MANUFACTURING FINANCE

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The Money You Can't See

How an Aging ERP Quietly Drains Manufacturing Finance



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It is the fifth business day of the month, and your team is still closing the books. The controller is chasing an intercompany entry that will not tie out. Two analysts are rebuilding the same rebate accrual in separate spreadsheets, and neither is certain which version is right. The CFO needs a margin number for the board deck, and the honest answer is that nobody can produce it with confidence until the close is done. None of this is a crisis. It is just how the month works when the ERP underneath finance is old.

The cost of that aging ERP rarely shows up as a single line item. It hides in the extra days it takes to close, the working capital stuck in the wrong inventory, the margin you cannot see until the quarter is over, and the people you hire to do by hand what the system should do on its own. Each one is survivable on its own. Together they add up to a steady, structural drain on the finance function, and for a finance leader that is real money. It just never appears on an invoice.

The place to start is the close, because it is where the whole finance function shows its age first.

> **Who this whitepaper is for.** This paper is written for finance leaders (CFOs, VPs of Finance, controllers, and FP&A leaders) at manufacturers between $30 million and $1 billion in revenue that still run legacy Dynamics GP, NAV, AX, or a similar aging ERP. If that describes your business, the eight problems that follow will feel familiar, and each one maps to a real capability in Microsoft Dynamics 365.



Evergreen Services Group. For multi-entity finance at scale, Western Computer's work with private-equity firm Evergreen Services Group is the clearest example. Evergreen consolidated more than 100 disparate systems and moved 104 companies onto Business Central in 2024, cut its close from 20 draft cycles down to 5, and finished a clean audit a full week early. It is a picture of what standardized, modern finance looks like across a portfolio, and it is the consolidation and headcount story at its largest scale.

Evergreen

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1. The Close Drags From Days into Weeks

Manual reconciliations, disconnected subledgers, and spreadsheet roll-ups make the period close slow. Finance spends the first week of every month assembling the numbers instead of using them, which means the business is always steering with last month's picture. The gap between slow and fast is measurable. Digital world-class finance teams run close cycles **35 to 57% shorter** than their peers (Hackett Group, 2025), and most teams are nowhere near that pace: **half** of finance teams still take more than five business days to close (Ledge, 2025).

Closing faster is not about working harder during close week. It is about the system doing the assembly. In Dynamics 365 Business Central, the period-end and close income statement routines run the close from live data and build the statements without the spreadsheet relay, so the numbers are ready when the period ends rather than a week later. For a manufacturer running several plants or legal entities, the harder part is coordination, and that is where Dynamics 365 Finance & Supply Chain Management earns its place: the Financial period close workspace schedules and tracks every closing task across entities, areas, and owners, so a multi-entity close stops living in a shared spreadsheet and a chain of reminder emails. Both capabilities are available today, and both attack the same root cause: a close that depends on people stitching subledgers together by hand.



V&P Scientific runs Business Central with Power BI for a clearer, real-time view of inventory and operations (V&P Scientific).

V&P SCIENTIFIC, INC.

2. Reconciliation and Reporting Run on Manual Spreadsheets

Rebates, intercompany, bank reconciliation, and journal entries get stitched together by hand, and the workbook that holds it all usually lives on one analyst's machine. Spreadsheets are still the default across finance: 96% of FP&A teams use them for planning and **93%** for daily or weekly reporting (Association for Financial Professionals, 2025). That is not a knock on the people. It is a control problem. Manual spreadsheet work is error-prone by nature, and foundational research on operational spreadsheets found errors in **94%** of those audited (Panko, EuSpRIG). When the month's numbers depend on a file only one person fully understands, every close carries a risk that stays invisible until an auditor or a board member finds it.

The way out is to move the matching and the controls into the system itself. Business Central reconciles the bank automatically, matching statement lines to ledger entries through bank account reconciliation, so work that used to eat a morning becomes a quick review. As entity count and transaction volume climb, Finance & Supply Chain Management carries more of the load with advanced bank reconciliation and ledger settlements that automate matching and clear accounts across the general ledger. Spreadsheets do not disappear, and they should not. They just stop being the system of record for numbers the business has to trust.



