

Case Study – Chart-of-Accounts Rationalization

Customer **Major Manufacturing Company**
Industry **Automotive**

About Customer

The customer is a leading Tire manufacturer head quartered at US, having manufacturing facilities, distribution centers and retail stores all over North America. The company manufactures and sells truck, passenger, agriculture, off the road and other types of tires and automotive related parts and services. The company also imports tires from its group companies located in South America, Japan, Thailand and others and distributes them throughout North America as well as exports tires manufactured in North America to South America, Europe, Asia and Africa. The company customers include major OEM's, large Fleets, vast network dealers, utility companies and millions of retail customers.

Business Challenge

The company has planned to replace its existing Legacy-based Corporate General Ledger system with SAP General Ledger. Implementation of this project will require the company's all group entities and Units in North America and Latin America also to be on SAP GL. The company already has an operating SAP Chart of Accounts that is being used by some of the company's business entities.

There is a mix between reporting units that use SAP and that use of Legacy system. Since the two systems are managed independently, the G/L accounts in the two systems were not in sync.

Before the implementation of the SAP General Ledger project, the company was using selected account groups within the SAP G/L for many production plants and units. In order for the company to maximize its ROI from SAP more IT systems, business processes and corporate groups must be migrated to SAP. This migration will allow the business to operate at a higher level in the SAP environment reducing the need for redundant legacy systems, providing streamlined data and process flows and reduced maintenance costs moving forward.

To facilitate this migration a common Global Chart of Accounts needed to be implemented to provide a foundation for additional business processes to be implemented in SAP. A Global Chart-of-Accounts (COA) will provide the necessary accounts and framework to implement future SAP modules as well as consistent and comparable financial and managerial reporting and analysis across company codes.

Business Objective

One of the many objectives of the first phase of the project is to create a Global Chart of Accounts to be used by all Company Business entities, update the Legacy system to SAP cross reference process and record the company's sales transactions in SAP G/L via an interface. In addition, this phase will work in conjunction with the Business Intelligence (BI/BW) initiatives being undertaken. Any sales reporting discrepancies will be mitigated by using Legacy system as a reporting tool in conjunction with the detailed level information provided by system.

During phase two, SAP General Ledger G/L functionality will be implemented for all remaining company's Reporting Units. This phase will continue to work with BW initiatives to maximize the use of G/L reporting tools.

Project success will be achieved when all the company's transactions are captured by the SAP General Ledger and a Global Chart of Accounts is implemented for all company codes in scope.

QS&S Solution

QS&S consultants took the mammoth task of rationalizing the Global chart of Accounts which were more than 50,000 in number in the existing world. An analytical study of the accounts in the system was conducted during the first half of the year to rationalize the accounts by elimination of unused and zero-balance accounts, combining the accounts with same or similar intent and by reducing or eliminating the sub-accounts and sub-detail accounts where possible.

The existing accounts were mapped to the SAP accounts using a cross reference table. The cross reference table will provide the platform for translation of existing accounts to SAP account. In most cases one or more existing Accounts will map to one SAP account.

About few hundred new GL accounts have been identified and added to the existing chart of accounts in SAP. The new accounts were created in the appropriate account groups. The rationalized chart of accounts in SAP, if still had any redundancies, were identified as "do not use" and blocked for use.

Goals Achieved:

- Developed and implemented a Global Chart of Accounts that will meet the primary accounting requirements of all North American business processes.
- Use the SAP General Ledger to record the company's Sales transactions via interfaces.
- Recorded financial transactions at a summary level.
- Utilized the SAP Business Intelligence (BI/BW) for additional financial reporting capability.
- Utilized SAP as the source for financial reporting.
- Provided consistent and comparable financial and managerial reporting and analysis across company codes using a common chart of accounts.
- Developed standard user tools to access, analyze and report data.
- Created process and procedures for adding or modifying General Ledger Accounts.

Benefits

- Provided a foundation for additional business processes to be implemented in SAP.
- Continued the strategic migration from legacy system to SAP.
- Support the user community transition into a SAP environment.
- Enhanced management reporting & analysis via standard processes & centralized data sources.
- Consistent and comparable financial and managerial reporting and analysis across company

codes.

- Process and procedures for managing General Ledger Accounts
- Reduced reliance on IT support by transferring ownership of G/L processes and master data to the business.

Technology

- SAP Enterprise – ERP 5.0
- SAP Application Modules – FI/CO

Methodology

- Follow the ASAP methodology and provide a project plan at significantly reduced price to the customer
- Gather business requirements by conducting SAP workshops with key business users
- Identify key business processes and gaps and demonstrate To-Be solution using a prototype model
- Unique tools to accelerate implementation meeting all the requirements

Why QS&S?

- Acknowledged Financials Experts in the industry
- Managed, handled many of the most complex Financials projects involving complex data migrations
- Designed and developed many proprietary tools (SLO type) and techniques to manage complex system conversion
- Most qualified team with Business, Functional and Technical Skills
- Deep knowledge and understanding of SAP processes, procedures and functions with their integration with Financials

About QS&S

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