

Six mistakes Small Businesses make when buying software and how to prevent them.

Few businesses can run effectively today, without using Information Technology. Even if your business has minimal use, you depend on suppliers who have automated most of their operations. At some point, you have to interface with them. Providing manual interfaces between automated systems very quickly becomes cumbersome and time consuming, and you will have to buy software.

This white paper identifies a number of issues that small business owners encounter when buying software to run their business. It is not meant to address those standard office products, such as Microsoft Word and Excel, but software that runs your business processes. This would include sales, inventory management, accounts payable, receivables, order management, etc.

The basic reason for the failure is a lack of focus on your business processes

1. Assuming that because it worked in another business it will work for you.

Every business is unique. It has a reason for its success. If it weren't unique, there would be no reason for it to exist; other suppliers could satisfy the need. This is one of the reasons why so many businesses fail. They either have nothing that makes them different, or they fail to execute basic business management practices.

Software suppliers will tell you that these processes are common to all businesses and they will work in every business. Although these processes are common, each business is unique in the way it implements some of these processes, and some of this uniqueness can be the reason for their success. Unless you understand how you are different and how the software can meet your needs, you may eliminate the opportunity to maintain that uniqueness, or create a need to work harder to maintain it. You may also lose out on an opportunity to extend your advantage, because you didn't recognize how unique you are.

All business software comes with a built in assumption about your business processes. Most can deliver the functionality that you need, as long as you understand your business processes and how the software will support them.

An additional element is the depth of skills and knowledge in your business and the relationship that you have with your supplier.

If you have a strong set of business skills, or have someone who has a lot of experience in implementing software, you can manage the implementation on your own. If not, you become very dependent on your software supplier. This

relationship is critical. If the company that successfully implemented the software previously had a strong support team or had negotiated a special support arrangement with the supplier, he may have had a strong advantage.

If you don't have this advantage, it can have a negative impact on your success.

Look at what others have done to see what the potential is, but understand your own business processes as well as the support, relationships and contracts to ensure success.

2. Comparing features and functions to make a decision.

Most software suppliers will drag out their list of features and benefits to tell you how their product compares with their competitors. While their feature comparisons may be valid, you need to understand whether it makes a difference for you.

Some of these features seem to be “neat” and powerful, but how does it benefit your business? Are these important to you? Will they help you to meet your business goals? In what way? How can you measure the results?

The features have little benefit unless they relate directly to something you are doing and can make your business run better. In some cases, they are nice to have features, but unless you can exploit them, they are of no value. If they cost extra money (most neat features do), they can be a waste.

Feature/function comparisons put your supplier in control of the evaluation process. If they can show you exciting features, you will buy, even though you may never be able to make them work for you. For example, do you use the “Table of Contents” feature of Microsoft Word? I started to have a need for it two years ago, when I created documents for a client that needed it. I had used Word for 10 years and never used it.

Don't compare features and functions. Evaluate software based on what it will do to support your business processes.

3. Not preparing your people for change.

Implementing new software is a major change in the way you do business. The software brings with it a change in your business process, whether you want it or not. Your people will have to learn that new process. They will have to learn how to do their jobs all over again.

Their productivity will go down because of this learning. Initially, they will be uncomfortable; they won't know how to do basic functions and will have to learn them. The training will provide them with an overview of what the software can

do, but it will be overwhelming. They will only remember a small part of their training, and unless the training is practical (showing them how to do what they do today), they will remember very little. Even if training is provided, they will probably not remember the exceptions. These happen infrequently, and since there is so much to learn, they will not deal with this until they have to. Then, they won't know where to look.

The unfamiliar software, the difficulty dealing with exceptions can have a significant impact on your staff productivity. You will probably need to add extra staff during the transition, unless you implement in a period of low volumes.

In addition, a key element of your uniqueness as a business may be the way you service your customers. What will happen when a problem occurs? Your staff will be under pressure to deliver; yet they know they are not productive. They can do it much faster the old way. What impact will that have on your implementation?

How will you react? Will you put more pressure on your staff to get it done faster? Will you push them to do it the old way?

The pressure to revert to the old ways can be significant and can delay implementation or even cause complete failure.

I am aware of one business that tried and failed to implement three times, because they didn't develop alternative approaches to handling peak volume periods.

4. Assuming that your software supplier is a specialist in every aspect of the technology.

If you and your organization are uncomfortable with technology, you will probably look to your supplier as the "expert". That supplier will seem much more knowledgeable than you, and may express himself in that way.

The challenge with today's technology is that it is so diverse, and is constantly changing. Just because someone worked with a certain type of technology last year, doesn't mean that they know what its like this year. With the rate of change, it is impossible for anyone to be a specialist at everything.

You should expect the "specialist" to be knowledgeable with their particular business software. Don't expect them to be knowledgeable about other technologies unless they are "normal" components that must be installed with their software.

