SOFTWARE STRATEGIES FOR SMALL BUSINESS

Generally an accounting solution is the first business software package a small business buys; often, unfortunately with very little thought to the future. Even that very first decision should be strategic-the software should not be throw-away. And there are some simple steps that can prevent acquiring a disposable business solution. What do small companies need to know about their software choices to plan for the future?

Executive summary: Why software selection is important

Selecting software for a small business can prove a major headache-and selecting the wrong software can be even worse. A small business owner has enough to worry about without the migraine of application mismatch, a syndrome that plagues many in this vital part of the world economy. Application mismatch may not be easily diagnosed, but the symptoms are recognizable: growing pains, migration nightmares, blocked access to data, integration impairment, and often a general malaise stemming from knowledge that managing the software for your small business shouldn't be so difficult.

Will my business application support my growth?

First, can the software grow with you? A poor solution choice may not stunt your growth, but it can sure make it harder. Let's look at some questions to ask as you look for your business solution:
- How easily can I add more users as my staff increases?
- What are the economic implications of adding more users?
- How will the software handle increased volume over time?
- Can I greatly expand the number of transactions and still have good performance?
- Will the software alert me if it has reached its capacity?

One small manufacturer learned the hard way. $1.2 million (annual revenue) company had used the same financial software since it was founded. After four years of use, data overload suddenly occurred, causing failed backups and corrupt files. The managers of the application were given no warning signals by the product until data could not be restored after a failure. The result was three months of corrupted data that could not be recovered. The issue here is the total inability to scale to support increased volume and increased transactions. The result for the manufacturer was the loss of one entire quarter's worth of financial data.

Migration: It's not just for the birds

Migration and transition are two issues that can impact access to business processes that rely on automation and the potential downtime of the systems the applications run on. Migration refers to the result of a product upgrade; transition refers to the move to another product all together. In both cases, you need to know that your data will survive

intact and that after either the new revision or the new product is installed, you can access and use the data and it is still accurate. Even if you seek to dispose of your current business application, don't even consider disposing of your data.

Integration: Getting it together

When a business, large or small, has a hodge-podge of disparate solutions, predictable problems can arise. But even small companies can acquire software with fairly seamless mobility between different applications that manage employees, accounting, or operations. There are two issues to be alert to: first, the time you spend switching between various applications to get the full picture of your business, and second, the labor cost and loss of productivity associated with reentry of data. The first issue may just be inconvenient and a waste of time, but the second increases the risk of errors and inconsistencies. This risk stems from the manual entry and reentry of data, as reentry increases the risk of error.

Thus, a key selection criterion for application purchasers in small business is the ability to access and transfer data across business applications without repetitive data entry and without expensive maintenance and support costs. Alleviating any redundant data entry will save administrative time, decrease the likelihood of errors, and, overall, reduce costs.

Flexibility: How adaptable is your solution?

Your growth trajectory means change-the business processes you set in place when the company was founded may be holding you back. Whether you grow organically, through mergers, through the acquisition of another company, or if your company is acquired, your processes will change. Thus, the software you use needs to be flexible enough to support those changes. The ability to be flexible doesn't mean you should be rewriting code; it does mean that there should be user-selectable choices for screen presentation, workflow, sizes of data fields, and the like that can accommodate change. How you conduct your business today may not be at all like you will conduct it tomorrow, so ensure that you have the facility to change-and to change without a team of those proverbial rocket scientists.

Accountability matters

Good corporate governance begins at the inception of your company. You want to manage your company with good business practices and provide your customers and your employees the assurance that you are fiscally accountable. Solid business applications that support Generally Accepted Accounting Principles (GAAP) and Financial Accounting Standards Board (FASB) guidelines support accountability across the business and reduce your risk, both now and as you grow. If you expand to become a publicly traded company, you will need to comply with Sarbanes-Oxley and other rules. It is far easier to plan for compliance rather than band-aid it on at a later date. Seek applications the support GAAP and provide a foundation for auditable record keeping.

The life-long view of solution acquisition

A small business life cycle has a concomitant technology life cycle. Generally a company's business solution requirements change over time, becoming more complex, more sophisticated, more robust, or broader in scope and functionality. Your requirements may also change-you need functionality you didn't need before-or new technologies that increase your competitive potential arrive on the market.

Your technology solutions should have a growth path that is clearly defined in terms of its future ramifications on your business. Some companies, though they are small, have very complex business processes- the business applications then need to support complexity from the get-go. Plateaus should be defined so you recognize the next step or the next application. In addition, the ramifications of the transition should be articulated, with cost, time, and risk factors clearly delineated. The solution should address your specific requirements as a small business (rather than present a watered-down version of big business software) and should be flexible enough to allow you to conduct your business the way you want to. Wherever you are in your business life cycle today, seek out a solutions portfolio that will not only allow you to grow the way you want to, but will provide the technical foundation for that growth-and will support that growth for the entire future of your business.