



KIA MOTORS

Overview

Country or Region: Canada

Industry: Automotive and industrial

Customer Profile

Kia Canada Inc. is a subsidiary of Kia Motors Corporation of Korea. Established in 1999, Kia Canada has become Canada's fastest growing car company, with 150 dealers across the country.

Business Situation

Kia Canada needed to replace its ineffective business management software with a solution that would provide better financial reporting and integration with its logistical system.

Solution

Kia Canada deployed Microsoft® Business Solutions-Great Plains® because of its ability to meet all the company's needs with a cost-effective, off-the-shelf solution.

Benefits

- Improved budgeting and reporting
- Reduction of purchasing cycle by 10 days
- More time for analysis
- Improved cash flow management
- Better control of fixed assets

Auto Manufacturer Reduces Time Spent on Budgeting, Purchasing, and Business Analysis

“We’ve squeezed 10 days out of our purchasing cycle through the use of Microsoft Great Plains.”

Susan Munro, Financial Controller, Kia Canada

Several months after starting up operations in 1999, Kia Canada Inc. found itself without support for its business management software. And, because the software had not been implemented correctly, it was difficult and time-consuming to extract information, leaving staff little time for analysis. Furthermore, the system did not allow electronic purchasing, which would make tighter invoice approvals possible. Finally, it was not integrated with the logistical application at Kia Canada, preventing the company from tracking receivables and cash flow. With the help of Microsoft® Certified Gold Partner Tectura, Kia Canada implemented Microsoft Business Solutions–Great Plains® (now part of Microsoft Dynamics™). The new financial management solution has given Kia Canada improved budgeting and reporting, tighter purchasing control, improved cash flow management, and better control of its fixed assets—with strong vendor support.

TECTURA®

 Microsoft Dynamics™

Situation

Kia Canada Inc. began operations in 1999 in Mississauga, Ontario, and in four years has become Canada's fastest growing car company. The carmaker sells and distributes Kia automobiles through 150 dealers nationwide and has 120 employees and annual revenues of more than CA\$600 million.

Just months after Kia Canada started up, the vendor providing its business management system, Infinium NT Financials, was sold to a U.K.-based company, and Canadian support was greatly diminished. Since Kia Canada was still struggling with implementation-related problems, it decided to replace the system with a solution from a supplier that would make a long-term commitment to its product and its customers.

There were several problems the company wanted to solve with its new business management system. First, it wanted an easier way of getting information out of the system and creating reports. With the old system, the accounting staff had to export financial information to text files and then into Microsoft® Excel and Microsoft Access for further manipulation. This was time consuming and left the staff little time for analysis. Without the ability to carefully analyze its financials, Kia Canada wasn't able to control spending or provide departmental decision-makers the information they need.

Second, Kia Canada needed a product that would provide improved budgeting capabilities, tighter controls over purchasing, and the ability to create electronic purchase orders. The old manual P.O. process was slow, error prone, and resulted in invoices being paid without proper approval.

Finally, Kia Canada wanted its business management software to integrate with its AS/400-based parts and vehicle logistical

application. The company wanted to be able to automatically transfer vehicle sales information into its financial software daily, so it could track receivables and cash flow better.

Solution

Restricting its search to established suppliers, Kia Canada looked at solutions from SAP, Navision, and Great Plains (before Microsoft purchased both Navision and Great Plains). It selected Great Plains for several reasons:

- Comprehensive functionality without the need for expensive customizations
- Intuitive ease of use
- Extensive drill-down capabilities
- Easy report production without leaving the application
- Product and vendor stability

In 2002, Kia Canada deployed Great Plains with assistance from Tectura, a Microsoft Gold Certified Partner and leading global provider of Microsoft integrated business solutions to mid-market companies and large enterprise divisions. The Burlington, Ontario-based Tectura staff installed Great Plains on a single Dell server that runs Microsoft Windows® 2000 Server and Microsoft SQL Server™ 2000, which are part of Microsoft Windows Server System™ integrated server software.

Tectura recommended a two-phase approach to implementation. During phase 1, Tectura replaced Infinium with Great Plains financial management modules. This step allowed Kia to run routine operations while focusing efforts on integrating the system with its AS/400 system. During the final part of phase 1, Tectura automated purchase order processing, giving all departments the ability to enter purchase orders online, which speeded up the approval process.

“Because budgets are part of Microsoft Great Plains, managers can see instantly when they approve a purchase order whether they are within or over budget.”

Susan Munro, Financial Controller, Kia Canada

During phase 2, Tectura continued with system refinements, further automating key processes to save time and labor and allowing more users to submit purchase orders online. They integrated Great Plains more deeply with the AS/400 logistical system, allowing sales transactions to be imported into Great Plains so that deal statements could be issued on a monthly basis.

Kia Canada has upgraded its Microsoft Business Solutions-Great Plains® software through the years; today, Kia Canada performs all budgeting and accounting using Microsoft Great Plains version 7.0, which provides an integrated, consistent, company-wide system for managing and reporting on financial data. Kia Canada Financial Controller, Susan Munro, used Microsoft Great Plains to assign every department and manager a cost center, creating accountability for all expenditures.

Using the budget functionality in Microsoft Great Plains, Munro created a budget template for capturing a standard set of expense categories. Department managers use the template to create annual capital and operating budgets for their departments. Munro then consolidates all the departmental budgets into one master budget that is maintained in Microsoft Great Plains.

