Retail Company Cuts Invoicing Time by 50 Percent with Financial Management Solution

Overview

Country or Region: United States
Industry: Specialty retail

Customer Profile

Joan Rivers Worldwide has been distributing skin care products, clothing, and jewelry through home shopping networks since 1980. The company is based in New York and employs 20 people.

Business Situation

An outdated accounting system was labor-intensive and slow, reducing productivity and negatively affecting customer and vendor relationships. In addition, the company's database solution caused frequent downtime.

Solution

The company replaced its accounting system and database with Microsoft® Business Solutions–Great Plains® and Microsoft SQL Server™ 2000 for a more robust solution.

Benefits

- Reduced invoicing time by 50 percent
- Cut time to process vendor checks by 20 percent
- Decreased processing time for yearly financial reports by two months

> "Microsoft Great Plains makes it much easier to capture information for detailed business reporting because [the data] all exists within the system."
>
> *Jim Halliday, Chief Financial Officer, Joan Rivers Worldwide*

Joan Rivers Worldwide offers jewelry and cosmetics to consumers through home shopping television networks. But its outdated accounting system was proving insufficient to manage customer and vendor accounts. Employees wasted time with a manual process that required extensive cross-referencing with Microsoft® Excel 2000 spreadsheets. An older database solution failed often. Payments and invoices took a long time to be processed and were often incorrect, leading to strained vendor and customer relationships. To solve these problems, the company deployed an accounting solution based on Microsoft Business Solutions–Great Plains® and Microsoft SQL Server™ 2000. As a result, the company has decreased the amount of time that it takes to process invoices by 50 percent, boosted cash flow, and improved the accuracy of payments to vendors.

Situation

New York–based Joan Rivers Worldwide sells jewelry and skin care products through shopping television networks such as QVC and The Shopping Channel. Founded in 1980, the company employs 20 people who are responsible for managing the production of goods from different vendors and then supplying those goods to the television networks.

Labor-Intensive Accounting

Joan Rivers Worldwide used the Macola accounting system for more than eight years to manage its vendor and customer accounts. However, the outdated solution was very labor-intensive because of a largely manual workflow process. For example, when the company was ready to send an invoice, employees had to take financial data from Macola, enter it into an invoicing template, and then print and photocopy the invoice. Employees mailed one copy of the invoice to the customer and filed the other copy in a filing cabinet.

"Sending out invoices took a lot of time," says William Andersen, Accounting Assistant for Joan Rivers Worldwide. "I had to enter billing information into the template, make sure the numbers were right, and redo the whole thing if it was crooked in the copier."

To complicate matters, Macola couldn't track chargebacks. For Joan Rivers Worldwide, a chargeback occurs when QVC or The Shopping Channel identifies a shipped item as defective or broken, and notifies the seller that it will not pay for the item. As a result, payment amounts can fall short of invoiced amounts, leading to a discrepancy in financial records. To work around this issue, Joan Rivers manually tracked chargebacks in a Microsoft® Excel 2000 spreadsheet and modified each invoice accordingly. Employees wasted an enormous amount of time sifting through paper spreadsheets to ensure that the invoice amount was correct.

Sending payments to vendors was equally complicated with the Macola solution. Invoice chargebacks first had to be reconciled—requiring the employee to enter data into the system again before writing a check and mailing it. This time-consuming process resulted in delayed payments to vendors. The process also was prone to errors. "We were taking extra reductions in checks that we really shouldn't have," says Jim Halliday, Chief Financial Officer for Joan Rivers Worldwide. "A charge would look legitimate in Macola, but then the customer would notify us that the invoice was wrong. This adversely affected our vendor relationships."

Generating monthly financial statements was also problematic. "We had to pull data from Macola and enter it into a spreadsheet just to make it look presentable," says Halliday. "It wasted a lot of time."

Outdated Database

Finally, the Macola solution relied on an outdated Btrieve database. The flat-file database system corrupted easily, resulting in downtime when it needed to be rebuilt—something that happened several times a week. It also allowed only one person into the system at a time, slowing work even further.

The catalyst for change occurred when Macola announced that it no longer would support Btrieve. By August 2004, Joan Rivers Worldwide knew that it was time to implement a more robust accounting solution. The company needed to have a new solution up and running before the year's financial closing. Furthermore, it wanted a solution that could accommodate chargebacks, automate workflow, and provide the ability to send invoices by e-mail. And finally, the company wanted a way to generate sophisticated business intelligence reports,

including sales breakdowns of product categories by customer.

Solution

Although Joan Rivers Worldwide considered upgrading to the latest version of Macola, the company ultimately opted to implement Microsoft Business Solutions–Great Plains®. Halliday had seen implementations of the Microsoft Great Plains solution and was very impressed by its integration with other Microsoft products, which were in use at the company.

Working with Microsoft Certified Partner eIS Business Solutions, Joan Rivers Worldwide deployed the new solution within a single month. In addition to the General Ledger, Payables Management, and Receivables Management modules of Microsoft Great Plains, the company uses a chargeback module to integrate chargeback data into the system. The company replaced Btrieve with the Microsoft SQL Server™ 2000 database, part of Microsoft Windows Server System™ integrated server software. Joan Rivers also implemented Business Objects Crystal Reports to generate detailed reports.

