Things to Consider While Designing an Effective Organization Structure

Anil R Patil

Introduction:

In any global rollout one of the most important and fundamental aspect to consider is the organization structure. Often Organizations realize that they are not able to utilize the complete potential of the application just because they undermined the value of an effective Organization structure. Depending on how you model your organization within Oracle Applications, you will or will not be able to use some of the important functionalities. In this paper we will discuss the various components of the Organization Structure and their Implementation considerations. The objective of this paper is to

- Discuss various Organization Structure design considerations
- Provide guidelines on how to go about designing an effective Organization structure
- Highlight the Oracle Standard functionalities that are dependent on the Organization Structure

Before we get into the details of the design considerations, let’s question ourselves on what exactly do we mean by an Effective Organization structure? How do we define Effective? Is there any standard organization template (effective template) that ALL organizations can use? Does an organization structure that has worked well for another company in the same Industry be an effective organization structure for my company as well? The answer is probably not. Something that is effective for one organization may not be effective for another organization because each organization has its own business model and different set of requirements. Since there is no single template as such for an effective structure, let’s have a look at the various components and discuss them in detail.
In this paper we will discuss the following Organization Structure components

- Ledgers
- Legal Entities
- Operating Units
- Inventory Orgs
- Chart of Accounts *

(* Chart of Accounts is actually one of the setup components of the Ledger. However the way a Chart of Accounts is designed affects the Ledger design and the overall Organization structure and hence we will discuss Chart of Accounts as well)

Since we are discussing the organization structure in Release 12 content, it is very important to understand the difference in functionality between 11i and R12. So let’s start with what we had in 11i and that will help us understand better what functionalities are offered in Release 12 and how we can use these functionalities to model our organization Structure.

11i Organization Hierarchy

![Organization Hierarchy Diagram]

Figure 1

The figure above shows the Organization hierarchy as it existed in 11i.
**Business Groups:** The business group is an organization that is set up and configured in Oracle Human Resources. A business group is the highest level classification in the organization hierarchy of the Oracle E-Business Suite. Your HR data is portioned according to the Business Groups.

**Set of Books:** Accounting data is partitioned according to the Set of Books. The Set of Books in 11i was defined by the three C’s (Chart of Accounts, Calendar and Currency). The Set of Books maintained the accounting information for one or more companies/legal entities.

There is no direct link between the Set of Books and the Business Groups. They can be considered to be at the same level, but for different purposes. One is for maintaining accounting data and the other is for maintaining employee data.

**Legal Entity:** Defined as a GRE (Government reporting entity) in 11i. A GRE represented a registered company or other registered legal entity. More than one legal entity could be assigned to a Set of Books. One legal entity cannot be assigned to more than one set of Books.

**Operating Units (OU’s):** An Operating Unit is a system organization that stores subledger data separately from the data associated with other OUs ("Partitions"), Administers subledger rules such as those associated with transaction types, sequencing schemes and other sales tax or VAT regulations ("Complies") and Administers user access to the data for processing and reporting ("Secures"). Subledger accounting information from more than one Operating Unit could be posted in the same Set of Books. Accounting information from one operating unit cannot be posted to more than one Set of Books. This was a limitation in the context of multiple accounting representations for the same financial event.

**Inventory Orgs:** The Inventory Organization represents an organization for which you track inventory transactions and balances. These organizations might be manufacturing or distribution centers. Several modules and functions in the Oracle Manufacturing and Supply Chain Management suite secure information by Inventory Organization. Inventory Organizations are associated with OUs. Each Inventory Organization has a parent OU and can serve other OUs. More than one Inventory Org can be assigned to the same OU. One Inventory Org cannot be assigned to more than one OU however it can serve other OU’s (e.g. Central Shipping, Central Procurement Scenario)

In this 11i Org structure, there exists a very clearly defined hierarchy relationship between Set of Books, Legal Entities, Operating Units and Inventory Orgs. This hierarchy was useful in many functionalities offered by E-Business suite, it however did have some constraints.
11i Org Structure: Constraints

- **Multiple Accounting Representation (using AX):** Release 11i provided a very limited functionality with regards to Multiple Accounting Representation. We had Global Accounting (commonly known as AX) which was primarily used in European countries. It was not a very intuitive and easily configurable and was insufficient to meet the IFRS or local statutory reporting for many countries.

