

Multi-Entity Management

When the liquor license writes the org chart.

A national, multi-site special-events operator runs ~85 venues across multiple states. The company sells one all-inclusive package per event, but state alcohol law forces a separate legal entity behind every liquor line. In the end, that single package has to be accounted for across several distinct legal entities before it ever reaches the books.

At a glance.

INDUSTRY

Hospitality — multi-site event venues.

FOOTPRINT

Approximately 85 venues across multiple U.S. states.

ERP JOURNEY

Migrating from Microsoft Dynamics NAV to Dynamics 365 Business Central.

TRANSACTION PROFILE

Non-inventory; revenue originates in a CRM integration; AP entered as invoices rather than purchase orders.

ENTITY STRUCTURE

A parent operating company plus multiple state-specific beverage companies that hold the liquor licenses, and one non-consolidating affiliate.

PRESCRIBED SOLUTION

Multi-Entity Management (MEM) for Business Central.

DELIVERED WITH

A Microsoft Dynamics implementation partner.

One brand. Many legal entities.

A national multi-site special-events company operates roughly 85 venues across multiple states. Its model is all-inclusive: a client books a single package at a per-guest price, and that price covers the venue, catering, décor, and bar service. It's straightforward: One number quoted to the customer, and there's one invoice and one experience.

However, behind that single number sits a fragmented legal structure. In multi-state hospitality with alcohol service, legal entity structure doesn't follow ownership or geography but follows the liquor license.

- **Alcohol is regulated state by state.**
- **Many states require the license to be held by a specific legal entity.**
- **The states restrict who may purchase alcohol on that license.**
- **The states also require alcohol revenue to be recognized in the licensed entity.**

Every time an operator crosses a state line, it essentially sets up another beverage company.

So in practice, operationally there is one brand. Financially there are multiple companies, each of which must hold the right revenue, pay from the right bank account, buy from the right vendors, and close on the right calendar.

“We sell everything as a package — but in some of our states we have to recognize the liquor revenue in a separate company.”

Controller, national multi-site hospitality operator.

The challenges.

01 Manual reconciliation burden.

Every event was sold as a single per-guest package – say 100 guests at \$150 each, inclusive of food, décor, and bar. But at a typical venue, the parent operating company took the food revenue, and the local beverage company took the liquor revenue and the resulting tax liability. In a separate-company ERP model, reconciling that split was manual work, repeated across dozens of venues, indefinitely.

02 Compliance risk from purchasing.

Purchases booked to the wrong company carried real compliance exposure. For example, if beverage purchasing was coordinated centrally (for cost efficiency), a single vendor invoice covering multiple venues could easily get booked to one entity when it should have been split by license holder. A single miscoded order became exposure across every venue it touched.

03 No single rule for how expenses flow.

Three different expense patterns were all live simultaneously:

- Beverage expenses were paid from the licensed entity's own bank accounts, location by location.
- Operating expenses – food included, not just alcohol – ran through a single beverage company at one cluster of venues.
- Shared-service and shipping expenses sat with the parent entity on national vendor accounts and had to be pushed back out to the venues that consumed them.

As a result, there was no default behavior finance could rely on; every expense had to be routed correctly by hand, case by case.

04 **No real-time single source of truth.**

Eliminations and consolidation were disconnected from the ledger. The consolidated numbers existed only in a downstream reporting layer, not as ledger entries, so reconciling back to source was manual. This meant the ledger itself couldn't be trusted as the single source of truth.

05 **Time lost navigating between systems.**

With each entity in its own NAV company, routine work meant moving between companies to post, review, and reconcile. Any cross-entity question became an export-and-stitch exercise in spreadsheets. Growth compounded it: every new venue or beverage company added another company to open and another set of manual entries. Month-end closed late, and closed on trust that nothing had been posted to the wrong place.

The solution.

The first step was figuring out the core design decision. Unlike the old NAV structure which involved separate BC companies per entity, the MEM approach was to collapse everything into one BC company.

MEM enforces entity separation via a dimension rather than a database boundary, so a group can run them inside a single company, across several companies, or in a combination of both. The entities stay legally and financially distinct, but now live and transact in one place instead of many.

