

CASE STUDY: FINANCE & ACCOUNTING CONSULTANCY

AT A GLANCE:

WHO WE WORKED WITH:

A US Apparel company

CHALLENGES FACED:

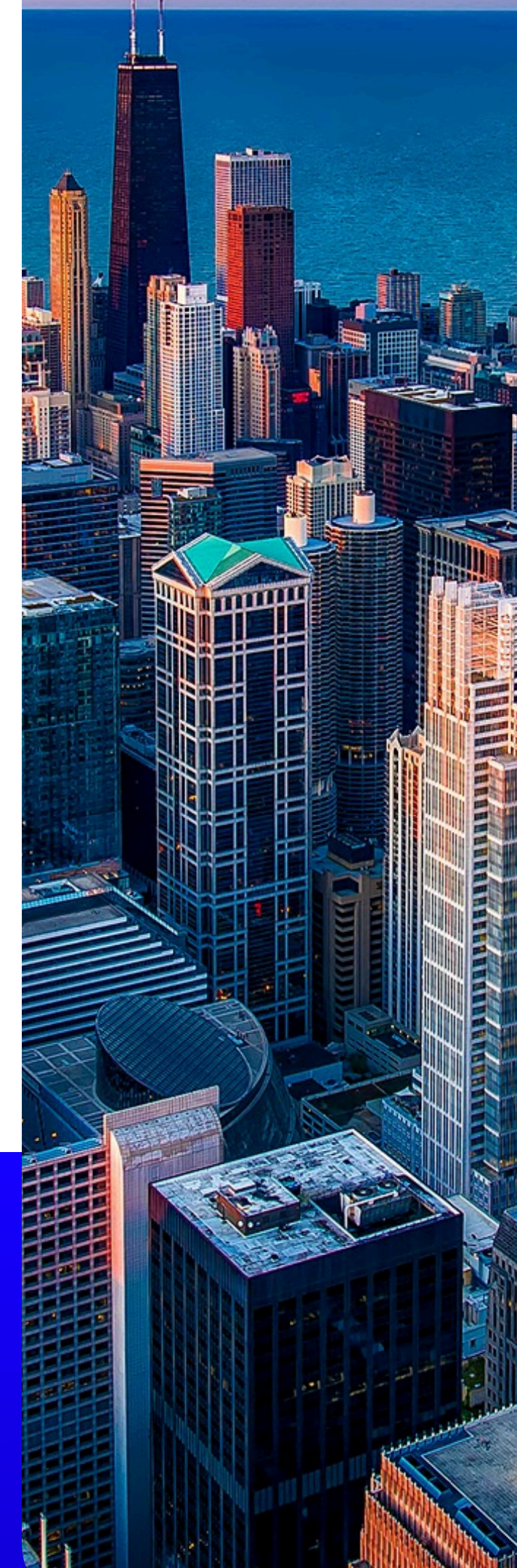
- **Delayed Order Fulfillment:** Inconsistent coordination between inventory, production, and finance departments caused delays in order processing, leading to customer dissatisfaction.
- **Inventory Management Issues:** Inefficient tracking and stock management systems led to overstocking and stockouts, impacting profitability and supply chain efficiency.
- **Lack of Integration Between Sales and Finance Systems:** Sales data was not properly integrated with financial systems, leading to misaligned revenue recognition and inaccurate forecasting.
- **Cash Flow Challenges:** Irregular payment schedules and delayed collections from customers led to cash flow constraints, limiting the company's ability to invest in growth initiatives.
- **Flash Reporting & Board Reporting:** This lack of uniformity in the reporting framework made it difficult to efficiently compile, analyze, and present the monthly management reporting suite.

HCI SOLUTION:

- Streamlining coordination between inventory, production, and finance departments by implementing an integrated order management system (OMS) and automated workflows to reduce delays, enhance on-time delivery, and improve customer satisfaction.
- Implementing a robust inventory management solution with real-time tracking, demand forecasting, and automated stock replenishment to minimize overstocking, prevent stockouts, and optimize warehouse operations for better profitability and supply chain efficiency.
- Advising on the integration of sales and finance systems to ensure seamless data flow between departments. This includes implementing ERP software that enables accurate revenue recognition, real-time financial reporting, and more reliable demand forecasting.
- Developing and implementing a cash flow management strategy that includes optimized invoicing, improved collections processes, and better payment terms with customers to reduce the DSO (Days Sales Outstanding) and improve working capital.
- Implement a centralized and standardized reporting framework by designing a unified reporting template for both flash reporting and board reporting that ensures consistency in the presentation, structure, and key metrics.

