

WHITE PAPER



The Odoo Open ERP Solution to Improving Accounting Workflow





The following is an excerpt from the book “Open ERP for Accounting and Financial Management, Release 1.0,” by Els Van Vossel and Fabien Pinckaers (authors of the original work, Aug. 30, 2012

Introduction

The key to continued business success is effective and integrated Accounting and Financial Management, and that is precisely the main topic of the book, “Open ERP for Accounting and Financial Management.” Open ERP’s Accounting features are flexible and highly developed to assist you in managing all aspects of financial management.

OpenERP can build a new breed of business applications, more modular, more customer-friendly, fully web-based, which others cannot due to the heritage of their legacy systems.

OpenERP is a comprehensive suite of business applications including Sales, CRM, Project management, Warehouse management, Manufacturing, Financial management, and Human Resources, just to name a few.

Part IV, Accounting Management

This chapter traces the accounting workflow in Open ERP, from entering an invoice to registering payments. The various operations are described, from the entry of accounting receipts to the treatment of the reconciliation process including payment orders.

Accounting is at the heart of managing a company: all the company’s operations have an impact here. It has an informational role (how much cash is there? what debts need to be repaid?) and, because of the information it provides, a reliable and detailed accounting system can and should have a major decision-making role.

In most companies, accounting is limited to producing statutory reports and satisfying the directors’ curiosity about certain strategic decisions, and to printing the balance sheet and the income statement several times a year. Even then, there is often several weeks of delay between reality and the report.



NOTE: VALUING YOUR ACCOUNTING FUNCTION

In many small companies, the accounting function is poorly treated.

Not only do you see the data for documents being entered into the system twice, but also the results are often just used to produce legal documents and regular printouts of the balance sheet and income statements some weeks after the closing dates.

By contrast, integrating your accounts with your management system means that you can:

- + Reduce data entry effort – you only need to do it once.
- + Run your processes with the benefit of financial vision: for example, in managing projects, negotiating contracts, and forecasting cash flow.
- + Easily get hold of useful information when you need it, such as a customer's credit position.

So, accounting is too often underused. The information it brings makes it a very effective tool for running the company if accounting is integrated into the management system. Financial information really is necessary in all of your company's processes for you to be effective, for example:

- + To prepare quotations, the precise financial position of the customer is a key element, as well as history of any delays in payment.
- + If a given customer has exceeded his credit limit, accounting can automatically stop further deliveries to the customer.
- + If a project budget is 80% consumed, but the project is only 20% complete, you could renegotiate with the customer, or review the objectives of the project.
- + If you need to improve your company's cash flow, you could plan your service projects on the basis of invoicing rates and payment terms of the various projects, and not just delivery dates. For example, you could work on short-term customer projects as opposed to R&D projects.

Open ERP's general and analytic accounting handle these needs well because of the close integration between all of the application modules. Furthermore, the transactions, the actions and the financial analyses happen in real time, so that you cannot only monitor the situation, but also manage it effectively.

Financial Management in Open ERP covers general accounting, analytic accounting, auxiliary and budgetary accounting. It is double-entry, multi-currency and multi-company.

NOTE: ACCOUNTING

General accounting (or financial accounting) is for identifying the assets and liabilities of the business. It is managed using double-entry accounting which ensures that each transaction is credited to one account and debited from another.

Analytic accounting (also called management or cost accounting) is an

independent accounting system, which reflects the general accounts but is structured along axes that represent the company's management needs.

Auxiliary accounting reflects the accounts of customers and/or suppliers.

Budgetary accounts predefine the expected allocation of resources, usually at the start of a financial year.

NOTE: MULTI-COMPANY

There is a choice of methods for integrating Open ERP in a multi-company environment:

- + If the companies hold few documents in common (such as products, or partners - any Open ERP resource), you could install separate databases.
- + If the companies share many documents, you can register them in the same database and add Open ERP's multi-company user group to finely manage access rights.



One of the great advantages of integrating accounts with all of the other modules is in avoiding the double entry of data into accounting documents. So, in Open ERP, an Order automatically generates an Invoice, and the Invoice automatically generates the accounting entries. These in turn generate tax submissions, customer reminders, and so on. Such strong integration enables you to:

- + Reduce data entry work
- + Greatly reduce the number of data entry errors
- + Get information in real time and enable very fast reaction times
- + Exert timely control over all areas of company management

All the accounts are held in the default currency (which is specified in the company definition), but each account and/or transaction can also have a secondary currency (which is defined in the account). The value of multi-currency transactions is then tracked in both currencies.

The Power of Open ERP with Odoo

This book demonstrates the power of Open ERP for accounting optimization, which is further enhanced with Odoo. The accounting integration from USA Odoo, a division of Open Source Integrators, empowers real-time accounting valuations and deeper reporting on costs and revenues for both upstream and downstream operations.

Integrating a company's accounting systems into an interconnected nerve system increases reliability of numbers, efficiency of operations, and quality of output. USA Odoo will help to create one true picture of the entire business operation. With the right accounting-centric Odoo Open Source ERP software capability, the complexity of defining key demographics will be simplified.



About USA Odoo

As a top Odoo open source software integrator in the US, USA Odoo provides enterprise Odoo integration customers with a unique combination of open source business process consulting and turnkey implementation. As an Odoo Gold partner, we help your enterprise synchronize and integrate manufacturing as well as e-commerce, including the aggregation of processes and decentralized and/or independent systems. Our veteran team of Odoo ERP consultants works hands on with your team to help drive your ability to connect your organization end to end with accounting, customer, and big-data-driven centrality.

USA Odoo was created to provide Odoo-powered open source accounting, CRM, e-commerce platform, and logistic integration including real-time big data and business process improvements leading the way. Our Odoo open source software consultants work personally with each of our clients to analyze the challenges facing their operations, unleash the power of their data, and achieve their specific competitive advantage and ROI business goals.

For greater insight into the power of Open ERP, read the entirety of [“Open ERP for Accounting and Financial Management, Release 1.0.”](#)

We invite you to continue exploring the pages of [USA Odoo](#) and [Open Source Integrators](#) to see what we mean about “Open Source Done Right” and how we can help your company scale with harmony.



usa
odoo.com

Contact us



opensourceintegrators.com



contact@opensourceintegrators.com



1.855.877.2377