Acumatica
The Cloud ERP

Compliance Risks for Retailers and How a Modern ERP System Mitigates Them

MAKE COMPLIANCE PART OF YOUR DAILY BUSINESS OPERATIONS WITH ACUMATICA RETAIL EDITION

Like most industry segments, retail trade is subject to numerous government, industry, and consumer-driven regulations. Merchants and big box stores must consider many areas of compliance to be successful and profitable, such as proper tax management and filing, workplace safety and labor requirements, accounting regulations, and consumer data protection rules, among others. With many industry-specific areas to consider, compliance for retailers requires careful attention.

Retail organizations must also consider their suppliers' compliance levels. Failure to ensure proper compliance procedures from upstream vendors can result in fines, penalties, and costly lawsuits for merchants.

Gain control over your compliance activities with Acumatica Retail Edition. Industry-specific features, templates, automated process workflows, and customizable forms help organizations ensure that nothing is missed, avoiding potential fines, lawsuits, and damaging public press.

This eBook summarizes typical compliance requirements across the retail industry and how Acumatica Retail Edition addresses them. Learn strategies to implement compliance-friendly workflows within your company's technology backbone, and steps to embed business processes that adhere to regulatory laws.

COMPLIANCE FOR RETAILERS



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Compliance Requirements

The retail industry regularly deals with various areas of regulation, as outlined below.

GENERAL BUSINESS COMPLIANCE REGULATIONS

The first set of regulations listed below apply more broadly to most businesses and certainly affect retail establishments.

ACCOUNTING AND FINANCIAL DOCUMENTATION



Not only publicly traded companies must report on their financial performance. State and local municipalities often require private businesses to produce annual reports and accounting disclosures akin to income statements, balance sheets, and cash flow statements. Financial controls must be in place to ensure the integrity of accounting procedures. Additionally, different jurisdictions place unique demands on merchants, so managing these rules and regulations is critical.

Your business software should natively support common accounting standards such as GAAP and IFRS. It also needs to be agile enough to support the development of ad-hoc financial reports as required by governing bodies and internal auditors alike.

Acumatica supports 250 standard reports out-of-the-box, including the most common financial statement formats.

TAX COLLECTION AND REPORTING REQUIREMENTS



Tax management is its own compliance headache. Aside from strict and complex sales tax requirements that differ by municipality, there are tax reporting rules for duties and tariffs (selling across borders), excise tax, VAT and GST taxes, and even eco-taxes like plastic bottle deposits and a plastic bag use surcharge – to name a few.

Automate tax collection, filing, and reporting with a robust ERP system that handles the intricacies of every facet of sales and business taxes.

Acumatica Tax Management streamlines and automates the tasks involved with configuring, collecting, managing, and reporting tax.

SHIPPING OF GOODS



Another compliance-driven operation for retailers – especially online retailers – involves the shipping process. Shipping regulations cover imports and exports, international restrictions such as ITAR (International Traffic in Arms Regulations), and shipping restrictions of certain individual products such as perfumes, alcohol, weapons, dry ice, fresh fruits and vegetables, and hazardous materials.

Warehouse and order fulfillment applications must proactively detect a shipping restriction and recommend the best action to remain compliant.

Acumatica offers flexible workflow automation, approval processes, and integrated document management features to capture shipping operations, including exception handling.

Ready to learn why retail companies rely on Acumatica for their success?

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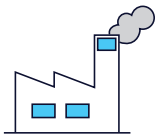
EMPLOYMENT, SAFETY, AND LABOR LAWS



The heart of a retail operation is its staff. Employment regulations dictate wages, overtime, scheduling, safe working conditions, and benefits. Merchants are subject to fair pay laws, workplaces free of discrimination and harassment, and unionized issues where applicable. Safety protocols are set forth by the Occupational Safety and Health Administration (OSHA) in the USA and similar government entities worldwide. Retailers are required to keep careful records of their training practices, safety records, and labor certifications.

