

It solution for corporate financial and inventory management

[Technology, Information Technology](#)



The paper "IT Solution for Corporate Financial and Inventory Management" is a brilliant example of a case study on information technology.

1. 0 Challenge/Opportunity Area for SUH

SUH Incorporated has a challenge in the area of Corporate Financial and Inventory Management. In the area of finance, each of its operations currently uses a different financial system and the consolidation of the information is very time consuming - lasting for up to four weeks at a time. The opportunity exists for the company to use the same financial system for each of its three business operations. This would substantially reduce the time it currently takes to produce consolidated information. Additionally, less manpower/man-hours would be required to produce consolidated reports. In terms of inventory management SUH incorporated has been very weak in this area as the three businesses use different procedures. Additionally, the annual inventory only covers permanent assets and so the items that are being manufactured, leased and sold are not properly managed.

Furthermore, MyRentals has a different procedure in relation to material acquisition at each of its 14 satellite offices and the documentation of purchases is considered poor.

2. 0 Recommendation

There are a number of measures that need to be put in place in each business unit before the operations are merged. They include having all IT aspect of the business managed internally; establishing standard procedures for the management of inventory; and utilizing an ERP system that is capable of meeting the needs of the organization, its employees, customers and suppliers.

2. 1 Internally Managed IT Departments

The IT aspect of MyRentals is currently being outsourced and bringing it in-house could result in savings for the business. Additionally, it would allow for more efficient and effective consolidation of the three separate operations. MyRentals is currently breaking even and this would save a lot of cash. Furthermore, the merger of the three operations would present the opportunity for a central IT department as well as a central accounting department. This would constitute further cost savings for the combined operation as CarbonTech is the only profitable business operation.

2. 2 Establishing operating standards

SUH needs to establish standards for both financial and inventory management. The current procedure of using different formats for preparing financial reports cannot be allowed to continue. A similar format will reduce errors associated with re-computing figures. This will also allow for improved decision making as a result of obtaining timely information.

The procedure for acquiring materials needs to be the same for each of the three businesses. This will require training for the heads of the procurement department for each of these businesses. This will allow them to have a better understanding of the importance of proper documentation and standard procedures for inventory management. This is important as CarbonTech is resistant to change and any forced changes may lead to unnecessary problems which may have implications for its continued profitability. Additionally, the controls as it relates to the physical count of inventory at set times and the explanation of variances is critical as it provides information on problem areas. Proper inventory management also helps to prevent stock-outs as well as reduce inventory holding costs which

result from holding more inventory than is necessary.

2. 3 Implementing an ERP System

SUH incorporated requires a system that will allow the financial and other information to be prepared in any format that it requires. Therefore, each business unit will be able to have a report format that best suits their needs as well as a format that is suitable for consolidation purposes. Additionally, the system should allow for the management of inventory as well as other areas of the business - sales management, manufacturing, and customer relationship management. The implementation of an Enterprise Resource Planning (ERP) system would be ideal for the combined businesses as it not only allows for the consolidation of information but also provides an integrated system with separate modules that are suitable for other challenge areas of the organization.

3. 0 Proposed IT Solution

The proposed IT solution for SUH incorporated is to implement the EpicorVista software. This software is currently in use at CarbonTech - the only business that is currently operating at a profit. Although it is a small operation it can be expanded to allow for use in the whole organization. MyRentals is currently unhappy with the level of support it gets from outsourcing the IT operations and using Microsoft Dynamics GP ERP system at all of its branches is not currently cost-effective.

4. 0 Solution fit to Challenge/Opportunity

The EpicorVista software would help solve the problems of combining the severally different formatted information as it can format the information in various ways and in accordance with the specific needs of each organization.

This will not affect the format required for producing quarterly consolidated reports which are a problem right now. This will reduce the time and manpower currently required for consolidating financial information. Additionally, one inventory system will assist the organization in moving towards standardizing the procedures for acquiring materials and documenting purchases as established best practices are already in place at CarbonTech.