Purchasing, too, is more streamlined and automated with Microsoft Great Plains. Every purchase order (PO) is assigned to a budget cost center, so every time a manager creates a PO, Microsoft Great Plains tells the manager whether he or she is over or within the budget. Once approved, a PO is printed and sent to the vendor. When the invoice arrives at Kia Canada, the approval for that expenditure is already on file so the invoice can be paid immediately.

Benefits

By adopting Microsoft Business Solutions-Great Plains, Kia Canada has created a centralized business management system that allows it to keep tight control over—and gain visibility into—its finances. Budgeting and purchasing are coordinated and more streamlined, the accounting staff and department managers spend less time creating financial reports and tracking down data, and the company has a far better picture of its daily cash flow. Microsoft Great Plains has even given Kia Canada better control over its fixed assets.

Improved Budgeting and Reporting

Microsoft Great Plains allows Kia Canada to administer its budgets far more effectively than was possible with the old system. Using FRx® Financial Reporter, a module of Microsoft Business Solutions for Analytics-FRx Professional, users outside the finance department are able to control and manipulate budgets more easily.

“Our managers love the ‘reallocate budgets’ feature in Microsoft Great Plains, which allows them to move unused money into new categories and thus save it, which they couldn’t do before,” Munro says. “This feature encourages managers to find savings in their budgets and spend their budgets wisely.”

Microsoft Great Plains provides Kia Canada with flexible and thorough reporting on every aspect of its business. Munro distributes actual-to-budget reports by cost center to managers each month so they always know where they are in their spending. Managers can also access Microsoft Great Plains electronically and query their accounts at any time to see a real-time status of their department’s finances. The drill-down capability in Microsoft Great Plains allows them to see, with just a few clicks of the

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mouse, component costs underlying a summary figure.

“The extensive reporting capabilities of Microsoft Great Plains allow us to provide better financial control over our company,” Munro says. “Managers have clear financial information on a timely basis in an easy-to-read format.” In the future, Munro plans to integrate a graphical reporting tool with Microsoft Great Plains to create quick-glance graphical reports.

Reduction of Purchasing Cycle by 10 Days

Under the old system, all purchasing and purchase approvals were handled manually. Microsoft Great Plains has automated and streamlined the purchasing process, requiring (and enabling) department manager approval before any purchase can be made.

“We spent a lot of time before, running around trying to figure out who ordered something before an invoice was paid. We’ve squeezed 10 days out of our purchasing cycle through the use of Microsoft Great Plains,” Munro says.

Also, because purchasing and budgeting are now performed in the same application, managers can instantly see the state of their budgets before they authorize an expense.

“When our budgets were done as spreadsheets, they could get changed or lost,” Munro says. “Because budgets are part of Microsoft Great Plains, managers can see instantly when they approve a purchase order whether they are within or over budget.”

Department managers can even view an online “actuals to committed” report that shows them, at any time, what monies they’ve committed (as POs) versus what is left in their budgets.

More Time for Analysis

Because Kia Canada’s managers spend less time getting data out of their financial system, they have more time to spend analyzing it by using the powerful reporting tools in Microsoft Great Plains. Better analysis means sounder financial management and better decisions being made throughout the company’s management ranks.

“Microsoft Great Plains is saving time across the company, streamlining both administrative and managerial processes,” Munro says. “Microsoft Great Plains is fantastic, well-written software that is easy to use and easy to navigate. Even if there’s something I haven’t done in a year or two, it’s intuitive to figure out.”

Improved Cash Flow Management

Microsoft Great Plains integrated easily with the AS/400-based logistical system at Kia Canada, giving the company far better management of its accounts receivables. It easily imported historical sales records into Microsoft Great Plains to provide a baseline from which to view ongoing sales data. Each night, vehicle sales data from all 150 dealerships is uploaded from the logistical application into Microsoft Great Plains, which generates sales records, accounts receivables, and “cost of goods sold” reports.

“Because we’re selling big-ticket items, we want sales entered into our financial system as quickly as possible,” Munro says.

“Because Microsoft Great Plains integrates so seamlessly with our logistical application, we can move these figures into our accounting systems on a daily basis. This is something we couldn’t do before that is very valuable to us, since it gives us greatly improved management of our cash flow.”

For More Information

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For more information about Tectura products and services, call (866) 278-6662 or visit the Web site at: www.tectura.com

For more information about Kia Canada products and services, call (950) 755-6250 or visit the Web site at: www.kia.ca

Better Control of Fixed Assets

Microsoft Great Plains has also helped Kia Canada gain better control over its fixed assets. The company sets up a fixed asset record in Microsoft Great Plains for each new fixed asset purchased and attaches a matching numbered label to the asset. The Microsoft Great Plains record contains a complete history of the asset, including date purchased, cost, depreciation schedule, and service history.

Previously, this tracking was performed using Excel spreadsheets, which didn't provide the controls or the centralization Kia Canada needed. "Major systems shouldn't be in Excel," Munro says. "If someone leaves the company, no one knows where the spreadsheet is."

Kia Canada is using Microsoft Great Plains to continue improving its efficiency and its profitability.

Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems your company already has implemented. By automating and streamlining financial, customer relationship and supply chain processes, Microsoft Dynamics brings together people, processes and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: www.microsoft.com/dynamics



Software and Services

- Microsoft Windows Server System
 - Microsoft Windows 2000 Server
 - Microsoft SQL Server 2000
- Microsoft Dynamics
 - Microsoft Business Solutions for Analytics-FRx Professional
 - Microsoft Business Solutions-Great Plains

Hardware

- Dell PowerEdge 4400 server

Partners

- Tectura

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