- **Changes to Accounting Conventions is very expensive:** Any change in the way the accounting is generated was an invitation to customization. Oracle did provide hook-ups known as account generators for few modules but then again these generators most of the times needed customized code, had limited functionality and were insufficient to meet all accounting changes.

- **Legal Entity has no real processing value from Financial Perspective:** The Legal Entity (GRE) organization component did exist in 11i, but it had no real processing value from financial perspective. The Journal entries or the subledger transactions were not stamped with the legal entity information. Transaction processing rules, tax rules could not be defined based on the legal entity. No data security was available based on the legal entity.

- **Accounting data cannot be shared across Set of Books:** This was a desired functionality to most of the organizations, but with globalization becoming inevitable and the challenges it imposed on the global organizations, there was an increased need to share accounting data across Set of Books and at the same time restrict the accounting data based on legal entity, management segment or balancing segment.

- **GL functions across Set of Books not possible:** Many organizations are moving towards centralization or the shared services model and for that model to work successfully, there was an increased need to process many GL functions like Close process, Allocations, report generation etc to be performed across Set of Books. 11i did not provide any functionality that would cater to this requirement.

- **Does not provide the Shared Service or Centralization functionality that mirrors the desired operational structure:** 11i architecture was multi-org enabled, but it only allowed processing one org at a time, one set of books at a time. This limitation in the functionality was a major concern for organizations moving towards centralization and/or shared services model. The need was to be able to model the Oracle E-business suite organization structure that mirrored the actual organization structure of any organization and not the other way round wherein organizations are forced to follow some structure just because the ERP product does not meet their requirements.
Modeling options in 11i: With the functionality that was available in 11i, there were different ways in which organization modeling was done.

In the figure shown below, there are 4 legal entities and each legal entity has its own operating unit and set of Books

Figure 2

The Pros and Cons of the above modeling approach are as follows

PROS:

- Separate set of books per legal entity: Each legal entity has its own Set of books. This is a Pro for some and at the same time con for others. GL Processing is independent for each legal entity
- Secure data: Since in 11i architecture, the accounting data is secured by Set of Books, the accounting data in this model is secured by each legal entity
- Secure Setup information: Similar to data security, the setup elements are also secured by each set of books. Each legal entity in this case can have its own Chart of Accounts, Calendar, Currency and processing options.

CONS:

- Maintain many Set of Books: As mentioned earlier, each legal entity having its own set of books can be a Pro for some and a Con for others. For organizations that want shared accounting for legal entities, this model is an issue since they now have to maintain many Set of Books.
- Change responsibilities: Each set of Books is closely tied to one and only one responsibility. With many Set of Books, many responsibilities have to be created and any GL user responsible for multiple legal entities now has to switch between responsibilities to perform his GL functions.
- No cross/multiple legal entity processing: All GL processing functions are specific to one Set of Books. 11i architecture did not allow cross legal entity processing which was a concern for organizations using the above org model.
- Time consuming open/close process: Since these processes now needs to be run for each Set of Books individually.
- Difficult reporting: Since the data is secured by Set of Books, cross Set of Books reporting is not possible without customization of reports. FSG reports can only display data from one Set of Books in one report.

The other way of modeling was by the Balancing segment values.

![Figure 3](image)

For US East and US West we used One SOB because they used the same Chart of Account, Calendar and Currency. And we did the same thing for Austria and Germany. The balancing segment values for each one of them was however different. Note here that the assignment of balancing segment values to the legal entities is only an assumed assignment. 11i architecture did not provide any functionality to actually assign balancing segment values to the legal entities.

The Pros and Cons of the above modeling approach are as follows

PROS:
- Maintain fewer Set of Books: The number of Set of Books in this model has now reduced from four to two. The accounting for legal entities is now shared within one Set of Books (for US East and US West as an example).
- Perform processes across legal entities: Since US East and US West share the same Set of Books, the GL functions can now be performed across these two legal entities. Similarly for Austria and Germany.
- Share set-up information: Legal entities US East and US West now share the set-ups.
CONS:

- Securing Legal Entity data: The main concern of securing accounting data based on legal entities still existed. Organizations used the concept of applying security rules to restrict accounting data based on balancing segment values, but this method either gave all or none access. There was no option of read only access with security rules.
- Process sharing across currency boundaries: Based on the currency, different Set of Books are maintained and the lack processing functions across Set of Books still existed in this model.

