

How our products perform

"The savings that we now recognize in reconciling balance discrepancies between our JDE General Ledger and Inventory systems is well into the double digits (in terms of hours) for each management person who is involved in this process." – Paul Boudreau, JD Edwards Systems Analyst
Sennheiser Electronic Corporation

Established in 1945 in Wedemark, Germany, Sennheiser is the acknowledged world leader in microphone technology, RF-wireless and infrared sound transmission, headphone transducer technology, and in the development of active noise-cancellation.

Sennheiser Electronic Corporation (SEC) is the U.S. wholly-owned subsidiary, with headquarters in Old Lyme, Connecticut. SEC represents all Sennheiser products in the United States. It distributes a variety of other pro audio lines, including Neumann, HHB, and K+H. Our commitment to the world of audio is simple: we offer products that provide the finest combination of performance and value available anywhere, and back them up with superlative service.

SEC depends on its JD Edwards Inventory module to keep track of several thousand SKUs, as well as a huge number of inventory transactions on a monthly basis. While large numbers of SKUs and high transaction volumes are good for revenues, there were always instances where variances arose within the electronics manufacturer's distributor's accounting system when it came time to balance inventory values with G/L balances.

The Challenge

Paul Boudreau, a JD Edwards systems analyst who has worked for SEC for going on two years now, explains, "Our inventory transactions are so voluminous that reconciling the inventory balances with the JD Edwards General Ledger balances each month was a long, drawn-out process that repeated itself month after month and demanded the attention of several already very busy managers." There are plenty of opportunities for the discrepancies: improperly posted shipping batches, a shipment confirmation transaction that might stop midway and challenges with reversing purchase order receipts. Open work and sales order can also confuse the reconciliation process, while multiple distribution sites and in-transit merchandise can also complicate the inventory story. Further, the sheer number of transactions per month against those 5,000 SKUs is huge, not to mention seasonality challenges that boost transactions and inventory quantities even higher each Fall.

Many of SEC's balance discrepancies are cost variances, but the larger dollar variances typically stem from problematic inventory transactions. Boudreau says, "Our reconciliation process was just too laborious. The company had to find a more efficient way to identify the root causes so we could streamline the system setup or the associated business processes."

The Approach

That's where Andrews Consulting Group, a premier consulting firm with more than 20 years of JD Edwards expertise, became important. Andrews offers a product called RapidReconciler that analyzes the many tables of the JD Edwards Enterprise One ERP software (or JD Edwards World) to discover inventory discrepancies—tracking them down in just minutes. The RapidReconciler reports provide much more low-level detail, all in one place, than do the broader and more generic JD Edwards reports.

That is why SEC decided to install RapidReconciler at the beginning of 2006. Boudreau came on-board a year later and began to focus on optimizing the effectiveness of this tool. Boudreau says that, with some excellent input and creative thinking on the part of their Andrews consultant, they have been able to make great strides in improving the monthly reconciliation process. One of the things Boudreau soon implemented was a weekly inventory meeting with key people: the IT director, the director of operations, controller, the purchasing and warehouse manager, and others, as needed. In these meetings, each is armed with RapidReconciler reports and the mission is to go through exposed issues on a timelier basis—to avoid the end-of-the-month bottle neck that prevents closing out the period. Discovered balance problems can be repaired with simple journal entries at any time during the accounting period. And all the while, you are provided with a detailed audit trail of those adjustments, resulting in more accurate financial statements.

Sennheiser now spends hours, instead of days, reconciling its JDE GL and Inventory balances each month, thanks to RapidReconciler.

The Results

SEC's RapidReconciler reports have become very important in pointing out flaws in various business processes that had been contributing to the recurring out-of-balance situation. Thus, the actual number of discrepancies has been reduced simply because they have tweaked their processes to obtain greater accuracy at the outset. The RapidReconciler reports give each manager a better feel for the right touch points (relief points) that will most improve the process for which they are responsible.

By looking at the reports, their Andrews consultant was also able to advise them of some more optimal ways to redefine processing options, data selection, and automatic accounting instructions that are part of the JD Edwards application setup. So, this, too, reduced the number of balance errors that were recurring, month after month.

Boudreau explains that it is easy to see, that, with each month that passes, the process of reconciling inventory balances is maturing because of the elimination of routinely occurring errors—errors that had constrained their month-end closing processes for years, simply because they did not know a better way to do it until RapidReconciler.

Even with the streamlined processes, discrepancies still occur, but RapidReconciler continues to provide reports that save the users time in their efforts to research the root cause of the discrepancy.

Boudreau is a true believer in Rapid Reconciler, summing it up by saying, “Since we started using RapidReconciler, the time we spend reconciling balance discrepancies between our JDE General Ledger and Inventory systems has shrunk from hours and days to hours versus days.” He highly recommends it for other JD Edwards users in the manufacturing or distribution industry, especially if their businesses are driven by high transaction volumes. In fact, because of the measurable impact this has had on SEC, other Sennheiser divisions may incorporate the use of RapidReconciler in the future.