

Kiva Confections Uses Sage Intacct to Improve Profitability with 65-pt Cost Savings

Kiva Confections

Challenges

Connecting Best-in-Class Solutions to Power Growing Cannabis Business

Kiva Confections is a market leader in premium, cannabis-infused edibles, having produced a wide range of products since starting operations in 2010. Recently, the company also began a fast-growing distribution business, which sells a portfolio of Kiva and third-party supplier brands in states like California, Illinois, Ohio, and others. As with all U.S. cannabis businesses, Kiva faces unique challenges while the industry continues to push for legalization at the national level.

For tax purposes, the organization operates separate legal entities for its manufacturing, distribution, and shared services arms. This complexity—along with Kiva's rapid growth—puts a significant burden on the finance team, who previously ran accounting through manufacturing ERP software called Kenandy. However, the system was limited in its multi-entity and financial reporting capabilities, leading to several time-consuming Excel-based workarounds. A few years ago, the company's controller decided to implement an integrated, best-in-class infrastructure that would streamline all manufacturing, distribution, and back-office accounting workflows.

"We compared Sage Intacct against Oracle NetSuite and Microsoft Dynamics, and decided that Sage Intacct was the best financial solution for our needs. That's because it is cloud-based, it effortlessly handles multiple entities, and it integrates well with our other core systems," said Elliot Woo, senior director of accounting at Kiva Confections. "Our industry-specific platforms support the manufacturing, sales, and distribution sides of our business, and they're able to feed financial data right into Sage Intacct, which is now our single source of truth for financial reporting."

As a result of making the switch, Kiva's finance team helped reach margin targets by reducing costs by 65 points, increased their own efficiency by 40%, and slashed the monthly financial close in half.

Solutions

Automated Workflows Drive 40% Gain in Finance Team Efficiency

By migrating its five entities onto Sage Intacct and connecting nine different financial tools, Woo estimates that Kiva's finance team grew overall efficiency by 40%. The company's financial data and processes now flow seamlessly between Sage Intacct and a variety of applications—including Rootstock, which manages the manufacturing side of the business, Encompass, which manages sales and distribution, Stamplicy for accounts payable (AP) approvals, Paylocity for payroll, Abacus for employee expense reimbursement, and FloQast for monthly close tracking.

KIVA™

Company Overview

Kiva Confections was founded in 2010 with a clear mission—change how the world views and uses cannabis for the better. Today, its award-winning chocolates, mints, and gummies are the most trusted, recommended, and sought after edibles available. For this, Kiva has become the most recognized edible brand in cannabis with a loyal customer base throughout hundreds of dispensaries in California, Arizona, Nevada, Missouri, Illinois, Ohio, and Hawaii.

Executive Summary

Previous Software:

- Kenandy

Results with Sage Intacct:

- 65-point reduction in manufacturing costs
- 40% greater team efficiency
- 60% shorter monthly close
- 6X invoice lifecycle reduction
- Seamless integrations across 9 key financial apps

KIVA CONFECTIONS USES SAGE INTACCT TO IMPROVE PROFITABILITY WITH 65-PT COST SAVINGS

For example, Rootstock issues purchase orders for raw materials and then automatically pushes receipts and finished goods into Sage Intacct as payables and inventory values. On the accounts receivable side, Encompass compiles daily journal entries with customer sales transactions as well as inventory purchases from third-party suppliers, and adds them to Sage Intacct. The Encompass platform also sends specific seed-to-sale data to California's Metro system for regulatory tracking and reporting requirements.

With this robust foundation, Kiva's finance team cut their financial close cycle by 60% (from four weeks to under ten days) and sped consolidations from two days to two minutes. Just before the COVID-19 pandemic, they made the prescient decision to deploy Sage Intacct's marketplace partner, Stampli, which made it easier to process approximately 650 vendor invoices per month and better track spending. Once AP invoices are approved in Stampli, they're coded with the appropriate dimensions and entities, and sent to Sage Intacct for ACH payment through Kiva's bank. This integration cut the company's typical invoice lifecycle by 87%, and freed up team members to focus on more strategic work.

Results

Dynamic Financial Reporting Helps Team Meet Margin Targets

In addition to boosting team productivity, Sage Intacct brought powerful reporting capabilities that allow Kiva to analyze and compare financial data across various locations, customers, projects, departments, and entities. With this easy-to-use solution, the team eliminated all of their cumbersome Excel spreadsheets, and can now provide consolidated or entity-specific financial reports to investors, executives, and other key stakeholders on-demand. This visibility improves the business' decision-making power, particularly around things like manufacturing expenses, by helping each functional unit to manage their costs according to budget.

"We can now hold each functional owner accountable for their monthly spend. Last quarter, we were able to utilize the reporting within Sage Intacct to identify places where our manufacturing business could reduce overhead or adjust spending on certain supplies to increase margins," shared Woo. "Our manufacturing general manager greatly appreciated the finance team's help with finding timely insights surrounding the most needed changes, and was able to achieve margin targets by cutting 65 points from expenses."

Woo appreciates the insight Sage Intacct provides into cost of sales across entities, including the ability to use filters within account groupings, tailor operating expenses, and support critical tax reporting. The system was also a big help when Kiva went through its first formal budgeting process and prepared for its audit. "Without Sage Intacct, I don't think that we would be audit-ready," noted Woo. "I'm very happy we have everything we need within the system to feel comfortable and confident in our balance sheets going into our initial audit."

"If technology can do a task for you, why would you do it manually? The time we save with Sage Intacct is time we can use for other value-add activities—such as supporting the company's anticipated growth of 90% this year, and increasing the complexity of our business operations. By working smarter, we'll be able to keep up with larger customer and sales volumes without hiring additional people."

Elliot Woo, Senior
Director of Accounting,
Kiva Confections