Because MEM is a fully embedded extension, with no separate servers, the company is able to maintain its standard BC documents and workflows.

SOLVES 01 · CLOSES THE MANUAL RECONCILIATION BURDEN

Posting and allocation.

Entity ownership is declared at the header of every document and journal, so it is explicit from the outset. Where a line belongs to a different entity than the header, the balancing entries appear on their own. Allocation templates spread a single transaction across entities by percentage, fixed amount, or variable amount, and work across journals and documents alike — which is what makes shared national vendor spend distributable back to the venues that consumed it.

SOLVES 02 · CLOSES THE COMPLIANCE RISK FROM PURCHASING

Compliance guardrails.

Per-entity master data restrictions mean a beverage entity that may not transact with a given vendor never sees that vendor in the lookup. Combined with allowable dimension combinations — restricting which entity and location values may be posted against a given GL account — the licensing rules become configuration rather than tribal knowledge.

SOLVES 03 · CLOSES THE LACK OF A SINGLE RULE FOR EXPENSE FLOW

Payments.

Payment batches operate in either centralized mode, where disbursements draw from the parent entity's bank account regardless of which entity owns the underlying transaction, or decentralized mode, where each entity pays from its own account. The mode is a property of the batch, so a pay run is routed simply by which batch it is filed into — and the offsetting intercompany entries are generated either way. That covers all three of the operator's expense patterns without a separate process for each.

SOLVES 04 · CLOSING THE LACK OF A REAL-TIME SINGLE SOURCE OF TRUTH

Close, consolidation, and reporting.

Multiple fiscal year ends are supported concurrently. Eliminations can be posted with automatic reversal on a defined date, giving a ledger record behind the consolidated view — an option the team can adopt at its own pace, since consolidation in the reporting layer remains perfectly valid. Because every transaction carries the entity anchor, per-entity and consolidated reporting come from one dataset, and the group's FP&A platform pulls from the same anchor.

SOLVES 05 · CLOSING THE TIME LOST NAVIGATING BETWEEN SYSTEMS

On-demand cross-entity answers.

MEM AI answers intercompany questions in plain language — what one entity owes another, and whether both sides of an intercompany trade agree — and returns a structured table spanning multiple entities, with drill-downs to the underlying transactions, without anyone building a report first.

Results.

- ✓ Package revenue and beverage cost post to the correct licensed entity as a property of the posting, rather than as a month-end correction.
- ✓ Licensing restrictions are enforced by the system at the point of entry, which is where compliance is either won or lost.
- ✓ Cross-entity questions are answered from a single dataset, so finance time moves from reconciliation to analysis.
- ✓ Intercompany balancing is generated at posting, so it stops depending on anyone remembering it.
- ✓ One close across the group, with the eliminations option available when the team wants a ledger record behind the consolidation.
- ✓ New venues and new beverage companies are absorbed as additional entities inside the existing structure, not as new companies to stand up and consolidate.

Business Central alone vs. Multi-Entity Management.

MEM uses one of Business Central's global dimensions to delineate entities – the same dimension budget a standard BC setup would spend. The difference is everything that happens after that dimension is assigned.

REQUIREMENT.	STANDARD BC.	WITH MULTI-ENTITY MANAGEMENT.
Intercompany balancing.	Possible by dimension, but due-to/due-from entries aren't generated automatically.	Due-to/due-from entries are injected automatically at posting – configured once.
Entity-level security.	Achievable, but requires extensive customization.	Governed directly by the entity dimension. A user with rights to three entities sees only those three.
Master data control.	Any user can select any vendor, customer, or GL account, regardless of entity.	Per-entity allow lists. Ineligible vendors don't appear in the lookup at all.
Entity-specific setup.	No native concept of entity-level settings.	Each entity carries its own bank account, document numbering, and configuration.
Eliminations.	Handled downstream in the reporting layer.	Calculated automatically, reviewable before posting, and reverse on a defined date.
Cross-entity documents.	Manual creation of the matching document in the other company.	Entities transact as virtual customers/vendors of each other; the companion document is created automatically.
Reporting.	Build it yourself.	Any report can run per-entity or across entities in real time, including consolidated views and FP&A extraction.

