



Helping a much-loved quick service restaurants company simplify its work process while expanding its service offerings in the Thai market

“Mazars’ partnership with us really helped our business during a critical transition period where managing accounting processes were crucial to the stability and organization of our company.”

- Pisinee Mangkonkarn, Financial Controller at YUM Restaurants International (Thailand) Co., Ltd. (‘YRIT’)

Introduction

Established Mazars client, YRIT, is part of the world’s leading and fastest-growing restaurant brand, Yum! Group, with QSR chains including KFC, Taco Bell and Pizza Hut in its stable.

In 2016, Yum! announced a global strategy to have 98 percent of all restaurants being owned and operated by franchisees by the end of 2018.

The Thailand business subsequently sold off 130 KFC stores to a franchisee that same year, a process which resulted in Mazars being appointed to handle all the accounting, reporting and tax requirements for the newly formed restaurant operator.

Challenges

YRIT, a subsidiary of its US listed headquartered parent (NYSE: YUM), opens a new restaurant every week.

Given its accelerated growth, YRIT was keen to

streamline its operations. It did not believe that a reduced finance function in the long run would provide the right career opportunities for its existing accounting team of 20 people.

But in the shorter term, it still had to contend with the spike in workload as it refranchised all its restaurants in Thailand.

At times, manual processes had to be applied to thousands of transactions across hundreds of stores. This was not only time consuming but vulnerable to human error.

Accounting staff had a backlog of transactions, including managing various contract categories with landlords and recharging utility bills.

These transactions needed to be reviewed and approved by the management team every month.

Workload spiked during the refranchising period - just the number of invoices alone increased by 300 per month.

The team was under pressure and short staffed, but were still required to manage day-to-day duties, and provide the management team with data it needed to run the business.

This involved clearing balance sheet reconciliations as well as outstanding balances with the franchisees.

The company had to find a way to manage the transition with high-level expertise that understood its multi-layered model and could retain high standards of accounting processes and compliance with local tax regulations.

The decision to outsource to Mazars was made with the knowledge that finding and training new hires for permanent accounting jobs might not serve its needs in the long run.

Mazars' solution

To resolve YRIT's tax and accounting challenges, Mazars implemented solutions that helped the company maintain stability and smooth out its workflow processes.

A strategic decision was made to outsource all accounting to Mazars, who offered support in key roles such as preparing payments to suppliers, reviewing and recording staff expense claims in JDE and issue invoices and receipts to franchisees.

Mazars prepared monthly and quarterly accounting reports, monthly tax returns, balance sheet reconciliations and made sure that all deliverables were consistent and accurate.

On top of that, Mazars went out of their way to support YRIT with any additional inquiries they had.

Benefits

By outsourcing accounting, US GAAP reporting, Thai statutory financial reporting and tax services to Mazars, YRIT saved on training time and cost.

Mazars sent a team of staff to work from the YRIT office four times a week, which helped bond both teams, while building friendships and trust. The overall communication process improved.

When reviewing the various monthly and quarterly reports, YRIT's management did not encounter

any errors, material misstatement or accounting treatment that was incorrect.

At monthly reviews with the client, YRIT management was pleased that Mazars met all requirements under the agreed KPIs agreed on by both parties.

The client was also pleased with the Mazars' team's good quality accounting processes, and on top of being reliable and accurate, the team demonstrated a real understanding towards the accounting policies.

Results

Since adopting Mazars' solutions, YRIT's workflow and transaction processes flow more efficiently, and the team holds regular meetings to discuss issues and find solutions collaboratively.

“Mazars was uniquely positioned to offer the right kind of support at YRIT's most urgent point of need, to alleviate its accounting challenges.”

Most critically, placing Mazars in charge of tasks and responsibilities associated with YRIT's expansion prioritized the focus on improving processes, reduce inefficiencies, track issues through to resolution – crucial aspects of business operations that might not be a key concern for in-house teams consumed by day-to-day operations.

Conclusion

Mazars was uniquely positioned to offer the right kind of support at YRIT's most urgent point of need, to alleviate its accounting challenges.

With all their internal housekeeping needs taken care of, YRIT was able to manage the challenge of internal restructuring while coping with expansion, to achieve greater efficiency across the board, and better manage its growing number of franchisees.



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