Saving Time and Money on Accounting Software Implementations

If you don't have an in-house IT at your fingertips, this is a must-read.

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Regardless of the size of the project or the budget, distributors of all sizes are susceptible to pitfalls when implementing a new accounting software system. Some of the most common missteps include making unnecessary modifications or adding functionality to accommodate the requests of a few instead of benefiting the whole. Both chew up time and resources and could make the most generous of budgets not generous enough. The key to sidestepping these issues and many others is preparation. Have well-defined goals and objectives prior to making your software selection and once you do, couple it with realistic expectations about the value a paid consultant will add. If you expect a consultant to perform every function under the sun without additional charges, think again.

Typically, it's a bait and switch scenario where you wind up paying for the services through a change order.

Goals and objectives should be at a high level with an eye on leveraging technology to improve company operations. Start with overall company goals and then move to specific areas like accounting, contract, sales or service. As an example, controlling inventory is a goal that can use technology to produce one of the strongest returns on investment. Accurate, available inventory makes purchasing easier and automatic price and cost updates help maintain margins for your showroom, distribution and Internet sales. What if you could reduce stocked inventory by 5 percent and still maintain a product mix that you know your customers are buying? Or, how about a 2 to 3 percent pick-up in showroom margin when pricing is automatic and consistent? These are a few examples of solid goals and objectives. On the other hand, bar coding inventory is not an end in itself. However, it is a feature that can make controlling inventory easier regardless of the skill level.

Be Prepared to Pay for the Learning Curve When Selecting a Vendor

With goals clearly laid out, selecting a software vendor becomes exponentially easier but you still have to approach your pick with realistic expectations. Keep in mind that if you want someone with industry knowledge, who can be more business consultant than software trainer, there are not many choices.

Sure, there are many capable software consultants out there, but don't expect them to know how certain industry-specific details influence key processes. For example, even experienced distribution software consultants will not know that 50/10/10/5 is a discount or that some buying groups get paid instead of the vendor or even what AutoQuotes (clearly a package for buying cars) has to do with the equation. The top among them will catch on fairly quickly but be prepared to pay for that learning curve.

In other words, if you want just training and not consulting then know the difference. Training tells you what keystrokes to hit when entering a vendor invoice, but it does not tell you how to handle a TRUE invoice with 30/60/90 terms and cash discount on the last payment. You can also learn how to key in purchase orders but not how to handle cancelled back orders when free freight is involved. Your internal team must figure out how to deal with these procedural issues BEFORE spending money on training. Either way, never forget that you own the results and will have to live with them for years to come. So be diligent up front.

Getting Started

Now, let's explore a typical implementation of a dealer with one location and 35 employees. There is no significance to 35 employees. If you have less, the critical path remains the same. More has the same core critical path plus additional coordination issues for multiple locations, etc. So what is the critical path? For arguments sake, the critical path at the 50,000 foot level is only four steps. See sidebar.

The simpler the plan, the more apt you are to follow it. A training company is the playground to test how objectives are met with your data along the lines of a test kitchen. Once you visualize the process flow with your data it is easier to determine if it meets the goal or objective. Too often, folks want to rush into "flipping the switch" because a significant investment has been made. However, if you try to determine how to

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4 Critical Steps to Implementation

Create a training company with your data
- Accounting data–customers, vendors, GL
- Inventory data–stocked items, pricing strategies, web

Determine how you will use the software by testing with your data
- Meet goals and objectives
- Chart process flow (who enters orders, purchase orders, etc.)
- Identify custom modifications (forms, reports, functions)

Make modifications to the software to meet goals
- Consider budget impact now and down the road
- How much will the modifications cost?
- Will you have to pay to redo custom with future upgrades?
- Test modifications with your data

Now it's time to go live

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meet your goals AFTER you go live it could take years to figure out at the speed of live. It is never any easier to adapt software or procedures than prior to going live!

In all implementations involving custom software, your team must understand the critical path and goals, applying a litmus test to every modification large or small. An example of a litmus test is unless a custom modification creates increased company productivity (not just helping one person) or maintaining brand image (invoices, statements, etc.), it should not even be considered. Remember, if the old software was that good you would have kept it, so why pay for duplicating reports when the new system probably has a more efficient way. That is why you say no to adding ANYTHING from the old system until you completely understand how the new system works. If you can't find a suitable substitute, then add it.

Think of it this way—consultants get paid to consult. Duplicating a report from the old system generates revenue for them and technically gives the customer what they want because you asked for it. The savings are in knowing what NOT to ask for as well as what to ask for. This simple test can save you thousands of dollars and months of wasted time. If the item does pass

muster, then test the custom against your data in the training company repeatedly. Everything is magnified after the switch is flipped, so you should be sure the custom works well and meets the objectives beforehand.

Finally, after you know how the software will work for you, who will be doing what, then you are ready to go live and enjoy the full benefits of today's technology. Here is a bullet list of things to watch out for on any implementation:

- Create goals and objectives.
- Choose a software vendor that can meet 80 percent of your goals.
- Understand training vs. consulting and the cost of each in staff time and dollars spent.
- Follow the critical path and avoid diversions.
- Apply the litmus test to all custom modifications.
- Never go live with new software if you are unsure how any piece of it will meet your critical goals. ❏

About the Author
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