



Mirror Streamline

Implementation Guidelines

For the Mirror Streamline Enterprise Resource Planning and
Management Software Solution

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Contents

Introduction	3
Recommended Implementation Strategy	3
General Ledger Accounts	4
Item Master	6
Debtors and Creditors.....	7
Un-reconciled Bank Statement Entries.....	7
Uploading Trail Balances from Old System.....	7
Back-Order Sales- and Purchase Orders	7
User Security Profiles	7

Introduction

Mirror Streamline is a real-time business management solution, integrating all major functional areas of a company – HR and Payroll, Accounting, Inventory, Material Requisition Planning, and Manufacturing. It also has a development platform to extend and customize the generic functionalities.

Depending on the size and complexity of your business, the implementation could be a challenging process, and as such, it should be planned carefully. It involves change management, training, cleaning- and uploading of data – all to ensure that the switch-over to Streamline will cause minimal disruptions, and that the benefits are quickly realised.

This guide outlines a generic implementation strategy, and explains what information has to be prepared, how and *when* to upload it. This guide should assist you in preparing a successful implementation strategy for your company.

Recommended Implementation Strategy

Without buy-in from your employees (read people who don't like change), you are probably better off to leave things the way they are. You should therefore convince your employees that the benefits of Streamline will outweigh the effort to get it implemented, and that once implemented, life will be easier for all and that the company will operate as a more efficient and profitable whole.

So the first step is to set up a training company. This database is then continuously configured, and samples of all transactions are simulated in order to ensure that once going live, there won't be unplanned consequences. During this process, a company-specific Operating Procedures Manual is also developed. One should not proceed with the next phase unless the users are comfortable with the intended changes.

The live database is created from the training database, carrying over the company-specific configurations set up during the training phase. All the training transactions are removed and balances zeroed. Opening balances are then uploaded, and the system can go live.

As Streamline works from opening balances, one should therefore *retain the old system's data for queries relating to earlier transactions*. For debtors- and creditors ageing information, this limitation would not be practical, and as such, debtor and creditor information is uploaded in more detail. Same applies to bank recons for transactions that have not yet gone through on the bank statement.

General Ledger Accounts

GL Accounts are set up on the training company, and later just transferred to the live database with zero balances.

The following built-in GL Accounts are available:

Sales – All invoices are credited to this account, and credit notes are debited to this account.

Cost of Sales – Current/real-time moving average costs of physical items on invoices are debited to this account. Credit notes are credited to this account (at the original cost of the linked invoice).

Sales Discount – In the cash book, upon receiving payment from debtors, settlement discount can be captured and automatically be posted to this account. You can also post trade discount to this account, but trade discount should rather be posted to the Sales account so that Sales will reflect *net sales* after trade discount.

Discount Received – In the cash book, upon making payment to creditors, settlement discount can be captured and automatically be posted to this account.

Retained Income / (Accumulated Loss) – At year-end, all nominal accounts are zeroed with a transaction, and this account receives the contra-leg of the transaction.

Stock – Central account for holding all stock values, regardless of the physical location of the stock. The value on this account correlates with the inventory value of physical items. Inventory value = quantity * moving average. Note: *Streamline* maintains a moving average cost per stock item – company wide and not per warehouse location.

Production Cost Control Account – Used when items are converted from raw/intermediate product codes to completed product codes or product codes higher up in the Bill-of-material hierarchy. When a production output is performed, the moving average cost of the consumed items is used as the “procurement cost” for the completed items. The consumed items are adjusted downwards, and the completed items are adjusted upwards. Both these transactions are posted to this account, and will always cancel each other out.

Customer Control Account – Postings to this account is only allowed if explicit reference is made to a debtor account. This list of debtors will always tally with this account.

Supplier Control Account – Postings to this account is only allowed if explicit reference is made to a creditor account. This list of creditors will always tally with this account.

VAT Control Account – All VAT inputs and outputs are posted to this account. The net movement on this account represents VAT liability.

VAT Paid Control Account – Payments to SARS for VAT are posted to this account.

Salary/Wages, PAYE, UIF, SDL, Medical Aid and Pension Fund Clearing Accounts – At month-end, after completion of the payroll, a journal is uploaded from payroll, crediting these accounts and debiting the associated cost accounts. Payments to employees, SARS, medical aids etc, are then debited to these clearing accounts. This will ensure that employee costs are reflected in the correct accounting period, and you can easily see if all employees and other third parties have been paid (clearing accounts will be zero.)