3. Working Capital is Trapped and Cash Visibility is Poor

Inventory valuation drifts, AR and AP aging is tracked by hand, and cash forecasting comes down to a seasoned guess. Money sits in the wrong inventory while DSO and DPO never get optimized, and the numbers are large: **$1.7 trillion** in excess working capital sits idle at the 1,000 largest U.S. companies, on a 37-day cash conversion cycle (Hackett Group, 2025). Cash is also the hardest number to call. Only **28%** of companies forecast it within 10% of target, versus about 80% for revenue (EY-Parthenon, 2024), and globally, days sales outstanding has crept from 47.3 to 50.0 days over the past decade (PwC, 2025/26). For a manufacturer, that trapped cash is usually sitting on the floor as the wrong raw material or the wrong finished goods.

National Guard Products modernized onto Business Central and handed the infrastructure to Microsoft. Its IT director put it plainly: the team no longer worries about server uptime, backups, or infrastructure, because Microsoft handles it (National Guard Products), which frees finance and IT to work on the business instead of the plumbing.

Seeing the cash clearly is the first step to freeing it. Business Central projects short-term cash from real receivables, payables, and open orders through cash flow forecast and analysis, with an optional Azure AI prediction for teams that want the system to do the extrapolation. For finance operations juggling credit, collections, and cash across several entities, Finance & Supply Chain Management pairs cash flow forecasting with credit and collections management, so the whole cash conversion cycle gets tighter, not just the forecast. Either way, the forecast stops being a spreadsheet someone rebuilds from scratch every Monday.

4. Financial Reporting and Analytics Lag Reality

There are no real-time dashboards, so producing numbers for leadership or the board means manual extracts into Excel, and by the time the deck is built the data is already old. The gap between wanting to run on data and actually doing it is wide: **88%** of organizations want to make data-driven decisions, but only **35%** actually can (data.world, 2025). It is expensive, too. More than a quarter of organizations lose over $5 million a year to poor data quality (IBM, 2025, vendor research), and finance feels it directly, with FP&A teams spending roughly **45%** of their time collecting and validating data instead of analyzing it (FP&A Trends, 2024, SAP-sponsored).

Real-time reporting is less about a new dashboard and more about the numbers living in one place. Business Central puts current KPIs and ad-hoc analysis in front of finance without an export, through the Finance Power BI app, Financial Reporting, and in-grid Analysis mode. For consolidated analytics across a group, Finance & Supply Chain Management adds Business Performance Analytics, whose core is generally available today, for near-real-time financial reporting across the business. The point is simple: the board number and the operating number finally come from the same source, so the monthly reporting scramble turns into a look at a live view.

