial tracking for traceability or compliance
- ❑ Ensure cost data remains intact as inventory moves between locations

Improve Cross-Team Cost and Margin Visibility

- ❑ Align operations, finance, and leadership on a shared view of inventory cost data
- ❑ Reduce manual reconciliation work between departments
- ❑ Enable faster net margin analysis by SKU or product line
- ❑ Support more confident pricing, purchasing, and production decisions

Operating with Margin Discipline as SKU Complexity Scales

Once you have structured cost tracking in place, it's critical to maintain margin discipline as SKU counts, locations, and transaction volume grow. With accurate cost of goods sold data, you can make confident decisions that scale profitability alongside operations.





Here's how you can turn your data into action:

Assign Ownership and Governance for Cost Accuracy

- ❑ Define which teams own cost accuracy at each stage of the inventory lifecycle
- ❑ Set clear rules for when inventory costs can be adjusted and by whom
- ❑ Reduce ad hoc overrides that erode trust in margin reporting
- ❑ Create accountability for maintaining cost integrity over time

Align the Organization Around a Shared Margin View

- ❑ Ensure operations, finance, sales, and leadership reference the same cost and margin data
- ❑ Eliminate parallel reporting built outside the system
- ❑ Reduce reconciliation cycles between teams
- ❑ Improve confidence in margin-based decisions across the organization

Use Margin Visibility to Support Scalable Decision Making

- ❑ Identify which SKUs, product lines, or channels drive true profitability
- ❑ Support pricing adjustments based on accurate cost inputs
- ❑ Improve purchasing and production planning using reliable cost of goods sold data
- ❑ Maintain margin discipline as inventory complexity increases



	Purchase cost	Linked item
DL Variant plus - Blue	7.50	DL Variant plus - Blue
DL Variant plus - Gray	5.00	DL Variant plus - Gray
DL Variant plus - Green	5.00	DL Variant plus - Green
DL Variant plus - Orange	5.00	DL Variant plus - Orange
DL Variant plus - Purple	5.00	DL Variant plus - Purple
DL Variant plus - Red	7.50	DL Variant plus - Red



Scale With Confidence

It's difficult to see which items are truly profitable when costing errors exist across products, locations, and transactions. By centralizing inventory operations, standardizing cost capture, and maintaining traceability across locations and manufactured goods, you can regain confidence in your financial data.

SOS Inventory is a practical, scalable solution for QuickBooks Online users who are managing growing SKU complexity. The software gives you the structure, visibility, and flexibility you need to take control and maintain margin visibility as your SKU count grows.

Schedule a demo to see how you can confidently scale with SOS Inventory.

