DSD BUSINESS SYSTEMS

How to be Successful in Choosing and Implementing a New Accounting Software System — 39 Useful Tips

The first step to implementing a new accounting system is evaluating your company's readiness for change. Before you begin looking at new features and setting fast-track timelines, take time to set realistic goals and build momentum. Pre-production planning is the key to success.

Additionally, people who buy accounting software usually spend most of their time evaluating features. The fact is, however, you should spend most of your time evaluating your own business. The more you know about the problems you expect the new system to solve, the better informed your final choice will be. Know where in your accounting cycle you experience the biggest productivity losses and highest error rates. Determine how inaccuracies are affecting your business. Understand which tasks require automation. Begin by identifying the problems you experienced this year because your existing system wasn't adequate.

1. Change before you have to.

By the time you are 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 receiving warning signs that your system can't keep up (data frustration, slow turn around, time-consuming or manual processes), begin your needs analysis now. Many professional systems analysts use the steps below. Keep them in mind as you evaluate your system needs.

2. Accept the fact that improvements cost money.

Implementing new accounting software will require an investment of time and money. But the hidden costs of antiquated systems are sapping your productivity and softening your competitive edge. Remember that the right system will pay for itself with process improvements and better data for decision making. Many businesses are choosing more modern, automated systems for faster processing of accounting information and better formatting of accounting reports. Keep these benefits in mind when considering return on your investment.

3. Don't ignore hard to quantify benefits.

A new system will deliver broad improvements whose overall impact may be difficult to calculate with precision. Consider all the benefits of more reliable and faster access to data. Think about how much it is worth to your company to improve strategic planning. How much will it cost you if your next audit doesn't stand up to scrutiny? How will your company's reputation improve if your new system gives your customers better, faster and more professional service.

4. Compromise is a good thing.

Your final choice of software probably won't satisfy everyone, but through clear communication and patient education, most people will recognize that the decisions being made are fair and reasonable. Plan to spend more time than you'd like handling objections, especially in the early stages of the project. Plus, have a strategy for fine tuning the system once it's installed. Count on a new system to satisfy about 90 percent of your needs and wants, and figure out how you are going to deal with the remaining 10 percent. You may need to consider some staffing changes or revising your policies and procedures.

5. Create a task force.

Financial software affects many departments within your organization. One of the easiest ways to insure cooperation is to involve representatives from other departments right from the beginning-including not-so-obvious groups like Sales and Human Resources. It may slow down your process and frustrate you, especially if your old system is failing and you need to hurry the new project along. But in the long run, a task force saves time and hassles, and guarantees that other departments will cooperate during the implementation.

6. Aim high.

Many people don't aim high enough when they implement a new system. Just about any product can deliver financial statements. You should be looking for so much more. Think back to last year's planning sessions with your peers. What information could have boosted productivity and profitability? This might include current gross profit by product, customer or salesperson, or 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.

7. Know what's special or unusual about your company.

Your company probably has some unique requirements that can't be changed. Perhaps you need to track products by lot number or serial number. Maybe you need multicurrency capabilities. Do you need to price product by warehouse location? Does your industry have special reporting techniques? Make a list of requirements unique to your industry and organization.

8. Know which features you can't live without.

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 methodologies. Once you discover that they are absolutes, put them on your "must have" feature list.

9. Think globally.
International businesses are expanding rapidly. Consider global issues such as multicurrency capabilities, availability of the software in other languages, compliance with foreign reporting requirements and international support.

10. Look for solutions that can easily adapt to your business needs.
In order for a solution to meet your business needs, it should mesh with your existing business practices and adapt to technological innovations. Again, ideally you want a solution that's simple, intuitive and closely matched to how you already do business. Be sure the system can:

-Embrace industry-standard technology quickly and easily.
-Customize easily to fit the special needs of your business.
-Deploy flexibility to new IT paradigms such as Application Hosting.
-Scale to the changing size of your business.