Acumatica's Payroll solution easily tracks compensation, union dues, benefits, and other employee documentation.

ENVIRONMENTAL REGULATIONS AND SUSTAINABILITY



As with most other industries, retailers are affected by environmental regulations and laws. Aside from obviously providing clean air and water within retail establishments – plus managing energy usage and greenhouse gas emissions – the most common regulations for merchants involve the handling and disposing of hazardous waste, solid waste, refrigeration, and chemicals in products. Retail sub-sectors also have regulations such as pharmaceutical, food & beverage, plastic products, and agricultural products to ensure environmental integrity.

Equally important is the topic of sustainability. While not formally regulated, sustainable initiatives play an outsized influence on retailers' success. A recent U.S.-based survey revealed that consumers are noticeably sustainability-conscious, as 75% stated they are concerned about the environmental impact of their products. Further, 69% say a product's environmental impact is a vital consideration in their purchasing decisions.

Acumatica's flexible process workflows provide compliance when purchasing and receiving goods, storing inventory, stocking merchandise, and disposing of obsolete products. Sustainability initiatives can be shared and made available through training and document management modules within the Acumatica system.

RETAIL-SPECIFIC COMPLIANCE REGULATIONS

The next set of compliance regulations are focused specifically on the retail industry. Learn how merchants market to end users, how they gather and use consumers' personal information, and even how they must pack, ship, and deliver goods to be re-sold by the world's largest retail chains.

PROTECTING CONSUMERS' DATA PRIVACY



There may be as great a focus on data privacy as any regulatory issue today. Sellers who obtain personally identifiable information (PII) must be careful to handle it within the rules – rules involving consumers' financial, health, credit, personal, and behavioral privacy. Complying with privacy regulations such as CCPA, GDPR, DCI-PSS, COPPA, the E-Sign Act, website tracking, and ISO 27001 are critical to being a lawful retailer.

Consumer-facing systems must protect consumer data online, through point-of-sale system purchases, and during all customer interactions.

Acumatica Cloud ERP is hosted on Amazon Web Services (AWS) servers, the top-rated security infrastructure for SaaS applications.

ADVERTISING AND E-MAIL MARKETING

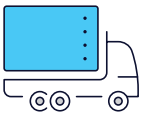


Retailers are subject to truth-in-advertising laws to ensure they aren't misrepresenting goods and services. This applies to health claims on nutraceuticals, environmentally friendly statements for sustainable or "green" products, and even claims of being "Made in the USA" must meet minimum requirements.

E-mail marketing activities must ensure compliance with **COPPA**, which outlines the rules for advertising to children under 13 years of age. Another key regulation is the **CAN-SPAM Act**, which prohibits deceptive or misleading information and subject headings in marketing e-mails while allowing users to freely opt out of receiving such advertising. The Federal Communications Commission (FCC) further mandates disclose how consumer information is used in marketing campaigns and elsewhere.

Acumatica's CRM application includes marketing automation tools to govern what and how you send e-mails and alerts to mobile devices.

AND . . . RETAIL COMPLIANCE FROM BIG-BOX STORES



Retail compliance may be more aptly named "vendor compliance". It describes the rules that larger retailers and consumer-facing marketplaces impose on their suppliers. While mainly affecting distributors and manufacturers who supply goods to big-box retail shelves and online eCommerce storefronts, some retailers look to expand their sales channels by leveraging these large retail outlets – both in-store and online.

Heavyweights such as Walmart, Target, and Amazon (for merchants entering into a "fulfilled by Amazon" agreement, or "FbA") set strict guidelines for vendors, which can range from warehouse technology implementation and electronic data interchange (EDI) connectors to pallet procedures and packaging requirements like labeling. Non-compliant infractions can incur a hefty fine, known as a "chargeback".

Acumatica supports user-defined packing and shipping procedures, including quality inspections, to keep suppliers in compliance with megastores' requirements.