RESULTS ACHIEVED:

- **Improved Order Fulfillment Efficiency:** By optimizing the order fulfillment process, the company can reduce lead times by up to 20%, ensuring faster delivery to customers and increasing satisfaction levels.
- **Enhanced Inventory Turnover:** The implementation of an advanced inventory management system can reduce inventory holding costs by 15%, while improving stock accuracy and reducing stockouts by 25%.
- **Real-Time Financial Visibility:** Integrating sales and finance systems enables accurate, real-time financial reporting, reducing monthly close time by 30% and increasing forecast accuracy by 20%, empowering better decision-making.
- **Faster Cash Conversion Cycle:** Streamlining the invoicing and collections process can reduce Days Sales Outstanding (DSO) by 40%, improving cash flow and increasing working capital for reinvestment in business growth.
- **Implement a centralized and standardized reporting framework by designing a unified reporting template for both flash reporting and board reporting made report generation and decision making 20% quicker and more accurate.**



CHALLENGE

OPERATIONAL AND FINANCIAL STRUGGLES FACED BY A US APPAREL COMPANY

A leading US apparel company found itself grappling with delayed order fulfillment due to inconsistent coordination between its inventory, production, and finance departments. Orders were often processed late, leaving customers frustrated with delayed deliveries and leading to a decline in satisfaction. The lack of seamless communication between key business units made it challenging to align supply with demand, creating a bottleneck that impacted the company's overall performance and customer loyalty.

Inventory management was another significant issue for the company. Inefficient tracking systems led to overstocking of certain items while others faced stockouts, creating both financial losses and missed sales opportunities. This imbalance not only hurt profitability but also strained supply chain relationships and created additional logistical headaches. The lack of a streamlined process to track inventory levels in real time meant that the company was often caught off guard by shortages or surpluses, undermining its competitive edge in the fast-paced apparel market.

Additionally, the company struggled with cash flow management. Irregular payment schedules and delayed collections from customers put a strain on its working capital, limiting its ability to reinvest in growth initiatives or address operational inefficiencies. The company also faced compliance challenges due to the complexity of managing regulations across multiple regions. Issues related to tax compliance, import/export duties, and adherence to local financial reporting standards introduced a level of risk that threatened the company's stability and reputation in the marketplace.

SOLUTION

STREAMLINING OPERATIONS AND ENHANCING FINANCIAL INTEGRATION FOR GROWTH

To address the challenges, a comprehensive solution was implemented to enhance coordination between departments, optimize inventory management, integrate sales and finance systems, improve cash flow management, and mitigate compliance risks

- **Enhanced Cross-Department Collaboration:** Streamlined processes between inventory, production, and finance departments through automated workflows and real-time data sharing, improving order fulfillment timelines and boosting customer satisfaction.
- **Optimized Inventory Management:** Implemented an advanced inventory tracking system that provided real-time updates on stock levels, preventing overstocking and stockouts, and improving profitability by aligning stock levels with customer demand.
- **Integrated Sales and Finance Systems:** Integrated the sales data with financial systems, ensuring accurate revenue recognition, improved forecasting accuracy, and alignment between sales and financial goals.
- **Improved Cash Flow Management:** Introduced automated invoicing and collection reminders, enabling faster payments and reducing the cash flow gaps that limited investment in growth and innovation.
- **Strengthened Compliance Management:** Developed a centralized compliance tracking system to ensure adherence to regional tax regulations, import/export duties, and financial reporting standards, minimizing regulatory risks across markets.

IMPACT

DRIVING OPERATIONAL EFFICIENCY AND FINANCIAL STABILITY

By aligning P2P processes with strategic business goals, the company achieved significant improvements in procurement and accounts payable operations. Key outcomes included:

- **30% Reduction in Order Fulfillment Delays:** Streamlined coordination between departments, reducing order processing time and improving customer satisfaction.
- **20% Increase in Profitability:** Optimized inventory management reduced overstocking and stockouts, leading to better resource allocation and higher margins.
- **15% Improvement in Forecast Accuracy:** Integration of sales and finance systems resulted in more accurate revenue recognition and more reliable financial projections.
- **25% Reduction in DSO (Days Sales Outstanding):** Automated invoicing and collection reminders improved cash flow, shortening the time to receive payments.

By improving cross-departmental workflows, optimizing cash flow, and ensuring compliance, the company achieved greater operational efficiency and financial health, setting a foundation for sustainable growth.