

Outgrowing Your Business Management Software? 5 Signs That Suggest You Need A New System

by Robert M. Callanan



Most businesses that have been operating for more than 10 years have already experienced the challenges associated with moving from one accounting or ERP system to another. Many will agree that the task is not easy, will not go exactly as planned, and the end result is never exactly what it looked like in the sales presentation. However, the same people will also say the new system helped grow their business and lead to efficiencies in many areas of the business. Staying on their existing system would have been the wrong decision.

How does a small business decide when the time is right to evaluate new systems? Businesses are always actively looking for opportunities to increase revenues or decrease costs, therefore they should constantly evaluate their current business system and new systems so they can act quickly on these opportunities.

Generally, there are five areas to look for no matter the opportunities you face:

1. Increased transaction volumes can impact performance

Many entry level accounting systems have well documented limitations on the number of transactions that can be stored in the system. However, well before a business system reaches those limitations, performance can be impacted – gradually at first but eventually reaching a point where users are waiting longer than needed.

2. Adapting to business growth

New locations, lines of business or sales commission plans all require that a business revisit its existing business processes and business systems. Often, businesses will “patch” a business process with spreadsheets or other external databases when their current system cannot handle the changes. This can work short-term but rarely does this make economic sense in the long run.

3. Users are taking turns with the system

Many entry level accounting systems and the “patched” systems mentioned above do not allow two people to access the data at the same time. As more people need access to the system or are involved in a transaction or workflow, an inadequate system prevents users from performing their jobs effectively because of inadequate visibility and access to real-time information.

4. Outside parties demanding more

Customers, vendors, lenders, investors and external auditors are all capable of influencing a business toward evaluating a new business system. Customer and vendors may have unique requirements around workflow that necessitate a business to implement EDI, credit card processing, electronic banking, or other e-commerce solutions in order to do business with them. Lenders and investors may require a new system so they can place greater

reliance on the information provided to them regarding the health of the company. External auditors, like investors, often recommend that a small business move to a new system to satisfy any internal control weaknesses they may have uncovered during their audit. Similarly, as these outside parties are recommending new systems, they are also looking for more feedback or reporting regarding the health of the business. Many companies move to new systems looking to fully integrate all areas of the businesses not only to create efficiencies, but also to access tools that can help measure and report their performance.

5. Vendor and support challenges

Possibly the most painful reason for choosing a new system is that a business cannot find vendors or consultants to support the product. New hardware, new technologies and new ways of doing business are all critical reasons that a business system needs to stay current. If your software vendor no longer supports the system you use today, it is likely that within five years your system will prevent you from acting on an opportunity to grow your business. In some cases, the vendor is supporting the product but there are no resources locally that can help make the most of the system you have today.

Your business software, just like your business processes, needs to be flexible enough to adapt to the many changes your company will experience as it grows and evolves over time. As your business identifies these changes, having the right system in place - or at least knowing your options - puts you in a better position to respond effectively.

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