Today, the company's accounting has been greatly streamlined, both for invoicing and for paying vendors. Chargebacks are entered directly into Microsoft Great Plains and are automatically reflected in invoices and vendor payments. In addition, the new solution allows invoices to be sent by e-mail to the customer. There is no need to reenter data into an invoice or print it. Monthly financial data can be viewed quickly and easily.

Moving forward, Joan Rivers Worldwide plans to replace an internally developed purchase order system with the Microsoft Great Plains Purchase Order Processing module. It also will deploy Integrated Cash Management Solutions from Microsoft Business Solutions

so that Joan Rivers can receive and make electronic payments, without the need to write or deposit checks.

Benefits

By replacing Macola with Microsoft Great Plains, Joan Rivers Worldwide realized a number of benefits, including a reduction in the amount of time it takes to process invoices and better accuracy when it comes to paying vendors. "After we implemented Microsoft Great Plains, we saw immediate benefits," says Jeanette Pena, Senior Accountant for Joan Rivers Worldwide. "It was amazing how quickly our accounting processes were streamlined."

Reduced Invoicing Time by 50 Percent

Joan Rivers Worldwide invoices its customers once a week. Under the old solution, the process took at least two days to complete. Using Microsoft Great Plains, however, this time has been cut in half. "With Microsoft Great Plains, I can schedule a day for invoicing and be confident that I'll get it done," says Andersen. "With the old solution, there were so many variables that it took me longer, and I was never sure how long it would take."

Streamlined the Invoicing Process

The company has also greatly streamlined the invoicing process, from start to finish. Under the former solution, employees had to type invoicing data into a template, print and photocopy the invoice, and then mail it. Today, the invoicing data already resides in Microsoft Great Plains. The new solution automatically calculates chargebacks and sends invoices to customers in e-mail messages. "Microsoft Great Plains makes my job so much easier," says Andersen. "I just enter the numbers, and it does everything else."

Boosted Cash Flow

Using Microsoft Great Plains, Joan Rivers Worldwide has reduced the amount of time

that it takes for the company to get paid, thus increasing cash flow. Halliday credits this to the fact that the company now can send invoices to its customers as e-mail messages. "Previously, we had to mail invoices, and we weren't sure they got to the right person," he says. "Using Microsoft Great Plains, we e-mail them directly to the right person and are notified if the e-mail message isn't delivered."

In addition, any problems with invoicing can be rectified more quickly. Instead of initiating a letter or a phone call about an invoicing issue, the customer can send an e-mail message immediately.

Cut Time to Process Vendor Payments by 20 Percent

With the new solution, Joan Rivers Worldwide has reduced the amount of time that it takes to process vendor payments by 20 percent. This, in turn, has improved the company's relationships with its vendors. "Vendors now receive payments four days more quickly than they did in the past," says Andersen.

Eliminated Payment Errors

Joan Rivers Worldwide has eliminated the need to cross-check customer chargebacks against vendor payments using spreadsheets. And the company no longer writes checks for incorrect amounts to its vendors. "With Microsoft Great Plains, we know that the payments we send our vendors are correct," says Pena. "As a result, our vendors are happier, and we no longer have to go back over chargebacks to see if we paid too much or too little."

Decreased Year-End Processing of Financial Records by Two Months

Another benefit of switching from Macola to Microsoft Great Plains can be seen in the amount of time that it takes for Joan Rivers Worldwide to process its year-end financial statements. "With Microsoft Great Plains, we have reduced the amount of time that it

takes to close our books at the end of the year by two full months," says Pena.

Improved Record Keeping

One of the major drawbacks of the old solution was that, once an invoice was created and printed, it no longer existed in the system. Therefore, if someone needed a record of a particular invoice, he or she had to search through files of hard copy. Today, however, invoices are stored in Microsoft Great Plains. "If I need to pull up an old invoice, I can just enter the invoice number," says Pena. "Microsoft Great Plains stores all the data so I no longer have to search through files."

Using the new solution also has helped the company improve its financial statements. "I no longer need to enter information into a spreadsheet to generate financial statements," says Halliday. "This is a huge boon for us at the end of the month, as well as at the end of the year."

Increased Responsiveness to Customers

With two different product lines—cosmetics and jewelry—customers wanted financial breakdowns according to the types of products sold. Under the old solution, Joan Rivers Worldwide could not provide this detailed information. Using Microsoft Great Plains, however, the company is able to provide detailed information quickly and easily. "We put together a solution based on Microsoft Great Plains that helps Joan Rivers Worldwide be much more responsive to its customers," says Bob Smith, Consultant for eIS Business Solutions.

Improved Business Reporting

By using Crystal Reports in conjunction with SQL Server 2000, Joan Rivers Worldwide has also improved its business reporting to help make long-term business decisions. "Microsoft Great Plains makes it much easier to capture information for detailed business

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reporting because [the data] all exists within the system," says Halliday.

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