11. Make integration a high priority.
Tightly integrating your financial accounting software with your other business management solutions can significantly improve your bottom line. Linking all functions internally, and linking to customers, suppliers and other business partners externally can dramatically reduce lead times and waste through supply chain. You'll streamline operations and gain a competitive edge by integrating your Web store, customer relationship management, supply chain and human resource management applications. When evaluating accounting systems, check to see how seamlessly they integrate with other solutions. Tight integration will save you time, promote greater efficiencies and add value to your business.

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

13. Don't forget about your sales team.
Study after study indicates that customer satisfaction and loyalty are crucial success factors. Customers are the lifeblood of any organization. The better you are able to and satisfy customers, 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 customer purchasing habits, both in aggregate and individually. Research which customer management options are available with the accounting software you are considering, and how closely linked they are.

14. Take time to research human resource management systems.
With any integrated solution, it takes time to re4search HR management systems. Evaluate it like you would accounting software; don't just assume it will meet your needs. Look past compensation and benefits to be sure that it meets your company's specific requirements in other areas such as integration with federal and state agencies, and online filing of reports and documents. Be sure that it really does integrate and synchronize with payroll, eliminating the need for redundant data entry.

15. Be prepared to extend your business to the Web.
Software optimized to leverage future e-business opportunities will deliver significant strategic advantage. Look for accounting software with strong e-business capabilities, even if e-business functionality is 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 intranets and browser-based applications, and the capability to extend systems through mobile, wireless applications. Choosing a software manufacturer dedicated to e-business solutions will ensure your system can grow to match your organization's evolving strategic goals.

16. Look for integrated Web store solutions.
A Web store isn't really a solution if it doesn't integrate with your back office. When shopping for Web store creation and management software, look for one that will eliminate time-consuming manual re-entry of orders received via the Web. It should seamlessly integrate with your accounting system. Changes to customer and inventory information in your accounting system should automatically flow through the Web store. Furthermore, you should be able to process orders in either real-time or batch mode.

17. Explore Application Hosting.
One of the challenges of implementing an integrated business management solution is that it requires a fairly large investment in hardware, software, and technical support. These can be purchased and maintained by your organization. Another option often available with e-business software, however, is to utilize an Application Service Provider (ASP). This innovation allows you to reduce your initial costs by effectively "renting" hardware and software, which reside off site. An ASP option can deliver significant savings on both the initial investment and ongoing maintenance and upgrade costs. Don't overlook the "lease vs. purchase" option if it is available.

18. Choose your software before your hardware.
You're probably going to need some additional hardware to implement the new system. But since system requirements are generally determined by software and not hardware, you should choose your software first, and then buy hardware recommended by the software manufacturer or you consultant.

19. 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. Eliminate any packages that don't comply with your fundamental requirements and you'll narrow the field. significantly. There is no point in having a 200 page request for proposal (RFP) if ten questions will shrink the field from 50 possible vendors to five.

20. Don't underestimate the importance of system architecture.
You'll want your software to have the capability to grow and change as your organization changes. Most accounting software companies have various families of products geared toward specific sizes of customers. A key question to ask is whether or not the products are built on unified system architecture and if they have a built-in upgrade path from one product to the next. If the family of products has been developed on the same architecture, future upgrades from product to product and the subsequent data exchange can be managed much more smoothly.

21. Make sure your software can be customized.
No one software package is right for everyone. And no accounting solution on the market will have every single feature you'd like. Many packages give you useful modification features that let you change reports or screen formats. For even more control over your system, look for software that allows you to make more specific customization. This will ensure that your software will meet your needs no matter how your business changes.

22. Make sure the software can adapt to your needs.
Finding a solution that can adapt to the specific needs of your company is essential. Some packages offer open architecture, which allow you to easily add on additional features and adapt to new IT paradigms. Open architecture is especially important if you expect your company to experience growth or change in the future. If you have 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.

23. Look for software vendors that invest in research and development.
A good company invests heavily in engineering and develops new product features and enhancements regularly. These companies stay abreast of new technologies and make sure their customers do too. A good software manufacturer will provide frequent upgrades at reasonable prices.

