

Team assignment critical essay

Business, Company



Dry. Michael Ordain, a professor of chemistry. After sensing the commercial application of several of his patented Polymer processes, Dry. Ordain started Ordain Plastics, Inc. , which initially focused on research and development. In 1992, Dry. Ordain acquired venture capital and purchased a manufacturing facility. Ordain Manufacturing Inc. Has since grown into a global organization that specializes in the manufacturing of molded plastic products. With revenues in excess of \$1 billion,

Ordain employs 550 people and has projected annual earnings of \$46 million. The organization operates three separate manufacturing facilities in Albany GA, Pontiac MI, and a Joint venture In Hangout, China providing products to the Department of Defense, automotive parts manufacturers, beverage makers, bottlers, appliance manufacturers, and aircraft manufacturers (Apollo Group Inc. 2013). Although the company's headquarters is in San Jose, California. Ordain Manufacturing Account Models Ordain Manufacturing accounting modules consist of the following components: 1 . General Ledger 2. 3. 5. 8. 10. 2.

System) Accounts Payable Accounts Receivable Order Entry Procurement sales and Purchasing History Invoicing and Shipping Payroll Financial Reporting EDI* (Electronic Data Interchange) Bar code Reading* DEEDS (Executive Decision Support tofu *San Jose Only (Apollo Group Inc. 2013).

The accounting systems used by Ordain are different at each of the company's facilities. The San Jose facility uses an Enterprise Resource Planning (ERP) integrated system for manufacturing, distribution and financial management specifically engineered for plastic and plastic parts manufacturing (Apollo Group Inc. 2013). The software is Windows integrated.

ERP is a well-known system and many successful organizations use ERP solutions. Ordain could benefit by deploying ERP software across the enterprise. The Michigan facility uses a vendor developed software application. Software vendors support software through lifestyle management and stop supporting software and applications as new products are developed and released. The vendor who provided Radian's software went out of business, and support is nonexistent. The system is a VIM Operating system with VACANCY workstations. Finding another vendor to support the systems would be official, if not impossible.

The Georgia site has also purchased a vendor developed software and application. This server is running a UNIX operating system with Windows client workstations. With this disparity between facilities, the accounting systems are not running as smooth as Ordain desires. Ordain would like to have a seamless environment for the accounting system users. Hardcore's and conversion-intensive data files are used to transfer data between sites. If a hardcopy of data is provided, the employee at the receiving site often must re-enter the data into his or her system.

Many accounting functions are taking considerably longer to complete than they should. The audits are expensive and time-consuming to run. Remaining compliant with new government required reporting is difficult. This situation is unacceptable to the organization and a better solution is required immediately. Ordain Manufacturing inventory is crucial to its manufacturing processes and budgeting projections. Accounting software

shows the current stock in the warehouse and identifies the materials that need to be reordered.

Inventory consists of raw materials, finished materials, tools, parts, supplies, and fixtures. Ordain Manufacturing needs to keep accurate accountability of its inventory in order to run efficiently. Ordain manufacturing would benefit by using an inventory software module to see a real-time picture of what inventory is currently in the warehouse and on the manufacturing floors, and what portion of raw material has been processed into finished products. This can help with accuracy when projecting man-hour requirements, order fulfillment, and shipping quotas.

The company can also use inventory software to track the volume of supplies needed to produce products and maintain the equipment. Another important accounting software module for Ordain Manufacturing is the Job cost module. Job cost software evaluates specific materials and processes to determine the cost associated with the production of product, such as a plastic bottle. The Job cost software can help determine if any of the associated activities need to be evaluated for efficiency or if any of the materials can be used more efficiently in the process.

Any improvements to efficiency will help increase profits. For example, Petrochemical is an ingredient that comes from oil used to create plastic. If the price of oil rises so will the cost to create plastic and sell a product made of plastic, such as a plastic bottle. Ordain Manufacturing produces many types of plastics, so the Job cost software is extremely beneficial in

confronting changes in a turbulent economy affecting the price of oil used to create plastics.

Ordain Manufacturing is a cutting-edge research and development company, which has expanded considerably since its initial startup in the early ass. The company has added new manufacturing and production facilities and has expanded its operation worldwide. The previous technologies and practices in use at the geographically separated locations have remained intact and are vastly different across the company. Ordain Manufacturing will benefit by integrating the finance and accounting subsystems into one Enterprise Resource Planning (ERP) system (fig. L).

This solution allows Ordain manufacturing facilities and departments to interact together in one communicating information system. Systems Connected to the Accounting System Ordain Manufacturing has a very inadequate accounting software system. The company's locations are Georgia, Michigan, California, and a venture in the People's Republic of China. Radian's facilities need to be connected to a central financial accounting system. The systems currently in place are desperate and inconsistent and include a manual input system that was once updated at the San Jose Corporate facility.

This is not an inefficient way to track of any aspect of the accounting operation. Ordain Manufacturing needs an updated financial accounting system that can produce data and reports in a standardized format across all facilities. The reports that are generated throughout the Ordain Manufacturing are; accounts payable, accounts receivable, and inventory.

