CASE STUDY 2
LARGE CAP UNIFORM SERVICING DIVISION OF LARGE CAP CONGOLMERATE

SITUATION
The parent company was planning to go public and create a division of 3 subsidiary sister companies – uniform servicing company and 2 direct sale uniform companies. The resulting division would have approximately $1.5 billion in revenue.

Each of the companies had their own finance departments and CFO. Each company's CFO reported to the division CFO. In addition, the uniform servicing company employed a small accounting department and controller at each of their 100 locations. Each of the companies used a different ERP system, different in-house developed billing systems, different chart of accounts, and different corporate names.

The first problem faced by the division CFO was how to get consolidated financial information.

The parent company planned to merge them into a single division to encourage cross selling between the companies. Since each of the companies had different sales and billing systems the cross-sell function was very cumbersome and customers received invoices from each of the companies that supplied product to the customer. Since each company had a different corporate name, customers were often confused by the billing and as a result delayed payment.

Finally, as the uniform servicing company grew by acquisition, it's customers also became larger and many customers were serviced from numerous locations. A customer received an invoice for every delivery from each of the uniform servicing company's locations. Some large customers could easily receive hundreds of invoices in a week. Most of those customers preferred to have a consolidated invoice on a monthly basis and with the systems and processes the division had, it was very cumbersome. The company created a corporate billing department which manually consolidated invoices using Excel for large customers.

The second problem faced by the division CFO was how to service the customers and contain costs.

SOLUTION

LJR Consulting Services (LJRCS) had recently completed the implementation of the Oracle Financial applications at the uniform servicing company. So, the next phase of

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the project was to move the 2 direct sale companies to the new Oracle Financial applications and create consolidated financial reports. Although the system could easily handle multiple charts of accounts, the group CFO wanted to have the chart of accounts standardized across all companies. The LJRCS team worked with each of the companies to consolidate chart of accounts, financial operations and the month end close and reporting.

Once the financial systems and reporting were consolidated, the next phase was to consolidate the operations and billing systems onto a single platform. The LJRCS team defined the structure of the shared services Credit and AR department. We worked with the group CFO to assign a location for the department and hire a director.

The LJRCS team also implemented the Oracle AR, credit and Collections modules, redefined the business processes for billing, cash application and collection. As part of that project, the team developed an RFP for the lock box function and worked with Corporate Treasury to select the bank for the lockbox and integrate the lockbox functionality with the Oracle applications.

BENEFITS

By standardizing the systems used by the three companies in the division it now had the platform to standardize all business processes and information.

The Shared Services Credit and AR department, the standard AR modules, and the bank lockbox functionality provided the foundation for the division to significantly reduce staff thus reducing cost and to provide customers with their desired consolidated billing. The division has also eliminated much confusion with clients that were receiving invoices from the different companies in the division and improving AR collections.

Finally, the CIO was able to create a shared services IT department and reduce IT staffing once all the companies were using a single system.