5. Compliance, Dudit, and Consolidation Risk Grows

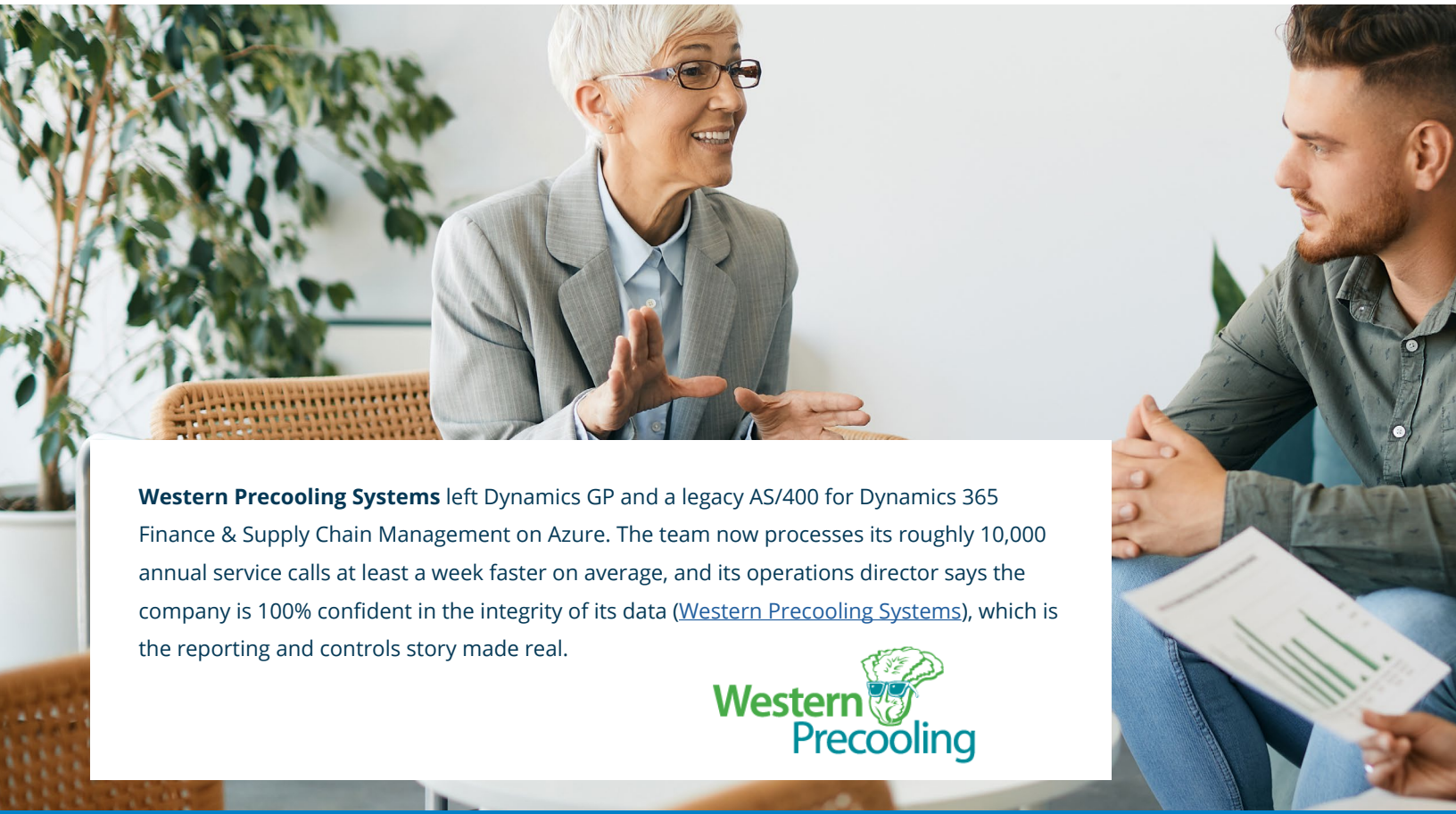
Weak audit trails, manual controls, revenue recognition and tax complexity, and painful multi-entity consolidation make audits longer, costlier, and riskier. The risk is showing up in the numbers. Financial restatements hit a **nine-year high** in 2024, with **140** U.S. public companies restating in the first ten months alone, often tied to weak internal controls (CFO Brew, 2024). Compliance is getting more expensive at the same time: average SOX program cost rose to **$2.3 million** in fiscal 2024, up 44% in two years (KPMG, 2025). For a manufacturer growing by acquisition, consolidating a handful of entities in spreadsheets is exactly where the audit exposure hides.

Controls are strongest when the system enforces them rather than the team remembering to. Business Central handles multi-company consolidation, revenue and expense deferrals, and audit-ready history through the Change Log and G/L audit trail report, so who changed what is answerable without a forensic exercise. For genuinely complex groups, Finance & Supply Chain Management adds financial consolidations and elimination, database logging for a full audit trail, and Electronic Invoicing for multi-entity, multi-currency, and e-invoicing requirements. One honest note on the roadmap: the classic accounts receivable revenue recognition feature in Finance & Supply Chain Management was retired in early 2024, and the current path is Subscription billing, which is worth scoping early if deferred or subscription revenue is part of your model.

6. Finance Headcount Scales with Transaction Volume

Because so much is manual, growth means adding people rather than adding capacity, and finance keeps expanding as a cost center instead of scaling with the system. The efficiency gap is stark. Digital world-class finance functions operate at **45% lower cost** as a share of revenue and with up to **42% fewer** full-time staff (Hackett Group, 2025). The gap is not talent. It is the plumbing: when the work is manual, the only way to handle more volume is more hands.

Automating the transactional work is what breaks the link between volume and headcount. Business Central automates the sending and receiving of business documents through E-Documents and electronic invoicing, which takes manual AP entry off the team's plate. For high-volume payables, Finance & Supply Chain Management goes further with Invoice capture, which reads vendor invoices and turns them into records without manual keying. The goal is not a smaller finance team. It is a finance team that can absorb the next plant or the next acquisition without a proportional hire.



Western Precooling Systems left Dynamics GP and a legacy AS/400 for Dynamics 365 Finance & Supply Chain Management on Azure. The team now processes its roughly 10,000 annual service calls at least a week faster on average, and its operations director says the company is 100% confident in the integrity of its data (Western Precooling Systems), which is the reporting and controls story made real.

