Use Case Spotlight

BlackLine for Consumer Goods

Agile Accounting Adapts to Changing Consumer Preferences

The Only Constant Is Change

While some consumers still opt for a traditional, brick-and-mortar approach to shopping, the numerous alternative options that are now available are impossible to ignore. The omnichannel approach to shopping makes the buying possibilities seemingly endless and is undoubtedly here to stay.

Consumer shopping preferences heavily impact CPG business models. From supply chain and distribution to Sales and Marketing, IT, and Accounting, the way consumer goods organizations operate must evolve—or risk getting left behind.

Nearly 50% of consumers—including over 55% of GenX and over 40% of Baby Boomers—now shop for consumer-packaged goods online, a trend that shows little sign of slowing down.

TOP TRENDS IN THE CONSUMER PACKAGED GOODS INDUSTRY IN 2019, SPRING GLOBAL
Adapting Accounting: The Need for Agility in CPG Processes

Did you know that a third of US consumers plan to do at least 40% of their shopping from direct-to-consumer (DTC) companies in the next five years?  

That’s a significant consumer behavior change from the traditional wholesale and retail distribution.

For Accounting, these changing consumer behaviors have introduced unique complexities. From new and growing sources of financial data to higher volumes of transactions and reconciliations to complete, the ability to scale with this type of growth becomes increasingly difficult if traditional manual accounting processes remain.

The need for agility is paramount, and failing to modernize introduces risk of error and other costly consequences. Accounting must not only consider these changes, but processes must adapt quickly to keep up with front-office changes and avoid considerable business impacts.

But it’s difficult to adapt when Accounting is already challenged by limited time, resources, budget, and a lack of visibility into underlying issues.

Why Modern Accounting Matters

The financial close process is all but straightforward for CPG organizations. While many recurring accounting tasks are completed around month-end, the business is generating thousands of transactions daily. These transactions come from multiple sources (e.g. retailer sales, wholesale distribution channels, online marketplace payment settlements, banks, etc.) and require significant time and effort to validate and reconcile.

With traditional manual processes in place, it’s near impossible to consistently analyze business transactions, leading to a lack of confidence in the completeness and accuracy of the numbers and an inability to provide timely insights to management.

Other common challenges facing CPG accounting teams include:

- Difficulty identifying and addressing variances between the GL and other data sources
- Missing or duplicate purchase orders leading to improper sales or inventory records
- Inability to obtain real-time data from distribution/retail channels
- Incorrect data from order management systems, leading to underpayment from retailers
- Write-offs due to untimely resolution of differences between third party data sources and the GL
- Significant time and effort to reconcile data from disparate sources
- Trouble adapting accounting resources when revenues increase or decrease (holiday season, etc.)

To mitigate financial statement risk and increase operational effectiveness, consumer goods organizations are turning to modern accounting and leading best practices. Simply sticking with ‘the way it’s always been done’ is a thing of the past.

What if you could close the books on time and accurately with less effort, and your accounting team could actively track financial patterns and consumer behavior?

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181% of consumers plan to shop direct-to-consumer brands, Retail Dive
Impactful Results for CPG Accounting Teams

Automating manual work and centralizing financial data enables accounting teams to:

- Focus on analyzing exceptions (missing transactions, errors, in-transit items)
- Actively track critical data from retail and distribution channels in real time
- Absorb additional month-end tasks and partner with the business
- Break down silos by providing timely, meaningful insights to the front office and management
- Shift focus to activities that require judgment and analysis
- Eliminate bottlenecks during peak close time

How Technology Helps

Despite the numerous systems involved in a consumer goods accounting function, there is often a technology whitespace when it comes to reconciling data between these systems. Solutions like BlackLine help organizations make the move to modern accounting by unifying data and processes, automating repetitive, transactional work, and driving accountability through visibility.

Successful applications of BlackLine in the consumer goods industry include:

- Sales subledger to GL reconciliation
- Online marketplace payment settlements to sales reconciliation
- Accounts receivable to billings reconciliation
- Clearing and suspense account reconciliation
- Bank to GL reconciliation
- Bad debt reserve calculation
- Inventory reconciliation
The BlackLine Accounting Cloud

Companies come to BlackLine, Inc. (Nasdaq: BL) because their traditional manual accounting processes are not sustainable. BlackLine’s cloud-based solutions and market-leading customer service help companies move to modern accounting by unifying their data and processes, automating repetitive work, and driving accountability through visibility.

BlackLine provides solutions for large enterprises and midsize companies that help their teams do accounting work better, faster, and with more control.

BlackLine solves process challenges across all industries, and Consumer Packaged Goods (CPG) organizations are in a unique position to take advantage of accounting automation and quickly adapt to the continuous and significant change in consumer preferences.

Real Results for Consumer Goods

90% reduction in storage and paper costs

55% reduced FTE time spent on reconciliations

40 hours per month saved

94% reduction in manual effort and resource hours