Other accounting aspect that must be centralized are payroll, purchase orders and invoicing, vendor information, products, sales, and shipping and receiving.

Ordain Manufacturing must accurately maintain its general ledger using Internet access, so that all of the information from the separate facilities is processed and stored at the San Jose headquarters facility. This will ensure that all accounting information is up to date and will provide managers the ability to make better business decisions. Other accounting information such as employee timeshares, payroll, payouts, vacations and sick leave should be revised to a consistent format across the facilities.

Each of Ordain Manufacturing facility accounts receivable and accounts payable must be connected to the central location, so that reports are accurate about payout and revenue owed to the company. Accounts receivables and accounts payable are main accounts for revenue in and out of Ordain Manufacturing corporate office. Connecting this system to the main system would help prevent potential trade cases . All areas to Ordain Manufacturing inventory added to the new system establish inventory control, such as ordering, stocking, reordering, replacement, and waste materials.

This will maintain information about the availability of stock, what needs reordering during off-peak and peak season and what the expectations of customers and vendors are to receive of delivery. This cut down on inadequate of over stocking, purchasing of unused and unnecessary products, and delivery establishes a more efficient response time for

customers. Analysis of Radian's Balance Sheet and Income Statement (Keith)

An assessment of Ordain Manufacturing balance sheet provides evidence of consistency for several years with a steady increase of profitability over the last two.

Ordain has added company assets and resources by acquiring additional geographically separate production sites, thus driving up the long term debt estimated over nine million dollars up from approximately a million dollars during the previous year. Through this costly expansion, Ordain was still able to retain a comfortable profit margin with an increase of approximately 11 percent in total stockholders' equity from \$29, 946, 992 in 2010 to over \$33, 447, 982 in 2011.

This, in itself, makes Ordain very attractive to future stockholders and potential investors. Ordain Manufacturing common stock remains steady from last year at \$29, 055, 488; however, produced an almost five hundred percent increase in retained earnings. The retained earnings or retained surplus provides the ability for Ordain Manufacturing to reinvest these gains back into the company for reallocated funds or to lower the long-term debt from the recent expansions at the acquired production sites and international location.

These earnings are critical in maintaining the company's founder, Dry. Ordain, vision to remain the industry leader in research and development. Research and development will be tremendously aided by purchasing new, innovated machinery, high-end information systems and funds for increased research and development. Ordain maintains a considerable amount of

tangible assets for liquidation; to include accounts receivable, on-hand cash, inventories, and possessions that are readily available if needed.

During the review of the income statement, Ordain Manufacturing, successfully increased sales from 2010 to 2011 by 15%, while the direct costs of goods sustain a 17% increase. Total operating expenses remained constant, yet the company prospered significantly by a 40% profit before interest and taxes. This is very valuable information to capture company earnings and relay the information to investors. Radian's income statement not only captures the profits gained versus loss ratios, but also it offers insight into the management of the organization.

Management at Ordain is currently maximizing use of its resources and capitalizing on the goods sold while retaining the ability to plan ahead toward the company's goal of maintaining its lead in its industry. Radian's income statement illustrates a high rate of return for the business sales and garners a positive outlook of how Ordain is investing and reinvesting the funds directly under management's control. Radian's income statement provided a positive report on the specific dates and times, while the balance sheet captured data for a particular moment in time.

Ordain has a diversified customer base, and provides high quality plastic products to several private sector customers including automotive parts manufacturers, beverage makers, bottlers, appliance manufacturers, and aircraft manufacturers, and to the Government sector, providing military specification reduces to the department of defense (Apollo Group Inc. 2013). The analysis conducted on Radian's accounting system revealed that the

company has a very desperate, and mostly unsupported accounting systems.

Each facility is handling accounting data using different systems and software. Data that is sent back to the headquarters facility is not formatted consistently or recorded using the same media. Ordain Manufacturing San Jose location uses an effective Enterprise Resource Planning (ERP) solution and it is highly suggested that this system be replicated to the other facilities, or that another ERP solution be examined and considered to take the place of the current system, as well as to be deployed to the other facilities.

Ordain Manufacturing would benefit by adding new accounting modules such as inventory, job cost, and systems manager modules to increase efficiency and provide accurate information for the management to base its decisions on. The new modules would also help decrease the company's dependence on borrowed debt. Ordain Manufacturing balance sheet and income statement show that the company is in a stable position. As illustrated in the graph (Fig. 2), Radian's current ratio has increased over the last two years after dropping in 2009. (Apollo Group Inc. , 2013) (Apollo Group Inc. 2013) In order to continue expansion and increase profitability, Ordain Manufacturing must enhance its operations with efficiency and strategy. A zero-based budget and a performance-based budget would change the direction of the company preventing it from becoming a high risk to lenders, and allowing the company to enjoy profits consistently each year. Ordain Manufacturing values its customers, so it must take steps to ensure financial reports are

accurate, and up to date, providing clear and concise evidence that the company is generating the revenue to be successful.