



Software That Fits

Client

Empire Automation Systems
Rochester, NY

Type of Business

Pneumatic Distributor

Number of Locations: 1

Number of Employees: 12

AccountMate Users on System: 12

AccountMate Modules:

- Accounts Payable
- Accounts Receivable
- General Ledger
- Inventory Control
- Manufacturing
- Purchase Order
- Return Merchandise Authorization
- Return to Vendor Authorization
- Sales Order

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– *Don Davis, President of Empire Automation Systems*

Hard Goods Distributor Dramatically Improves Profit Reporting Accuracy with AccountMate Software

Located in New York, Empire Automation Systems provides sales, technical support and engineering services to the automation industry. Since 1989, the company has expanded from a full line pneumatics distributor to a major automation supplier with their comprehensive product offering in all major pneumatic component categories such as air preparation, motion control, valves, electrical components and accessories.

Providing personalized customer service with an experienced team of pneumatic specialists is the foundation of their business success. As “your one-stop shopping for quality automation components”, Empire factors value, reliability and performance when providing customers with solutions for their application requirements.

The Challenge

Doubling sales revenue from 2003–2007, Empire continues to expand their selection of pneumatic inventory, strategically leveraging the use of stock and non-stock inventory items. With over 40,000 items in stock, the company also distributes tens of thousands more non-stock inventory which are drop shipped directly from vendors.

Accurately identifying, managing and reporting stock and non-stock inventory was a significant business challenge. At the time, the Controller and CPA regularly made large journal entry adjustments to the inventory and cost of goods sold accounts to solve discrepancies. “Inventory values would swing up to \$20,000 each month causing significant variances in profit”, recalls Don Davis, President of Empire Automation Systems. “With so many adjustments on a monthly basis, I didn’t trust the numbers.”

Consequently, Empire wanted to solve their inventory discrepancies, differentiate between stock and non-stock inventory and accurately report company financials without significant manual intervention.

The Solution

To resolve the situation, Empire turned to Innovative Software, an AccountMate Elite Solution Provider with a well-deserved reputation for solving business challenges. “We quickly realized that it was the right time to deploy the Accrued Received Goods functionality included in Empire’s current version of AccountMate” states Doug Johnston, President of Innovative Software.

Upon Innovative’s recommendation, the company began using AccountMate’s Accrued Received Goods feature to provide the needed separation of inventory values right out of the box. Over the years Empire had maintained their AccountMate Lifecycle Maintenance Plan and was able to automatically receive new versions, features and enhancements, including the Accrued Received Goods feature introduced by AccountMate.

Previously, stock and non-stock inventory were merged resulting in inaccurate inventory values, on-hand balances and skewed financial reporting. Multiple component assemblies (kits), such as valve and filtration manifold assemblies needed to be manually adjusted to account for inventory changes. In order to reconcile these discrepancies, company employees spent valuable hours each month researching, resolving and posting adjustments to the General Ledger Inventory, Cost of Sales and Inventory Adjustment Accounts.

Now, with Accrued Received Goods, stock and non-stock inventory are separated in the financials enabling accurate reporting of profits and inventory valuations on the income statement. By automating kit assemblies within AccountMate, the company is able to report accurate, up-to-date financials and inventory valuations in real-time with minimal human resources. With stock and non-stock inventory averaging \$750,000, Empire plans to increase non-stock inventory as their business grows. Drop shipping orders from vendors directly to customers also decreases shipping lead times, company overhead and inventory management. The Accrued Received Goods feature enables Empire to closely monitor both stock and non-stock inventory values by reconciling the General Ledger Stock Inventory Control account with the Inventory Valuation reports.

Finally, Accrued Received Goods provides company-wide checks and balances. For example, if an item price is entered incorrectly or not received properly on a Purchase Order, Accrued Received Goods will not let Empire employees proceed until the data is entered accurately in the system. By establishing system controls, company policies and procedures, employees are trained on the detailed aspects for entering payable invoices and reversing the accrued receipts of purchase orders which eliminates inventory variances. Innovative Software developed a critical audit report used by the payables department to show incorrect values posted to the accrued received goods and both inventory accounts. This report turned out to be the final piece needed to allow such accurate inventory balancing.

The Results

Empire and Innovative Software worked together to develop the necessary audit tools and disciplines needed to not only meet company goals, but exceed them. For over six months, Empire has been able to reconcile the Stock Inventory with the General Ledger inventory control account to within pennies, all without a single journal entry.

By using AccountMate's Accrued Received Goods feature, Empire successfully manages their inventory assets. "Doug Johnston has proven time and time again, what an invaluable member he is of our team, by continuously making recommendations and developing solutions to our problems. Today [our reports] are very black and white. We can depend on the system and rely on the numbers without question", says Davis.

About the Client

Since 1989, Empire Automation Systems provides sales, technical support and engineering services to the automation field. www.empireautomationsystems.com

About Innovative Software, LLC

Innovative Software is an AccountMate Elite Solution Provider and authorized Solution Provider offering business solutions and services to small and mid-range distributors, manufacturers and food service organizations throughout the Midwest and East Coast. Innovative provides consulting, customer support and custom development services, including seamless integration of business solutions with AccountMate software.

www.innovativesoftwarellc.com

About AccountMate

Founded in 1984, AccountMate develops and markets fully modifiable business accounting software. Systems range from single user versions to those that support hundreds of users simultaneously. AccountMate software is distributed exclusively through a worldwide channel of authorized solution providers.

AccountMate can be reached at (800) 877-8896 or at

www.accountmate.com

AccountMate Software Corporation

1445 Technology Lane | Suite A5 | Petaluma, California 94954 | USA
800-877-8896 | 707-774-7500 | www.accountmate.com

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