

Newsflash

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October 25, 2005 – Two unique businesses require some creativity to achieve general ledger reconciliation.

UNDER THE SAME ROOF – FINANCIAL MANAGEMENT FOR PROFIT AND NON-PROFIT BUSINESSES

Problem

A \$15 million service business with both non-profit and for-profit divisions needed financial information presented in a variety of ways for different constituents. Not only did they need a consolidated presentation, they needed financials for each of the business areas. Additionally, the two businesses were very different operationally, creating some challenging issues.

- Accounting had to manually enter the for-profit's summary financial information into the general ledger accounting software at the end of the month.
- The for-profit business was heavily transactional and each product had its own tracking needs.
- The accounting department staff worked in isolation with no cross-training, causing problems when staff was out or resigned.
- Due to other commitments, the IT department was unavailable to help with any automation.

Solution

To tackle the problem, we:

- Studied the software capabilities for each business and the general ledger accounting software to make sure they could do what was needed.
- Worked with the auditors and management to ensure all their needs were translated into the various software products.

- Evaluated a massive spreadsheet to see if its functions could be handled directly in the for-profit software.

After meeting with key groups and individuals, we determined that the two businesses shared the same customer base. Aside from that, they were very different, necessitating separate workflow and processes.

The best way to approach all the issues was to:

- Redefine tracking systems based on current and future needs.
- Adjust workflow and processes to work across the two businesses.
- Establish new accounting protocols and set up software to automate spreadsheet tracking.
- Create a chart that maps the differences and similarities between the two businesses as well as all of the for-profit's products and their definitions.

Results

- Because of this evaluation, the company was saved the expense of purchasing additional software since their current systems had the capacity and capability needed.
- The spreadsheets are on their way out.
- Everyone is getting the information and reports they need to run their pieces of the businesses.
- The accounting data shared in all three software programs will be reconciled monthly.
- A new, full-time person will now manage all the for-profit accounting to ensure that it meets the required accounting standards.

If you want help streamlining your business operations, please contact us at 617-277-0222 or linda@level2solutions.com.

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