"Acumatica actually calculates the excise for us. Pre-Brexit, we were registered excise dealers. Post-Brexit, we've become customs agents. We can get all the information we need out of our software solution and can calculate everything ourselves easily. And that has given us such an edge. We couldn't have switched the ease with which we did without Acumatica. It's been quite a brilliant thing, really."

– LOUISE SMALE, DIRECTOR, FINANCE AND TECHNOLOGY
CAVE DIRECT

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Compliance Software

Few ERP applications support all retail compliance requirements. Modern applications like Acumatica provide a modern, agile platform with open APIs to tailor process workflows, secure data, and connect external software applications to meet ever-changing compliance regulations. Below are the key reporting, security, and documentation areas necessary for efficient compliance in the retail sector.

GENERAL BUSINESS COMPLIANCE

FINANCE AND TAX REPORTING



There are a multitude of financial and tax-related reports that must be filed with regulatory bodies. Aside from standard accounting filings such as annual reports, internal and independent audit reports, and SOX-compliant reports, sales and use taxes require careful preparation and submission. Merchants collect sales tax for federal, state/province, and local governments. Excise, VAT, and GST taxes must also be collected, documented, and filed. Import and duty taxes are factored into goods that move from one country to another.

With Acumatica, financial and tax reporting is included. Manage all financial and accounting documents under one system umbrella. The intuitive tools to create and modify reports make generating custom forms that meet all compliance requirements simple. Automated scheduling lets users distribute reports to internal and external recipients as frequently as needed. The Tax Management module is integrated with all Acumatica modules that require tax calculation. Configure workflows to comply with rules dictating which taxes can be passed through to consumers and which cannot. Seamlessly integrate with professional sales tax software such as Avalara and Vertex for advanced capabilities.

SHIPPING GOODS



As stated earlier, retailers have a multitude of shipping regulations to which they must comply. Hazardous, fragile, and highly regulated items must be packed and shipped in accordance with local, state, federal, and international guidelines. Further, complying with shipping and delivery rules set forth by big-box retailers (“retail compliance”) adds another layer of delivery complexity.

Acumatica supports advanced requirements for domestic and overseas shipping processes. Establish robust work rules for shipping products down to the individual SKU and store work procedures and templated forms to meet shipping requirements by item, location, destination, and carrier. Maintain current task instructions for all warehouse staff in a shared document repository. Avoid costly chargebacks by tracking adherence to regulations using visual dashboards for quick corrective action.

EMPLOYEE AND LABOR SAFETY DOCUMENTATION



Job safety incidents and accidents must be recorded in an occurrence log. Acumatica’s employee file and embedded document management provide custom attributes to manage employee skills and certifications. Fair labor practices and staff scheduling must be readily available to employees. Acumatica captures all necessary documentation, making it available to everyone with a click of the mouse.

Certified payroll and reporting are embedded into the Acumatica platform, allowing for effortless reporting for prevailing wages and additional pertinent information. Create forms and documents inside the system to record employee training and occurrence logs. Acumatica also integrates with top Human Capital Management applications such as WorkForceGO! to manage employee skills, certifications, and training requirements.

ENVIRONMENTAL COMPLIANCE



Environmental compliance is mandated by rules and regulations set by governing bodies. Sustainability, on the other hand, measures initiatives deployed to mitigate harmful activities that affect the environment.

Environmental non-compliance results in hefty financial penalties, legal fees, and a requirement to cease operations by governmental boards for repeat offenders.

Lack of sustainability measures can result in loss of brand reputation and market share from environmentally conscious consumers who want to buy from sustainably-focused competitors, along with incurring higher costs due to operating inefficiently.

Use Acumatica for vendor management and source from environmentally sensitive suppliers. Optimize delivery and field service personnel to minimize the impact of harmful waste such as gasoline and carbon-based pollution. Store and maintain regulatory documentation across operations in a central location, ensuring compliance with approval workflows.