Release 12 Organization Structure Hierarchy

In Release 12, there is a shift in the Organization structure hierarchy. In this model, the Legal entity is decoupled from the SOB – Legal Entity – OU – Inv Org hierarchy. In this architecture the legal entity and the operating unit now directly links to the Ledger. There is No Direct Relationship between the Legal Entity and the Operating Unit. This decoupling provides us enormous benefits in Organization Structure modeling in R12. The benefits are achieved because of this change in the Organization structure Hierarchy, the new concept of Ledger and Ledger Sets and the new Legal Entity Configurator.

The New Ledger Architecture

To Support Multiple Accounting Representations, there is a significant architecture change as far as the set of Books is concerned. The Set of Books is gone and what has been introduced is a
Ledger. Now, note that this is not just a terminology change. There is a huge difference between the SOB and the Ledger. In Set of Books, we had the 3 C’s (Chart of Accounts, Calendar and the currency). In ledger, we have an additional ‘C’ and that is the Accounting Conventions, the accounting method which is highly configurable for each subledger.

Ledgers

The Ledger represents an accounting representation for an organization that is accountable in a self-contained way. A ledger owner might be a legal entity, a group of companies in a common legal environment, a substantial operation within a legal entity but with legal entity attributes, or a foreign branch. Ledgers are also used to consolidate and manage reporting. In a pure implementation, "a legal entity accounts for itself in a ledger".

A ledger provides balanced ledger accounting for the accounting entity and serves as the repository of financial information. Consequently, it is the principal source of information for the analytical applications in the Oracle E-Business Suite.

Ledger balances have meaning - they assert that the balance:
1. on an account
2. at a given date
3. has a specific value in a particular currency and
4. is properly calculated.

This implies a consistent application of what we sometimes call "the 4 Cs": Chart of Accounts (COA), Calendar, Currency, and accounting Convention. The COA provides the account; Calendar the date; Currency the amount; and Convention the calculation.

The new ‘C’ in the Ledger, the accounting convention (also referred as the accounting method) is a very powerful functionality. The accounting method actually existed in 11i. But it was all behind the scene. The users had no way of controlling or expanding on the predefined accounting method. If we had to do any change in the accounting method or the way the accounting combination was generated, we customized the various account generators provided which used to be big customizations.

With ledgers, we can now do explicit modeling of legal entities via ledgers. As mentioned in the previous section, the legal entity architecture has changed in Release 12. In 11i, in the organization form we created legal entities are GREs but they didn’t really have any processing value from financial perspective. Now in Release 12, the Legal entities are really put to work. Legal entities can be configured using the Legal entity configurator and legal entities can now be assigned to the Ledgers and a balancing segment value. With the new legal entity architecture,
we can now isolate legal compliance from management needs. E-Business tax, AGIS (Advanced
global Intercompany System), the new bank model – they all now can use the legal entities for
processing purpose.

Ledgers: Reporting Ledgers

In 11i, we had MRC which has been replaced by Reporting Ledgers in Release 12. We can also
define the level of reporting. There are three different levels of reporting

- **Balance Level:** Balance level maintains translated balances. Every time when we run
translation in General Ledger, balances are stored in a balance level reporting currency.
- **Journal Level:** Journal level is a currency representation of only your GL journals and
balances. Every time we post a journal in GL, the journal will be converted to one or
more journal level currencies
- **Subledger Level:** Subledger level is a complete currency representation of your subledger
transactions, GL journals entries and balances. Every time you enter a subledger
transaction or enter and post a journal directly in GL, the same transaction and journal
will be converted to one or more associated subledger level reporting currencies.

Ledgers: Secondary Ledgers

The secondary ledger is an optional, additional ledger that is associated with the primary ledger
for an accounting setup. Secondary ledgers can be used to represent your primary ledger's
accounting data in another accounting representation that differs in one or more of the following
from the primary ledger:

- Chart of accounts
- Accounting calendar/period type combination
- Currency
- Subledger accounting method
- Ledger processing options

The following three figures depict the different levels at which the Secondary Ledgers can be
maintained
As shown above the secondary ledger can be maintained at a subledger journal level. This secondary ledger can now be used as a different accounting representation for the same subledger transactions. Each subledger transaction is accounted for using the subledger accounting method associated with the primary ledger and also according to the subledger accounting method associated with the secondary ledger. This method fulfils the requirement around Multiple Accounting Representation.