Western Precooling

7. Budgeting and Forecasting is Slow and Static

FP&A runs on exported spreadsheets with no driver-based planning, so scenario and what-if analysis is hard and budget-versus-actual always arrives late. The teams are stuck in the data, not the analysis: FP&A spends only **35%** of its time on insight and action while **45%** goes to collecting and validating data (FP&A Trends, 2024, SAP-sponsored). It shows up in speed, with **63%** of companies unable to forecast accurately beyond six months (FP&A Trends, 2024), and the root cause is data, with **61%** of FP&A professionals citing unreliable data as their top obstacle (Association for Financial Professionals, 2025).

Planning gets faster when the plan sits on the same data as the actuals. Business Central supports financial planning with G/L budgets, actual-versus-budget analysis, and the Budget Comparison Power BI report, which covers most single-entity manufacturers well. For connected, driver-based FP&A across a group, Finance & Supply Chain Management adds the Budgeting and Budget planning modules and Business Performance Planning for scenario and what-if work that does not begin with a fresh export. Budget-versus-actual becomes something finance watches through the month, not something it assembles after it.

8. Margin is Invisible Because True Cost is Invisible

This is the one that hits profit directly. When the system cannot capture landed cost (freight, duty, tariffs) or track actual-versus-standard variance down to the item, job, or customer, true product and customer margin stays hidden. In a thin-margin, tariff-exposed industry that blind spot is expensive, and the timing makes it worse: **20 to 30%** of manufacturing EBIT margin is at risk from higher tariffs (BCG, 2025), about **83%** of manufacturers say 2025 trade-policy changes raised their compliance costs (NAM, Q3 2025), and when it is time to react, **55%** of CFOs cite a lack of accessible data as the top barrier to adjusting prices quickly (Deloitte, 2025).

This is also where the modern system has its most concrete answer. In Business Central, Item Charges are the native mechanism to capitalize freight, duty, and tariffs into landed cost, and costing methods plus Dimensions expose true cost and margin by item, customer, and more. Finance & Supply Chain Management adds cost accounting, cost management, and a dedicated Landed Cost module that apportions freight, duty, and tariffs to the item level with goods-in-transit visibility, which matters most for importers managing long inbound lead times. When a tariff changes, the question stops being 'what does this do to our margin,' answered a quarter later, and becomes a number you can see now.

What a Modern ERP Returns, and How to Choose

The cost of inaction is only half the story. The other half is what a modern platform gives back. A 2026 Forrester Total Economic Impact study commissioned by Microsoft found that a composite organization on Business Central saw a return of more than **200% over three years**, with payback in about **six months.** The same study measured monthly close time down as much as 30% and AP, AR, and billing time down as much as 50% (Forrester, 2026). For larger, multi-entity finance, separate 2026 Forrester studies projected **101% ROI** for an enterprise organization on Dynamics 365 Finance and a **16-month payback** for a midmarket one (Forrester, 2026). These are composite results, not a promise, but they line up with the pattern behind every problem above: the savings come from the system doing work the team does by hand today.

The choice between the two products is a right-sizing decision, not a better-or-worse one. For many manufacturers between $30 million and a few hundred million in revenue, running a single entity or a simple group, Business Central delivers the outcomes in this paper without more ERP than the team is ready to adopt. As multi-entity consolidation, multi-currency, and complex costing become daily realities, Finance & Supply Chain Management tends to carry the model more gracefully. The honest way to size either one against your own numbers is a pricing estimate built from real project data, which gives you a budget range before you commit to anything.