RETAIL-SPECIFIC COMPLIANCE

DATA PROTECTION AND SYSTEM SECURITY



Tight controls over consumers' personal data mean retailers must have secure processes and systems to facilitate the proper handling of information. Multiple levels of security protect the integrity of your data. Avoid cyber-attacks with the super-secure Acumatica platform. Built-in Acumatica role-based security provides the necessary internal controls to limit access to information without restricting employees' ability to get work done on time. Rigorous security must be fully compliant and regularly send reports reflecting that status.

Acumatica provides a tightly controlled environment through role-based security protocols with permissions mapped automatically for all functions. Moreover, Acumatica is ISO 27001-compliant and offers role-based identity and access management tools. Adhering to the many data privacy regulations is simplified through Acumatica's CRM module, which controls consumers' data and purchasing history. Connected payment gateways are mandated to be PCI-compliant. Configurable workflows protect sensitive data with checks and approvals.

ADVERTISING AND E-MAIL MARKETING DOCUMENTATION



Compliance regulations are very prescriptive in assuring retail advertisers make truthful statements. As mentioned above, merchants must comply with "truth-in-advertising" guidelines and respect recipients' preferences for receiving unsolicited advertising. This applies to product labels that tout ingredient lists, health benefits, and sustainability claims.

Acumatica governs e-mail and similar marketing activities with robust marketing automation features. Establish rules in the system and have Acumatica flag outliers directly within visual dashboards.

Acumatica's native CRM application includes marketing automation tools to govern what and how you send e-mails and alerts to mobile devices, scan for violations of online advertising legislation, and keep your campaigns and promotions legal and professional. Workflows and business events can track product labeling requirements, and audit trails log approvals that goods contain the correct data.

Find out why MiiR invested in a data-driven and cloud-based ERP solution.

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ACUMATICA'S RETAIL EDITION HAS YOU COVERED

As the single source of record, Acumatica's cloud ERP suite unifies all workgroups in a retail organization for maximum efficiency and compliance. Core financial management features provide auditable transactions and standard reporting with artificial intelligence. Proactively automate accounting tasks and embed payroll to accurately manage employee time, compensation, benefits, and taxes.

From robust order management capabilities that receive and qualify sales orders across all omni-channel sources, to configurable workflows that optimize receiving, pick-pack-ship, and warehousing operations.

From CRM tools that keep customers abreast of their orders and offer cross-sell opportunities, to an included document management module for attaching work instructions, collaborating via wiki pages, and exposing training manuals for all users.

All within a safe, cloud-based architecture to give you peace of mind that your tightest security requirements are uncompromisingly met. Whatever else you do to gain a competitive advantage and remain compliant, let Acumatica support your end-to-end compliance processes.



"We can access it from anywhere as long as we have a connection, and its advanced security measures ensure that business data is kept safe. Acumatica has helped us streamline processes and automate tasks while providing real-time transparency of all business operations; it is an unmatched ERP solution."

– REBECCA W., G2.COM REVIEW
JUNE 2023

STRATEGY

Three Steps for Improved Compliance

STEP 1: REVIEW CURRENT PRACTICES AND SOFTWARE



Entry-level accounting and legacy applications provide little support for compliance initiatives. Set the right foundation for safety and compliance with a modern ERP software built with open connectivity and native tools for automation and control. Start by reviewing your current practices.

- Where are your compliance documents stored?
- Are they processed manually or electronically?
- Do all relevant parties have access to the compliance information at any time from anywhere?

STEP 2: IDENTIFY COMPLIANCE WANTS AND NEEDS



Research and document different safety and compliance technologies to prioritize your wants and needs. Review the detailed readiness assessment section to identify all potential compliance issues.

- What capabilities are available in the market, and what are your needs?
- What are your top priorities in a compliance application?
- Do you need mobility and role-based functionality?