Figure 6: Maintaining Secondary Ledger at a GL Journal Level
Ledger: Ledger Sets

- Ledger Sets enable you to group multiple ledgers that share the same COA and calendar combination.
- Essentially, Ledger Sets allow you to treat multiple Ledgers as one Ledger
- Using Ledger Sets, you can perform the following cross-ledger functions:
  - Open/Close Periods
  - Create Journals
  - Translate Balances
  - Perform Allocations
  - View Information
  - Create Reports

The ledger set addresses the requirement around sharing data and processes across different ledgers (Set of Books in 11i).

Now that we have discussed the new Ledger architecture in Release 12, let’s have a look at the determination factors that will determine how many ledgers, Secondary Ledgers and Reporting Ledgers do you need for your organization.

Number of Primary Ledgers: Determination Factors

If any of the following factors are different, a new ledger will have to be defined.

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- Chart of Accounts
- Calendar
- Currency
- Accounting method
- Ledger Processing Options
  - Journal Approval required
  - Secondary Segment tracking required
  - Allow Suspense Account Posting and so on …
- Legal constraint of not sharing Ledger with another Legal Entity
- Journal Document Sequencing
- Period Close Control

**Number of Secondary Ledgers: Determination Factors**

- Different Accounting Representation required for same Financial events
- Local Chart of Account required
- Adjustment only Ledger required
- Different Calendar required
- Different currency required

**Number of Reporting Ledgers: Determination Factors**

- If you only need a different currency representation of the primary or secondary ledger, assign a reporting currency to them. System creates a Reporting Currency Ledger and links it with your primary or secondary ledger
Legal Entity Modeling

"Legal entity" in the Oracle system corresponds closely to "legal entity" or "company" in the legal world. You can store information about a registered company or other real world legal entity in the "legal entity". For example, you can store the registered address and director or officer names.

The legal entity administers transaction level rules in compliance with national laws.

A real world legal entity is a discrete legal personality characterized by the legal environment in which it operates.

In the real world, legal entities have the right to own property, the right to trade, and the responsibility to comply with appropriate laws. They also often have the responsibility to account for themselves (balance sheet, income statement, specified reports) to company regulators, taxation authorities, and owners according to rules specified in the relevant legislation.

The Oracle E-Business Suite reflects the real world for legal entities. The system legal entity is the first party on business transactions and is the transaction tax filer and payer. We recognize that for many groups, particularly in environments where the authorities allow you to treat many legal entities as one, you don't need or want to segment data or account separately for each entity that you have incorporated. Therefore, the system legal entity does not automatically account for itself.

Instead, we facilitate correlation of subledger activity with reporting legal structures by exploiting related system entities for operating units, ledgers, and company representation in the chart of accounts.

- You can account for any real world legal entity separately if you need to do so;
- You can account for a group of real world legal entities as if they were one when that fits your model;
- And you can account for a part of a real world legal entity as if it were completely standalone when appropriate.

A system legal entity can account for its transactions in many ledgers, using different accounting conventions, or using different currencies.

Compared to 11i, you will find that a legal entity has more attributes in Release 12 and that a Legal Entity Configurator is provided. Tax calculation, intercompany processing, and bank ownership exploit legal entity attributes more assiduously than previously.
Legal Entity Design Models

Figure 8
In the above model,
- A single Balancing Segment Value (company code) is assigned to a Legal Entity
- A single Legal Entity is mapped to a Ledger
- A single Operating Unit is mapped to a Ledger
- The Operating Unit will therefore have transactions for only One Legal Entity

Figure 9
In the above model,
- Many Balancing Segment Value (company code) are assigned to a Legal Entity

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- A single Legal Entity is mapped to a Ledger
- A single Operating Unit is mapped to a Ledger
- The Operating Unit will therefore have transactions for only One Legal Entity but multiple BSV’s

Figure 10
In the above model,
- Many Legal Entities with one BSV each is mapped to a Ledger
- A single Operating Unit is mapped to a Ledger
- The Operating Unit will therefore have transactions for multiple Legal Entities
- In this model, the user must determine which legal entity gets assigned to the transaction

Figure 11
In the above model,
- Many Legal Entities with many BSV’s is mapped to a Ledger
- Many Operating Units are mapped to a Ledger
- The Operating Unit will therefore have transactions for multiple Legal Entities
- In this model, the user must determine which legal entity gets assigned to the transaction

Of all the four design models mentioned above, no model is good or bad in itself. What model is right for you will depend on your Business model and your requirements.
Designing Operating Units

We have already discussed Operating Units in the “11i Organization Hierarchy” section.

