Making The Move To Business Management Software

What to do when you've outgrown a basic accounting program

Select The Right Solution To Support Your Company's Growth

An entry-level accounting package provided the basic bookkeeping capabilities needed to start your company. But things have changed. You have more customers…more employees…more complexity. In short, your small business isn't so small anymore.

How do you move to a more powerful *business management* solution? It pays to be meticulous, so gather all the facts before making a decision. Attention to detail is critical because the new system can impact everyone in your company.

This guide is designed to give smart, unbiased tips for taking your growing company's system to the next level. Note that the following ideas do not mention our software solutions. After doing your due diligence, we believe the best-of-breed choice will be apparent.

Evaluating & Purchasing Business Management Software

Getting Started

Evaluating your company's readiness for change is the first step to implementing a new system. Before you begin looking at new features and setting time lines, take the time to set realistic goals and build momentum. Planning is the key to success.

- **Change before you have to.** By the time you're certain that your current systems are inadequate, you're probably already losing money to reduced productivity, lost opportunities and inferior data. Don't wait until that happens. If you're getting warning signs that your system can't keep up, begin your needs analysis now.

- **Consider hard-to-quantify benefits.** A new system will deliver broad improvements — and its overall impact may be difficult to calculate with precision. Consider all the benefits of more reliable and faster access to information (e.g. better, faster and more professional customer service; improved strategic planning; standing up to audit scrutiny).

- **Compromise is a good thing.** Your final choice of software may not satisfy everyone. Through clear communication and patient education, most people will recognize that the decisions being made are fair and reasonable. Plan to spend time handling objections, especially in the early phases of the project. Have a strategy for fine-tuning the system once it's installed. Count on a new system to satisfy about 90% of your needs and wants, and figure out how you'll deal with the remaining 10%. You may need to consider making staffing changes or revising your policies and procedures.

- **Accept the fact that improvements involve investment.** Implementing business management software requires time and money. But the hidden costs of antiquated accounting systems are sapping your productivity and softening your competitive edge. The right system will pay for itself with process improvements and better information for decision-making. Many businesses are choosing more modern, automated systems for faster processing of transactions, easier retrieval of data and better formatting of reports. Keep these benefits in mind when considering your ROI.

Setting Objectives

People who buy business management software usually spend most of their time evaluating features. Actually, you should focus on evaluating your own business. Identify the problems you're experiencing because your existing system isn't adequate (like knowing where in your accounting cycle you experience the biggest productivity losses or highest error rates; determining how inaccuracies are

affecting your company; and understanding which tasks require automation). The more you know about the problems you expect your new system to solve, the better informed your choice will be.

☐ **Aim high.** Many business owners don't aim high enough when they implement a new system. Just about any product can deliver financial statements. Look for much more. Think back to recent plans. What information could have boosted productivity and profitability? This might include current gross profit by product, customer or salesperson; as well as trends on how customers and products are growing or declining. You may want to use financial ratios to measure your company's performance against your competitors.

☐ **Create a task force.** Financial software affects many departments within your organization. One of the easiest ways to ensure cooperation is to involve representatives from other departments from the beginning (including not-so-obvious groups like sales and human resources). It may slow down your process, which is frustrating if your old system is failing and you need to hurry the project along. In the long run, however, a task force saves time and hassles — and helps ensure that other departments will cooperate during implementation.

☐ **Know what's special or unusual about your company.** Your business probably has some unique requirements that can't be changed. Make a list of requirements unique to your organization and industry.

☐ **Know which features you must have.** When you survey your task force, you'll uncover a few system capabilities that are critical to your company, such as particular reports or tracking methods. Once you discover that they are absolutes, put them on your must-have list.

☐ **Look for systems that can adapt to your needs.** In order to meet your needs, a system should mesh with your existing practices and adapt to technological innovations. Ideally, you want software that's simple, intuitive and closely matched to how you already do business. Be sure that it can:
  • Embrace industry-standard technology quickly
  • Customize to fit the special needs of your company
  • Scale to the changing size of your company

☐ **Make integration a high priority.** Tightly integrating your business management software with other applications can significantly improve your bottom line. Linking all functions internally — as well as linking externally to customers, suppliers and other business partners — can dramatically reduce lead times and waste throughout the supply chain. You'll streamline operations and gain a competitive edge by integrating your applications (e.g. Web store, retail management, business intelligence, customer relationship management, supply chain and human resource management). When evaluating your choices, check to see how seamlessly they integrate with other systems. Tight integration will save you time, promote greater efficiencies and add value.

