

Case study: Linfox Logistics overhauls balance sheet reconciliations

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Established in Melbourne in 1956 with a single truck, Linfox has grown to become the largest privately owned logistics company in Australia, with operations across 10 countries. Managing the company's balance sheet reconciliations across so many locations presented a challenge, and a solution implementation has been successful in providing better information accuracy, data governance, and transparency. Freya Purnell reports.



With acquisitions, service expansion and joint ventures, Linfox has now grown beyond our borders to operate more than 4.3 million square metres of warehousing and nearly 5000 vehicles across 10 countries including Australia, New Zealand, Malaysia, Thailand, Indonesia, Singapore, Vietnam, India, China and Hong Kong.

The challenge

Now as such a large company, the process of completing Linfox's financial month-end close is complex and time-consuming, says David Dalton, financial accounting manager at Linfox Australia.

"We have around 14 teams that are responsible for different areas of the balance sheet. The teams include payroll, accounts receivable, accounts payable, all the different business units, head office and the various countries. There's quite a lot of segregation and detail involved."

Historically, these teams worked with spreadsheets to prepare and post journal entries prior to reconciling the balances. However, it was a slow, manual and error-prone process.

"From a management perspective, it was very difficult. With Linfox being so large and decentralised, there was little visibility into the process. It was impossible to get a quick, accurate indication of the state of accounts or to get a feel for the balance sheet," Dalton says.

"We were looking for a solution around corporate governance and getting good, fast, reliable information in a quick timeframe."

The solution

Eighteen months ago, in a bid to hasten the delivery of accurate balance sheet information and to gain greater control over the reconciliation process, Linfox Logistics management decided to deploy BlackLine Systems' Financial Close beginning with the Account Reconciliation module.

As a SaaS solution, it offered a way to centralise reconciliation data, making it possible to track the progress of each team during the end-of-month period. As it integrated with the company's existing SAP financial software, Linfox hoped it would reduce manual input and automate reconciliation-related workflows, reducing labour costs and bringing transparency to adjustments for greater data accuracy.

"It was a way of bringing consistency to reconciliations across all teams," Dalton says. "BlackLine pools all the data in one place and facilitates a standardised approach. From that point of view, people could see it would be great for governance. It offered quicker access to information. It would allow us to quickly determine who had completed their reconciliations and who hadn't. Overall, it promised to facilitate a smooth process."

The implementation

Linfox chose to deploy BlackLine in Australia first, followed by the company's Asia offices, and finally in New Zealand. Linfox has 130 staff using Blackline in Australia and Asia, and this number will increase with the addition of New Zealand. Dalton, who has also taken on the role of Blackline administrator, says while the implementation is straightforward, training is vital.

"The main issue we have is making sure that people are equipped to use Blackline. So people training is absolutely critical to making sure that it's effective, and follow-up is very important as well."

Dalton says that over time the quality of the information entered into Blackline has improved, which has come through users being more familiar with the system, and providing guidance on how to improve what is held in the system.

The benefits

Managers within Linfox are now able to check the status of reconciliation completions. Having more detailed data within the system has also provided benefits around accuracy of information and governance, as every entry and adjustment is captured in an audit trail.

"We can quickly get in and have a look at the reconciliations ourselves, instead of having to request them via email. We can look at the quality, we can look at the completion rate, and we can look at who signed off those reconciliations. So it's really handy from that point of view," Dalton says.

"We have actually implemented a quarterly reconciliation review process whereby the head office team formally meets people from the different teams on a quarterly basis to provide some feedback, as a quasi-internal audit function.

In addition, BlackLine assists with the capture of workflows, which can be critical for maintaining organisational knowledge.

"If someone goes on leave and questions arise, or if a new person joins, the audit trail shows them what has gone on in the past and how often. It helps them to learn what they need to do in that role."

The solution has also helped smooth the external audit process by drawing together reconciliation data and supporting documentation within a single system.

"Linfox spans many different regions and previously it could be difficult to quickly get reconciled information; but with BlackLine, all we need to do is log onto the site and we can see everything we need," Dalton says. "Our auditors have commented on the improvement in quality of information and the timeliness of information since the deployment."

Future expansion

In the future, Dalton will investigate adding further modules of the BlackLine solution.

"We'll probably adopt the Task Management module next. It allows users to log their critical tasks on a daily or monthly basis. It's a productivity and workflow type of tool but for us, it's all about having that documented electronic stamp to say a task has been completed."

Dalton also believes there is also room for teams to use the system even better, particularly from an administrative perspective.

"We have introduced a daily automated number load from SAP into BlackLine, which is really good because it means our data is no more than a day old. So there are little incremental gains we can still have."



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