Constraints in 11i architecture
- 11i was Multi-Org enabled, however it did not allow Cross-Org transaction processing or reporting
- Each Subledger responsibility was tightly linked to one and only one Operating Unit
- This constraint proved very costly for Organizations adopting Centralization or Shared Service Center Operations

Release 12 comes with a new feature for cross-organization transaction processing and reporting called Multi-Org Access Control (MOAC). It is important to understand this feature since this enables us to model our organization for centralization and shared services functionality. In this paper, I will not be discussing MOAC in detail. The following two figures should give a fair idea on the concept of Multi-Org Access Control.

Without MOAC

- India (Legal Entity)
  - India (Operating Unit)
    - India Receivables Responsibility
- Singapore (Legal Entity)
  - Singapore (Operating Unit)
    - Singapore Receivables Responsibility
- Australia (Legal Entity)
  - Australia (Operating Unit)
    - Australia Receivables Responsibility

Figure 12
With MOAC

Figure 13

Operating Units Models

Centralized Model

Figure 14

In this Centralized model:
- Subledger Data is not partitioned and secured by Legal Entities/Companies
- Subledger Processing Options MUST BE same for all legal entities
- Should be used only when all subledger functions are centralized (AR, AP, PO, OM etc)

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- Implementation time required will be less since only One OU is been implemented
- May require changes to Accounting rules since many accounts are defaulted from Operating Unit Level
- Custom reports may be required since all seeded reports do not have Company segment as a parameter
- This model cannot be used if you need Inventory Intercompany Transactions to be generated by the system for Global Procurement or Central Shipping scenarios
- Changing from this model to multiple OU model in future is costly

Decentralized Model

Figure 15
In the Decentralized model;
- Subledger Data is partitioned and secured by Legal Entities/Companies
- Subledger Processing Options CAN BE same for different legal entities
- Should be used only when all subledger functions are totally decentralized (AR, AP, PO, OM etc)
- Implementation time required will be more since many OU’s are been implemented
- Inventory Intercompany Transactions can be generated by the system for Global Procurement or Central Shipping scenarios
- Cross-Org Processing and Reporting not possible
- This is a scalable model since you can always move from this model to the MOAC enabled Centralization/Shared Services model.
Centralized and Decentralized Model (Also referred as Shared Service Model)

In this model:
- **The Best of Both Worlds**
- Subledger data can be partitioned and secured based on the Multi-Org Access profiles
- Highly Flexible solution: Functions can be centralized or decentralized for future business need without changing the Organization structure
- Implementation time required will be more since many OU’s are been implemented

This model can also be represented in a slightly different way (as shown in the figure below) wherein one operating unit is operating as a pure Shared Service operating unit (e.g. performing Central Procurement or Central Shipping service for other orgs). This Shared Service Org could also be included in the MOAC related security profile.
Figure 17
Designing Inventory Organizations

- Inventory Organization represents an Organization for which you track Inventory transactions and balances.
- Several modules and functions in Oracle Manufacturing and SCM suite secure information by Inventory Organization
- Inventory Organizations are associated with Operating Units

Inventory Organization: Design Considerations

- Inventory Orgs should match the physical inventory locations with considerable distance between them. i.e. If Inventory is stored in 2 separate physical locations, it should be 2 separate Orgs in Oracle.
- Likewise, one physical Inventory should typically be defined as 1 inventory Org in Oracle instead of multiple.
- Inventory orgs which are used to interface with another inventory or warehouse application should be separate from Oracle managed inventory orgs. This is important for ease of reconciling across multiple systems
- Inventory Orgs should be designed to the way the business is tracking inventory and not to the way accounting and finance tracks inventory.
- Inventory Orgs should belong to the Operating Unit that manages and owns that inventory from a legal position. Typically, the inventory valuation should be the same as the primary currency of the legal owner or manager. If this is not the case, then further discussion must happen to ensure consistency.
Designing Chart of Accounts

Designing Chart of Accounts is a very extensive activity. In this paper, I do not intend to discuss all the activities involved in designing the chart of accounts as that would be outside the scope of this document. I would like to highlight some of the important considerations for designing the Chart of Accounts.