☐ **Manufacturers/Distributors: Evaluate automated shipping and distribution systems.** Inventory that sits in your warehouse is cash you could otherwise be using. When considering business management software, study what options are available to link the system with your warehouse management system. Proper integration will pay huge dividends in terms of reduced inventory cycles, more efficient warehouse operations, less paperwork (with a corresponding reduction in input and other errors) and better order accuracy.

☐ **Remember your sales team.** Customers are the life-blood of any organization. Their satisfaction and loyalty are crucial success factors. The better you are able to understand and satisfy them, the more your business will prosper. Closely linked Customer Relationship Management (CRM) software will allow your organization to increase customer satisfaction. Your sales team will have a much better understanding of purchasing habits, in aggregate as well as individually. Research which CRM options are available with the software you're considering and how closely they're linked.

☐ **Take time to research human resource management systems.** Evaluate these like you would any integrated system. Don't just assume it will meet your needs. Look past

compensation and benefits to be sure it fulfills your specific requirements in other areas, such as integration with federal and state agencies or online filing of reports and documents. Be sure that it really integrates and synchronizes with payroll, eliminating the need for redundant data entry.

☐ **Be prepared to extend your business to the Web.** Business management software optimized to leverage future e-business opportunities will deliver a significant strategic advantage. Look for software with strong e-business capabilities, even if it's not one of your current requirements. Areas to consider include support for business-to-consumer and business-to-business buying and selling; the ability to empower employees through your intranet and browser-based applications; and extending systems through mobile, wireless applications. Choosing a software manufacturer dedicated to e-business tools ensures that your system can grow to match your evolving strategic goals.

☐ **Look for integrated Web store systems.** A Web store is efficient only when it integrates with your back office. When shopping for Web store creation and management software, look for one that eliminates time-consuming manual re-entry of orders received over the Web. It should seamlessly integrate with your financial system without costly customization. Web orders and payments must automatically flow through to it; while changes to customer and inventory information should automatically flow through to the Web store. You should also be able to process orders in either real-time or batch mode.

Selecting The Right System

Understanding your financial information needs is the next step in selecting appropriate business management software. Typically, the best choice isn't obvious at first because so many competing products promise similar results. It's easy to get mired in features and still be uncertain of your final selection. Here are some tips for choosing wisely.

☐ **Start with the big picture.** Don't dive into details at the beginning of your selection process. First decide on what key characteristics the system must have. You'll narrow the field significantly by eliminating packages that don't comply with your fundamental requirements. There is no point in having a huge Request for Proposal (RFP) when a handful of questions can narrow the field of vendors to a short list.

☐ **Evaluate the learning curve.** Intelligently designed software has an intuitive interface that shortens training times and facilitates conversion. Look for input fields in consistent and expected locations, and modules with similar screen designs. The software should come with effective learning tools, classes and demonstrations to speed the learning process. Don't compromise when it comes to end-user support.

☐ **Look for a software publisher that invests in R&D more so than marketing.** Good publishers invest heavily in software engineering, regularly developing new product features and enhancements, and providing frequent upgrades at reasonable prices. They stay abreast of technologies and help their customers do likewise.

☐ **Explore what support will be available.** Find out what technical support the software manufacturer makes available to its customers. What days of the week and times during the day are telephone technical support specialists available? What costs, if any, are associated with various levels of support? Does the manufacturer provide classroom, self-study or Web-based training programs? How frequently does the manufacturer contact customers regarding product announcements, upgrades and more? You will need assistance getting the most out of your software — and the best manufacturers provide it.

☐ **Check out the software publisher's background and reputation.** Look at how long the company has been in business, what their long-term prospects are, and what kind of customer support, upgrade protection and technical support they provide.

☐ **Choose your software before your hardware.** You're probably going to need some additional hardware to implement the new system. System requirements are generally

determined by software and not hardware, so choose your software first. Then buy the hardware recommended by the software manufacturer or your consultant.

- **Consider the importance of system architecture.** Your software should be capable of growing and changing with your organization. Most accounting software companies have various families of products geared toward specific business sizes. Key issues are whether their products are built on unified system architecture and have a built-in upgrade path from one product to the next. If the product family has been developed on the same architecture, future upgrades from product to product (and the subsequent data exchange) can be managed much more smoothly.

- **Make sure your software can be customized.** No single software package is right for everyone or has every desirable feature. Many programs give you useful modification features that let you change reports or screen formats. For even more control over your system, look for software that enables you to make more specific customization. This ensures that it will meet your needs as your business changes.

- **Make sure the software can adapt to your needs.** It's essential to use a system that can adapt to the specific needs of your company. Some packages offer open architecture, allowing you to add additional features and adapt to new IT paradigms. Open architecture is especially important if you expect your company to grow or change in the future. For a growing business, one of the most important characteristics of your system is its scalability. Open architecture scalability ensures your system can grow along with your company.