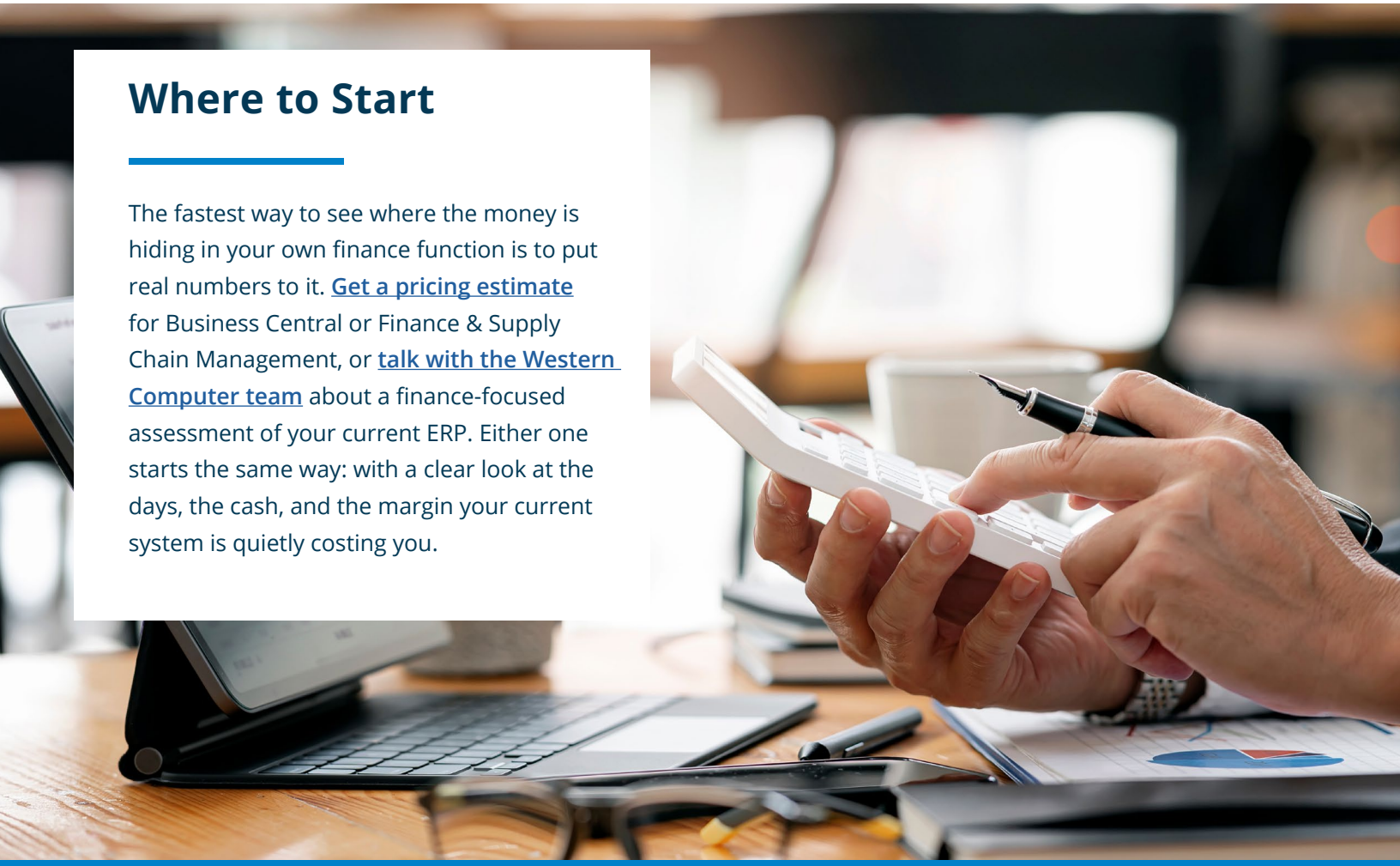


Heathrow Scientific ran Dynamics NAV until it approached end-of-support, then moved to Business Central in the cloud. Order processing time dropped 20% and output rose 15% without adding headcount, and a data-repair job that used to take three days now takes two hours (Heathrow Scientific). That is the close and the headcount problems from this paper, solved in one project.

Heathrow Scientific®

Why Western Computer?

Western Computer has spent nearly 40 years implementing Microsoft business systems, with more than 1,750 Dynamics implementations behind it. It is a Microsoft Solutions Partner and an Inner Circle member, which places it among the top 1% of Microsoft's global partner network. More to the point for a finance leader: the people who do the work come from industry and operations, not from a consulting deck, and the engagement is built around your team owning the system rather than depending on ours. That is also why this paper keeps returning to the same question of fit. Both Business Central and Finance & Supply Chain Management are on the table, and the right answer depends on your operational complexity, not on what is easiest to sell. The measure of a good implementation is not go-live day. It is whether the finance function is still getting value from the system three and five years later.



Where to Start

The fastest way to see where the money is hiding in your own finance function is to put real numbers to it. Get a pricing estimate for Business Central or Finance & Supply Chain Management, or talk with the Western Computer team about a finance-focused assessment of your current ERP. Either one starts the same way: with a clear look at the days, the cash, and the margin your current system is quietly costing you.

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