**Chart Of Accounts: Segments and Segment Values**

<table>
<thead>
<tr>
<th>Company</th>
<th>Cost Center</th>
<th>Account</th>
<th>Product</th>
<th>InterCo</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Company A</td>
<td>100 Corporate</td>
<td>P10000 Total Assets</td>
<td>100 Prod A</td>
<td>10 Company A</td>
<td>00000 Future</td>
</tr>
<tr>
<td>20 Company B</td>
<td>200 Marketing</td>
<td>-11000 Cash</td>
<td>200 Prod B</td>
<td>20 Company B</td>
<td></td>
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<tr>
<td>30 Company C</td>
<td>300 Production</td>
<td>-12010 Bank AB</td>
<td>300 Prod C</td>
<td>30 Company C</td>
<td></td>
</tr>
<tr>
<td>N Company n</td>
<td>N Cost Center n</td>
<td>-12020 Bank CB</td>
<td>N Prod n</td>
<td>N Company n</td>
<td></td>
</tr>
<tr>
<td></td>
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<td>P20000 Total Liability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Account nnnnnnnnnn</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 18**

Chart of Accounts: Purpose
- Primary focus is for Financial Reporting
- Enforces GAAP standards
- Supports financial reporting and analytics
- Supports financial consolidation
- Should be a stable structure

COA is NOT for
- Storing transactional values
- Providing detail analytics
- Management reporting as a primary focus, although, it will support the financial data required for management reporting. Management reporting is too fluid to be maintain in a stable structure and will result in a messy COA over time.

There are different philosophies that different organizations follow while designing the Chart of Accounts
Figure 19

Thin vs. Thick COA

Mandatory Segments (Thinnest Possible Oracle COA for a global manufacturing)

<table>
<thead>
<tr>
<th>Company</th>
<th>Cost Center</th>
<th>Account</th>
<th>Product Line</th>
<th>Inter Co.</th>
</tr>
</thead>
</table>

- Note: Inter Company segment not mandatory for Ledger setup, but it is feature dependent
- Note: Product Line segment is not mandatory for Ledger setup, but it is required for product line accounting and is industry feature dependent

Other Segments (for Operational Accounting)

| SubAccount | Projects | Grant | Fund | Local (Statutory) | Customer |

Other Segments (for Management Accounting)

| Counter Party | View | Customer | Geography | Region | Market | Channel | Source |
Chart of Accounts: Design Basis

Figure 21

Chart of Accounts: Best Practices

<table>
<thead>
<tr>
<th>Best Practices</th>
<th>Value to the Organization</th>
</tr>
</thead>
</table>
| Single Global Chart of Accounts used across the enterprise accommodating legal and statutory requirements of all entities within the enterprise | Greater Global Control  
Ease of Maintenance  
Streamlines Global Consolidations  
Reporting consistency  
Minimize COA mapping |
| Start with Statutory requirements as a foundation and challenge additional segment requirements | Helps keep the COA structure at an optimum level |
| For local statutory requirements or different entities reporting requirements designate a separate segment | Eliminate the need to create a separate Chart of Account structure |
| Use Parent Accounts for reporting levels rather than defining additional segments (i.e. Using Vertical Structures) | Helps keep the COA structure at an optimum level |
| Create one or two extra segments for future reporting requirements | Eliminate the need to re-implement in future |
Chart of Accounts: Common Mistakes

Avoid these Common Mistakes while designing the Chart of Accounts

- Designing your new Chart of Accounts by just combining all your existing legacy system Chart of Accounts
- Only the Finance Department is involved in designing the Chart of Accounts
- Future Business Plans are not considered
- Corporate does not involve its subsidiaries to understand local statutory requirements
- Subledger Information is repeated in GL making it a very thick GL
Organization Structure Modeling

Guiding Principles for Organization Structure Modeling

- Existing as well as future business requirements should be considered
- Organization structure should be Scalable and Flexible
- Data Access and Security requirements should be considered
- Accounting should be recorded according to all required accounting standards
- Dependency on manual activities to be eliminated
- Business Processes should be automated
- Create a modeling process that can followed in the future

Organization Structure Modeling Steps

Figure 22
Organization Structure
Modeling: Basis

Figure 23
Presenter Information

Anil R Patil, PMP
Blog: www.oracle.anilrpail.com