- **Documentation reflects software quality.** You rarely find excellent documentation with poor software. Clear, accurate and useful documentation takes time to produce and indicates a long-term commitment to customers. You'll save time hunting through manuals if the documentation is included electronically (as a help file within the application).

- **Evaluate what the software can't do.** Product limitations are often much more revealing than feature comparisons. Look at the maximum number of customers, vendors and inventory items allowed; the number of line items a single invoice or sales order can handle; and the number of users that can work with a particular application at the same time.

- **Use errors as your acid test.** People make mistakes. If the software handles them intelligently, it's a sign of good design. Some widely-promoted accounting systems don't allow you to correct an error in a purchase order without canceling and re-entering it from scratch. Look for software that tests for errors (such as duplicate customers and vendors, incorrect item numbers, and unreasonable amounts and dates). It should also flag unusually high quantities or unit prices and offer valid alternatives.

- **Understand the difference between standard functions and extras.** Some software publishers provide basic functions, but make you purchase the various extra that come standard in other organizations' software. Confirm what is included in the core pricing and what must be purchased separately.

- **Go paperless.** Modern, effective software applications use less printed paper. Look at how much paper you can eliminate — and time you can save — during order entry, basic accounting input, shipping/handling, billing and communications with vendors, customers and among other areas within your organization. The less printed paper you use, the more time and money you'll save. Efficient, timely document access and distribution also enables you to provide better customer service. Consider systems that support document attachments and have built-in data backup and storage

- **Popular products are popular for a reason.** Although a software's popularity doesn't always mean it's a good fit for you, a publisher with lots of users is probably doing something right. A large install base is like an insurance policy for customers. Choose a product that has stood the test of time, delivered good value and satisfied companies similar to yours.

Why You Need A Consultant

In order to pilot something as sophisticated as your business, you need a powerful management tool. It's a misconception that this can be done with off-the-shelf accounting packages that somehow work right out of the box. A qualified consultant will help you with much more than initial needs analysis and set-up. Migrating to your new system, addressing specific needs and resolving unforeseen issues or problems are all part of making the move. So expect some of your investment to involve training. For a reasonable fee, your consultant can help you save significant time and money — and get the best ROI from your new system.

- ☐ **Conduct an interview.** Arrange a meeting between your task force and the consultant. Focus on how long the process will take, what applications the vendor can provide and how he/she can help you benefit from them — rather than on specific software or system details.

- ☐ **Get references.** Has the consultant installed accounting software at companies similar to yours? Ask about company size, number of employees and nature of the business. Get contact names and phone numbers, then call to learn as much as possible about the customers' working relationship with the consultant.

- ☐ **Avoid RFPs.** Contrary to conventional wisdom, RFPs are not the most effective or efficient way to find the best software system. The whole RFP process requires substantial time and expense. You can achieve the same results in less time by simply making a list of 10-15 must-have features, calling potential vendors and asking if their system can provide them. Then narrow your list down to a handful of finalists you plan to interview by spending a few hours on the phone.

- ☐ **Require cost forecast revisions.** You'll want to forecast the cost of implementation as accurately as possible. Avoid surprises by getting a detailed breakdown of costs and fees before and during the requirements phase. As objectives change, be sure to request revised cost estimates.

- ☐ **Don't sit for product demos too early.** Salespeople sometimes urge you to sit through a product demonstration before you're ready. It's easy to get caught up in bells and whistles, and forget about your objectives and must-haves. Watch a demo only when you're armed with a list of requirements and you can control the process. Help your task force understand the need for clear objectives and priorities before they spend time looking at demos. It's your demo, so ask the consultant to present features in the order of your choosing — not theirs. This helps ensure the features you need are consistently presented by each consultant you screen.

- ☐ **Listening skills are as important as product skills.** If the consultant doesn't listen effectively, chances are you won't be satisfied with the final outcome. Be wary of consultants who are more interested in pushing a particular product than in analyzing your needs. Also be careful of those who try to impress you with jargon — or immediately start talking about equipment and program features.

- ☐ **Find a consultant with whom you can work.** He/she will be an extended member of your company for some time. You may even end up with a long-term relationship if your business grows as a result of your consultant's help in changing and expanding your system. Choose one who fits well with your philosophy and culture.

Contact The Sage Solutions Experts At SWK Technologies

For additional information on Sage BusinessWorks and other solutions, contact us. In a brief consultation with one of our representatives, we can address your needs and determine the best way to serve you.