Your software supplier will sometimes offer to acquire and install other hardware and software for you. If you have a Technology supplier that maintains your

infrastructure hardware/software for you, have them do it. They have the ongoing relationship with you to provide this service, and will ensure that not only are the requirements for this job satisfied, but that your other needs are met. If you don't have a maintenance company for your infrastructure, you should consider getting one. If your new business software is supposed to provide a major improvement to your business, you need a reliable base to build on.

5. Assuming that your software supplier will “Make it Happen”.

Your software supplier's primary objective is to make a sale. In order to get paid, they will do whatever it takes to get the software up and running. Their proposals will seldom go much beyond the acquisition costs. They will sometimes propose additional functions such as providing consulting to help with conversion, project planning and support, and training.

Their goal is to get the software running and leave. If you don't use all of the functions, that will be your challenge. If you don't meet your original goal, their portion is complete and you will be left to your own devices.

If your staff have difficulty learning, and require extra training, that will be at additional cost.

Your costs can escalate, your productivity can go down, the benefits that you expected may not be delivered, but they will have delivered their part of the contract.

You are the one that will have to make it happen.

6. Assuming that your software supplier understands your business.

Your software supplier knows their software product. They may have plenty of experience in your industry, having installed their software in your competitor's businesses.

However, unless they study your business, they don't know your business. As mentioned earlier, every business is unique and has its own reasons for success. Although most business processes have common elements that are the same and can be supported by standard software, that doesn't mean that they understand your business.

My experience is that software suppliers provide project managers, trainers and software specialists, they seldom supply business analysts, who assess the business processes in a business before they install software. That is left to the original business owner.

A bad implementation of a good piece of software can still result in project failure. You need to measure success by the results to your business.

What you can do about it

The **first** thing that you can do is **focus on your goal**. You are buying the software because you want to upgrade your business processes. You want more sales, you want to reduce costs, improve quality, increase the return on your assets, or satisfy customers. When you get into the project, you will be tempted to look at implementation of the software as the goal (see my article on goals & objectives). You must remain focused on the business goal. Everybody else will be focused on implementation of the software. In order to implement the software, problems will be encountered and decisions will need to be made. The temptation will be to do whatever it takes to implement the software. In some cases, that may be a bad business decision.

The **second** thing to do is **build on your business processes**. As a business owner who developed the original business processes, you may be assuming that this is what is still happening. As you talk to your staff, they may even say that this is what happens. In my experience, what people think is happening and what people say is happening is seldom totally correct. I watch to see what's happening and I find that most of what's happening is being done subconsciously. Yes, people followed the process when they were learning, but as they got more comfortable, they started to do it subconsciously. That is good, because that is when they are most efficient. However, and problems develop (and they always do), changes are made. Changes are made to the process and since most of it is being followed subconsciously, the impact is not noticed.

Review your current processes to find conflicts, duplication, etc. This means that your business process can be improved without automation. If you automate existing processes that are inefficient or ineffective, you are creating a faster way to produce errors.

When you have streamlined your business processes, look for where software can help you. Rather than reviewing a bunch of features and functions without context, you will be reviewing them against your business goals and how these features help your business processes achieve your business goals.

This will provide you with a much more effective software evaluation.

The **third** step is to recognize that implementing new software is a **significant change** that will have an impact on your business (that's why you are buying the software isn't it?). Your people will resist the change if you don't prepare them for it. They will want to do things the old way. Initially, your people will be less productive as they learn the new software. They will need training. Make sure

the training is focused on how to operate your business processes using the new software. How will you operate when under pressure? Will you push them to get the job done no matter what way? Or will you support them to make it happen using the new software?

The **fourth** step is to make sure that you **have a good foundation**. You are buying the software because you want to upgrade the capabilities of your business. This means that you will be more dependent on the effective operation of this software. If your infrastructure is unstable, it will impact your ability to operate effectively.

It is difficult to hire and maintain good computer support staff, in a small business. You typically hire someone with limited skills and experience because that's all you can afford. As they gain experience, they leave in order to develop better skills in their chosen field, Computer Technology. Although getting a good IT support company can still be a challenge, when you can get a proactive service company that prevents rather than reacts to problems, your stability increases dramatically. If you are dependent on this new software to run your business effectively, you want stability. You don't want to constantly react to problems. When you get a good service company that is responsive to your needs, it will cost you much less than a full time junior employee.

The **fifth** step is to recognize that you are in control of "**making it happen**". You are the most knowledgeable in how your business runs and what makes it successful. If you focus on your business goal and look to improvements in your business processes, you will succeed. If you don't have the internal resources to make it happen, then find yourself a good consultant who understands and is focused on your business goal. Don't assume that your software supplier will provide this. They are focused on the sale and installation of the software.

Summary

None of these steps requires that you be knowledgeable in computers. You need to know your business and be focused on business results. You need to know how to get the best out of your staff and develop good relationships with your suppliers.

The most important actions are focus, focus, focus on your business goals.

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