

**Client:** A mid-sized rapidly growing furniture distribution and retailing company based out of Idaho in USA, supplying to large retail companies like Home Depot as well as retail customers. Client's existing accounting systems and Point of Sales (POS) systems were in NetSuite.

**Process:** The client had multiple requirements across accounting, inventory control and sales processes management. The key requirements are listed below-

1. There were some significant accounting errors/omissions that had been done by their earlier accountant. Client wanted us to resolve these errors related to accounting, inventory and payroll.
2. Migration of accounting, inventory management and POS system from NetSuite to QuickBooks. Selection of the right QB solution was a part of the migration phase.
3. Formulating a new item list (along with item coding structure) for the new softwares
4. Manage entire back-office from India including receivables, payables, bank and credit card reconciliation, payroll processing and general ledger maintenance from India.

### **Challenges:**

This was one of the most challenging assignments taken up by our team due to multiple activities involved in the project(some of which went beyond accounting services). Some of the key challenges that we faced in the assignment are highlighted below-

- 1) Migrating the voluminous amount of financial data from NetSuite to QuickBooks.

Clients' accounting system had a huge item list, details of individual retail transactions, and multiple reference documents of hundreds of customers. For example, the item list that we created for the client had approximately 8000 odd items.

- 2) Creation of a suitable product coding structure and product hierarchy

Client had no existing policy or structure in their product codes. Many items were placed under *miscellaneous category* as they had not been assigned a product code. This created greater complexity and difficulty in tracking transactions.

- 3) Clean-up and correction of errors in their existing accounting systems and design of a new chart of accounts for the client in QuickBooks.

This tested our know-how in different areas like bank reconciliation, inventory, account payables, reimbursement tracking, handling charge-backs and back-orders, balance sheet transactions and payroll.

4) Entry of 5 months' transactions in QuickBooks in a short time frame before commencing ongoing bookkeeping

More than 1500 transactions in QuickBooks had to be entered by our accountant. This included entry of sales orders, purchase orders, checks, remittance advices, invoices, and bills etc.

### **Solution:**

Since the client had multiple requirements, we started by dividing the project in various phases, with a clear timeline attached to each phase. A brief overview of each phase is highlighted below.

#### *Clean-Up and Correction Phase*

The clean-up and correction activities in NetSuite were taken up first. A control sheet was devised to track the impact of our activities on the account balances. We devised multiple solutions to problems like handling of charge-backs, adjusting year-end inventory balances and freight reimbursements. For each solution, the impact on profit and loss statement and balance sheet were clearly highlighted. Before commencing on the migration phase, we also helped client choose the right QuickBooks version- Manufacturing and Wholesaling Premier edition. Relative benefits of different versions like Pro, Premier, Enterprise versions across general and industry specific solutions were compared on different parameters like relevance to furniture and manufacturing industry, size of the database, inventory tracking and sales transactions processing features.

#### *Migration from NetSuite to QuickBooks*

The migration phase (involving migration of data from NetSuite to QuickBooks) was a challenging one for us for multiple reasons- clients' license of NetSuite was expiring in a short time, substantial volume of data (close to 8000 items and 1500 transactions) to be entered and our limited experience with NetSuite in the past.

The first step in the migration phase was to set-up a revised chart of accounts in QuickBooks. We did a complete analysis of the existing chart of accounts including documenting current and future accounting needs (like simplification of certain expense accounts, allocation of costs across different stores) and benchmarking against standard chart of accounts templates used in the furniture industry. Accounts were rationalized and new accounts/items were added for handling some of the future needs of the client like accounting for gift certificates and consumer financing, handling consignment sales, and use of multiple accounts for tracking different types of inventory (fulfilled, unfulfilled, and damaged).

Next, all the relevant reports were generated from NetSuite and stored for future reference in an easily searchable folder structure. Close to 200 reports were exported from NetSuite. Reducing the manual entry of transactions was necessary for ensuring the

accuracy of the migrated data and lowering the project delivery time. This was done by exporting all the relevant data from NetSuite as IIF files, setting up the IIF files for import in QuickBooks (using advanced data mapping and importing techniques in QuickBooks) and then importing these files into QuickBooks. We also had to set-up custom fields for each item as the client wanted to track manufacturing numbers, product dimensions, prices, and preferred vendor details among others. Post the import of these item codes; we reviewed the codes for accuracy in the different fields. We migrated data for about 8000 items and about 1500 transactions. The entered balances in QuickBooks were compared against the actual balances in NetSuite by using multiple reporting tools from NetSuite and QuickBooks like AP/AR aging reports, register details of key accounts, general ledger reports apart from the balance sheet and income statements.

### *Ongoing Accounting Phase*

Ongoing accounting brought in some process related complications, as certain activities would be done real-time from USA. This need arose because client was using QuickBooks as an integrated solution covering POS (Point of Sale), merchant card processing, back-end accounting, and inventory tracking functions. This necessitated working in a multi-user environment (working from different locations), clear delineation of real-time (onshore) and non real-time (offshore) activities, precise mapping of activities and work-flow and constant communication between US and India end. Work-flow procedures were prepared for each accounting activity, management reporting guidelines established and formats disseminated among operational staff at the US and Indian end. We also incorporated procedural changes and established timelines for both US and Indian end. For e.g. a clear cut-off date for monthly closing of books was set, and timelines for input activities (like the receipt of bank statements) were accordingly back calculated.

### **Benefits:**

For the clean-up and migration phase, the client realized savings of approximately **50-55%** from their budgeted figures. For ongoing accounting, the saving seen is about **30-40%**. Additionally the client has reported the following benefits

- Accounts are updated substantially faster than they were before this engagement.
- Accurate and comprehensively done migration of accounting data.
- Well organized chart of accounts and clearly defined product coding structure. Earlier the client had redundant accounts and multiple items with unassigned product codes.
- Better financial control due to regular management reporting and greater accuracy of financial data.
- Existing staff members are able to focus more on selling and business development rather than spending time on accounting work. This is a critical benefit as the client could allocate more resources towards front-end sales functions.