Debtor/Creditor Journal Clearing Account – This account is used where a transaction will require two entries on the system. Both transactions must contra the clearing account, and after the transaction, the clearing account should be zero. For instance, a debtor's cheque bounces. So the first transaction would be a payment against the clearing account. The second transaction, in order to complete the transaction, would be a receivable against the debtor account, also against the clearing account. Another example would be where you need to transfer an amount between say two creditor accounts. It would require two payable transactions, one with a negative amount, and the other with a positive amount, both against the clearing account. This account is not used often, because most data capture screens in Streamline complete the transaction in just one entry.

Opening Balance Clearing Account (OB Clearing) – This account is used only at the time of going live. This account is required to upload inventory value, debtors- and creditors ageing, and transactions that have not yet gone through on the bank statement.

The **Group-Wide GL Accounts** can be used if you plan to implement Streamline across more than one company, and then be able to consolidate the various companies' balance sheets and income statements.

Cash books are used for bank accounts, petty cash and credit card accounts. Each cash book requires its own GL Account.

Item Master

Implementing the item master requires careful planning as it involves bringing over the correct warehouse quantities and moving average costs, so that the total inventory value will balance with the GL Stock Account's opening balance.

Implementing *Streamline* actually presents an ideal opportunity to "clean out" the item master: getting rid of duplicated or discontinued items, and changing stock codes to a more consistent naming convention.

Streamline also offers stock conversion functionalities. For instance, you may sell or consume during production, a product on a certain unit and stock code, but you acquire it differently. Then such information must also be captured before you can go live.

If you are a *services* company, you probably only have non-physical items on the item master, and as such, the implementation is straight-forward: Just capture the non-physical stock codes in the training company, and they are then just carried forward onto the live database. (*Streamline* supports uploading of stock lists via Excel.)

If you *trade* with physical items, a different, more complex approach is required. The full item master must first be prepared within the training company. This involves setting up warehouses, item groups, suppliers, and the stock items themselves. If conversion functions are to be used, such information is also captured. At this stage, we are not concerned with the moving average costs nor warehouse quantities.

If you also have *manufacturing*, more configurations are required: The bill-of-materials have to be set up and be double-checked, as well as production recovery information.

Once the item master is ready, we are basically ready to go live. This actually implies something very important: **You should not go live unless the item master has been fully prepared.** Without a proper item master, the system cannot accurately record costing and warehouse quantities, and many of *Streamline's* benefits would be compromised. **The initial focus of the implementation should therefore be on the item master.**

So, once the training company contains the full item master, the procedure for taking on the item master and GL Stock Account, is then: A) Do physical stock-take and get warehouse quantities, as well as the company-wide moving average. B) Carry across from the training company, the full item master with zero quantities and cost prices. C) Upload via Excel the quantities and cost prices. D) Post a journal to the value of (quantities * moving averages) - debit Stock Account, credit OB Clearing.

Debtors and Creditors

By now the item master has been set up, meaning that the creditors (suppliers) are already in place because they formed part of the item master definition. Debtor account details can be captured via Excel imports in either the training company or in the live database.

All debtor and creditor accounts are now zeroed, and un-settled invoices (or parts thereof) are imported to accommodate ageing information. For debtors, un-settled invoices are uploaded as receivables against the OB Clearing Account, and these entries will *not* carry stock information. Similarly for creditors, un-settled GRVs are taken on as payables.

Un-reconciled Bank Statement Entries

By now, the stock-, customer- and supplier control accounts have been taken-on. Cash book transactions are now loaded for those entries that have not yet gone through on the bank statement. When capturing these entries, flag them as un-reconciled, and contra-post to the OB Clearing Account.

Uploading Trail Balances from Old System

Balances for the rest of the GL accounts are uploaded as a journal. The stock-, customer - and supplier control are already in place, and should correlate with the same accounts on the old system. So, when uploading the trail balances from the old system, post the balances for these three accounts against the OB Clearing account. An adjustment against the OB Clearing account will also be required for the un-reconciled bank statement entries if there were any.

After this upload, the OB Clearing account should be zero, and the trail balances on both systems should tally.

Back-Order Sales- and Purchase Orders

Back-order quantities are required for invoices still to be issued, or GRVs due. This is required to ensure that future stock-related transactions are dealt with correctly. The Material Requisition Planning Report also needs this information for meaningful results.

User Security Profiles

The roles and responsibilities of users should preferably be set up in the training company, simply to be carried over when we go live.