24. Explore what support will be available to you.
Find out what technical support each 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 keep in contact with customers regarding product announcements, upgrades, etc.? You will need assistance getting the most out of your software; the best manufacturers provide this assistance.

25. 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 users. You'll save time hunting through manuals if the documentation is included electronically as help files within the application.

26. Check out the software publisher.
Study the makers of the software. Find out 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.

27. Popular products are popular for a reason.
Just because a software product is popular doesn't mean it's right for you. But if a company has lots of users, they're probably doing something right. A large installed base is like an insurance policy for users. Choose a product that has stood the test of time, satisfied companies similar to yours, and delivered good value.

28. Evaluate the software by what it can't do.
Software product limitations are often much more revealing than feature list comparisons. Find out the maximum number of customers, vendors and inventory items allowed, ask how many line items a single invoice or sales order can handle, and find out the maximum number of users that can work with a particular application at the same time.

29. Use mistakes as your acid test.
People make mistakes. If the software handles errors intelligently, that's a sign of good design. Some of the most widely promoted accounting systems do not allow you to correct an error in a purchase order without canceling the entire P.O. 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. The system should also flag unusually high quantities or unit prices and offer valid alternatives.

30. Evaluate the learning curve.
Intelligently designed software is easy to learn. An intuitive interface will shorten training times and facilitate the conversion. Look for input fields in consistent and expected locations, and screen design similarities among all modules. Be sure that the software comes with effective learning tools, classes and demonstrations to speed the learning process. Don't compromise when it comes to end-user support.

31. Understand the difference between standard functions and "extras."
Some software organizations provide basic functions but then make you purchase the various "extras" that come standard in other organizations' software. An extreme example would be to buy a car, and then discover that you must pay additional for the engine, steering wheel and tires. Confirm what is included

in the core pricing and what must be purchased separately.

32. Go paperless.
Today's most effective software solutions utilize less paperwork. As you explore accounting and other software solutions, focus on how much paper you can eliminate during order entry, basic accounting input, shipping and handling efforts and other areas within your organization. The more paperwork and input you can eliminate, the more efficient and error-free your organization becomes. Consider systems that support document attachments and have built-in data backup and storage.

33. Conduct an interview.
Arrange a meeting with the consultant and your task force. The focus of the interview should be how long the process will take, what applications the vendor can provide, and how he or she can help you benefit from them *not* on details of specific software or systems.

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

35. 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. During your first interaction, notice if the consultant seems more interested in "pushing" a particular product instead of analyzing your needs. Avoid people who try to impress you with jargon and who immediately start talking about features of equipment and programs.

36. Find a reseller you can work with.
The consultant will be a virtual member of your company for weeks. You may even end up with a long-term relationship if the consultant helps change and extend your system as your company grows. Choose a consultant who comfortably fits your company's philosophy and culture.

37. Avoid RFPs.
Contrary to what your colleagues may tell you, creating and sending out an RFP is *not* the most effective or efficient way to find the best software solution. The process of creating an RFP, sending it out, waiting for proposals and reviewing them requires substantial internal time and therefore, expense. You can achieve the same results in *days* by simply making a list of the ten to fifteen features you *must* have, calling potential vendors on the phone and asking if their system can provide them. You can narrow your list down to the three finalists you plan to interview just by spending a few hours on the phone.

38. Don't sit for product demos too early.
Salespeople sometimes urge you 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 the "must have" list. Don't watch a demo unless you're armed with your list of requirements and can control the process. Help your team understand the need for clear objectives and priorities before they spend their time looking at demos. Also, it's your demo—have the consultant present their features in the order of your choosing, not theirs. This gives you the ability to ensure that the features you need are consistently presented by each vender you review.

39. Require cost forecast revisions.
Obviously, you'll need to forecast the cost of implementation as accurately as possible. Avoid surprises—get a detailed breakdown of costs and fees before and during the requirements phase. As objectives change, make sure you request revised cost estimates.

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