STEP 3: DEVELOP A FORMAL COMPLIANCE PLAN



Create a list of current compliance issues and rank them based on cost and benefit. Then, develop a plan that defines the end goal with the supporting technologies that fit those needs. Finally, include a timeline and process for the compliance system and implementation from start to finish.

- Goals and outcomes – note which processes will have the most significant impact across the organization.
- Timeline – How long will the transition to a new platform take?
- Workflow – Ensure all current workflows are addressed with the new solution.

"For month-end accounting it's night and day. When we integrated Acumatica, I reviewed a checklist we had for our month-end procedures and was surprised that over half of them were eliminated."

– AMANDA DATTE, CFO
CLIVE COFFEE

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EXECUTION

8 Steps for Retail Compliance Implementation

When it is time to execute the compliance plan, it is essential to remember the priorities and timeline. Start with the simple requirements and move to the more complex needs as the implementation progresses. Each stage is necessary for the successful roll-out of new retail compliance workflows.



1. PLAN REVIEW

Review the implementation plan with your team and assign realistic dates for completion.

2. TEAM PREPARATION

Notify participants of timelines, roles, and responsibilities. A conference room pilot (CRP) improves success rates.



3. DOCUMENTATION

Assure that wikis, manuals, and sandbox environments are available to users before go-live.

4. TRAINING

Schedule training sessions with all key users, including simulated workflows.

5. COORDINATION

On go-live day, the project lead coordinates the implementation, delegates tasks to the team, and provides feedback.



6. REVIEW

Last-minute changes are bound to happen, but they should be carefully documented to enable a review after you are live.

7. USER FEEDBACK

Talk with users about the new technologies and make note of any issues that are not working as planned.



8. LOOK TO THE FUTURE

Explore new ways to extend your safety and compliance projects by leveraging the application to its fullest extent.

"A lot of the new employees don't know about gardening and we have to cram a lot of information into a short time. Thankfully, we have built out very good documentation with Acumatica that allowed us to train them on how to use the system quickly."

– ETHAN PLATT, PRESIDENT & CO-OWNER
AMERICAN MEADOWS

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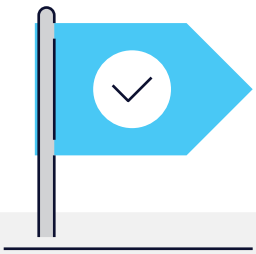
Retail compliance simplified with Acumatica

Many types of compliance are required across the retail industry. Tracking, recording, and filing compliance documentation manually leads to a lack of real-time information and hinders workflows and efficiency. The inability to produce compliance documentation on-demand and a lack of automatic notifications can cost time and money. Worse, compliance violations may lead to the prosecution of company executives and a loss of brand confidence from customers and the market in general.

Acumatica allows merchants to gain efficiencies and avoid costly non-compliance mistakes. With the addition of extended software applications, companies create a seamless network of compliance processes, covering areas such as financial and tax compliance, shipping compliance, data privacy compliance, advertising compliance, and employment, labor, and safety compliance.

Customized workflows and permissions ensure that the correct information gets to the right people at the right time. Financial compliance ensures that your company gets paid for the work done. With so many compliance features at your fingertips, Acumatica offers the most comprehensive integrated tools in the ERP market.

Acumatica Retail Edition is a complete cloud solution with superior mobile technology that enables full visibility into operations anytime, from any device.



"Every time inventory is moved, the transfer is documented, which allows us to have tighter control over where the product is and how much we have, which has helped with shrinkage and quality control."

– THOMAS FINNEY,
IT DIRECTOR,
SHOEBACCA

Acumatica
The Cloud ERP

Acumatica Cloud ERP is a comprehensive business management solution that was born in the cloud and built for more connected, collaborative ways of working. Designed explicitly to enable small and mid-market companies to thrive in today's digital economy, Acumatica's flexible solution, customer-friendly business practices, and industry-specific functionality help growing businesses adapt to fast-moving markets and take control of their future.

For more information on Acumatica, visit www.acumatica.com or follow us on LinkedIn.