



CASE STUDY 7

Privately Held Parking Management Company

SITUATION

The Company managed parking facilities and provided airport shuttle services at locations in California and Arizona. They were expanding the accounting & HR staffs dramatically and still could not get timely financial information.

- The AP function was a mess – payments were late, CFO did not know the cash status and excel spreadsheets were rampant.
- AR aged reporting was completely inaccurate and collections were very slow.
- Month end close was almost 30 days
- Month end financial reports were late and did not equal the spreadsheet statements maintained by each facility manager.
- Customer and bank audits took significant time and resources.

The COO and CFO were frustrated that they could not seem to obtain timely, accurate information and keep costs under control.

SOLUTION

LJR Consulting Services (LJRCS) was hired to perform an assessment and determine what could be done to improve conditions in accounting.

The LJRCS team met with all departments and reviewed all processes from origination through month end close. Several problems were identified that resulted in the problems the company was facing.

- Customer invoicing was done on spreadsheets in the field and then re-entered by accounting in the AR system. This resulted in duplicate processing, errors and a lag in AR reporting. It also caused problems in payment application.
- Purchasing was done by field personnel and vendor invoices mailed to corporate AP. This caused the AP team to perform significant research to identify the owner of the invoice and obtain approval for payment
- The payroll system was outsourced and the company was using an old version which did not support electronic integration with in-house systems. This resulted in considerable manual effort for payroll and customer invoicing.
- Field managers maintained financial statements on spreadsheets that did not include all of the costs and revenue and thus did not match corporate financial statements
- The financial systems used were not integrated and required significant manual intervention to close the books at the end of the month



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The company had purchased a new integrated ERP system the previous year and had never implemented the system.

The LJRCs team made the following recommendations:

- Implement the new ERP system
- Upgrade the outsourced Payroll system to provide electronic interface
- Modify key business processes as follows:
- Implement purchase order function for all field purchases to eliminate the research for the owner of each vendor invoice
- Modify the payment process so the CFO selected payments to be made from the ERP system and only issued checks for invoices to be paid. This resulted in accurate cash forecasting in the ERP system since checks were not being held and eliminated several manual spreadsheets
- Change the corporate credit card to a Procurement Card account so that field personnel could classify their own expenses using the bank web application. This eliminated days of work in AP
- Modify the capital asset purchase to utilize integrated functions of Purchasing, Fixed Assets and General ledger
- Implement new bank reconciliation functionality to automatically reconcile the bank accounts for each facility thus freeing hours of time each month
- Provide access to the AR module for the field personnel to create customer invoices directly into the AR module thus eliminating duplicate functions and reducing errors
- Provide access to AR module for field management to apply customer payments received thus eliminating time consuming transfers to corporate accounting and reducing errors.

The LJRCs team worked with the accounting and field teams to complete the system implementation and the business process changes.

BENEFITS

The CFO was able to reduce the accounting staff while at the same time eliminating many of the issues the accounting department faced and reducing the time for the month end close.

The COO and field management were much happier and better able to manage the business profitably.



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