

# Winning Decisions:

*A guide to assessing  
the effectiveness of your  
business software.*

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"Information That Makes You Smarter"

# Winning Decisions.

Business decisions do not materialize out of thin air. Before someone makes a decision an enormous amount of activity has occurred, which has, in effect, dictated what that decision will be. Decisions are the last link in a long chain of actions.

So if you are going to make winning decisions regarding the effectiveness of your business software, what are the activities and actions that should precede the decisions?

The purpose of this guide is to help you with one of the first steps, which is an assessment of your business software. The guide will then acquaint you with some resources that can help you the rest of the way.

Assuming you already have business software, then it is important to recognize whether you should stick with what you currently have or consider changing. There is a certain amount of time and expense involved in implementing new software; therefore, you need to be certain in these economic times, that it is necessary and advantageous to do so. Because it is usually not just one factor that prompts you to change, you need to know for certain how many problems your current software is really causing you.

*To help answer these questions, this booklet has been designed in five sections:*

#### **SECTION A**

An article about the life cycle of business software so you can understand where you are in the process.

#### **SECTION B**

A special section on the importance of Business Intelligence, Financial Analysis, Reporting and XBRL (eXtensible Business Reporting Language).

#### **SECTION C**

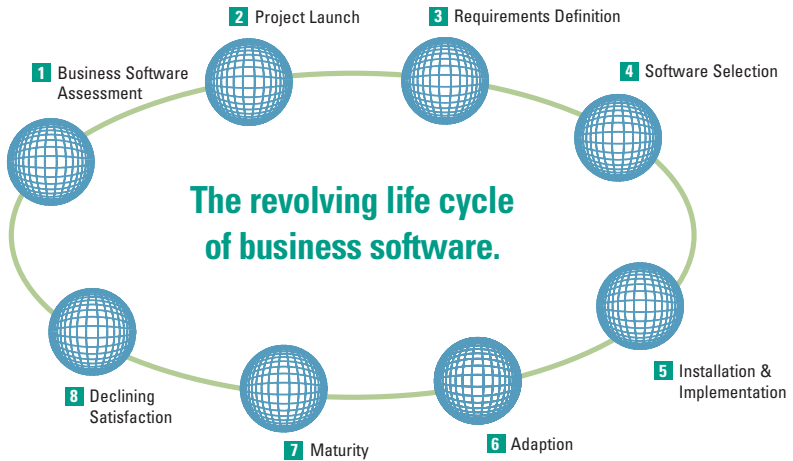
A series of questions organized by typical modules so you can add up your points of pain.

#### **SECTION D**

List of eight resources to help you in your quest for answers.

#### **SECTION E**

Closing remarks.



## The life cycle of business software.

*Every business software package passes through a similar life cycle. If you understand the phases of the life cycle, you'll have a clearer view of your point in time, and you will know what you can do to move forward.*

Can you remember the last time your company expressed complete satisfaction with your business software? Probably not! Even though you may have made major expenditures for software, the pace of technological change is so rapid that yesterday's "state of the art" computer application can be today's problem. What can you do to maintain a competitive edge? How can you better plan the information technology function in your company when it comes time to make a change?

First, you must realize that no software lasts forever. Throughout their lives, software is either becoming more satisfactory or more problematic to the organization using them. The life cycle of software can be divided into several distinct, but contiguous segments (see above diagram). Each segment, or phase, is characterized by varying levels of user satisfaction. It is important to know these life cycle phases to determine in which phase your company now fits and what the future holds in store. This will help you assess effectiveness.



The initial phase in a life cycle centers around an overall review. The company must have an understanding of, and be able to define, what the software is expected to do and accomplish. This phase may involve starting from scratch or re-evaluating current software that is imposing limitations on the company's operations and accounting functions. Even if the company does not yet recognize the limitations of the current software, or if there is not yet a general state of dissatisfaction throughout a majority of departments within the organization, a Business Software Assessment will help identify the problem before obsolescence occurs.

Progressive companies recognize the need to make a software change decision and bring in consulting firms to assist in the process. During this phase, a review of the old software is made to identify the extent to which it is providing benefit to the organization and what actions might be taken to ensure the best overall business solution. Typically, such a review would recommend improved business practices, upgrades, re-implementation, training or replacement, and thus this step marks the beginning of a new software life cycle. At the end of this phase a decision is made either to stick with the existing software, or go forward with the selection process. This booklet is designed to help you make the preliminary Business Software Assessment.

Assuming a go ahead decision is made, individuals may now start an initial investigation of new alternatives. At the beginning of this period there may be no company mandate, project team, or budget guidelines set up yet. These individuals notice the advantages of the new alternatives over the old software and convince management to change. By the end of this period, an official project launch has occurred because the entire company is now backing the project. Resources, both internal and external, have been called in to assist with the process, and a project team has been formed.

### PHASE 3 REQUIREMENTS DEFINITION

During this phase, the company usually lets go of the limitations imposed by the old software and defines the pent-up business needs, requirements and priorities, plus develops an initial vision of how these objectives may be addressed.

Requirements work is normally conducted as a two-part investigation of the organization's needs within the scope of the project. The first part is accumulating the detailed requirements analysis and the second part is paring these down to the really important differentiating criteria useful for software evaluation.

### PHASE 4 SOFTWARE SELECTION

At this time, the project team and various members of the company get some in-depth exposure to all the benefits new software can provide: illustrative brochures, cooperative sales reps, explanatory demos and discussions with other encouraging users. Other than cost and effort, which is in the future tense, most things appear optimistic especially when compared with the deficiencies of the old software which are now so well known. New business software is then selected.

### PHASE 5 INSTALLATION AND IMPLEMENTATION

Within the installation and implementation process, users are educated about the new software's function in the company and how it will be used most effectively. As employees learn about the new software and how it can help solve problems the older software couldn't tackle, satisfaction with the software increases.

The implementation phase is one of the most crucial phases in the life cycle. During this period, the users develop their expectations of the new software and form their own definition of the satisfaction level that can be achieved using it. In short, the users begin to develop patterns of acceptance of the new software. That is why training is so critical in this phase.

To achieve maximum acceptance, however, education must be direct, honest, and involve all the users who will be deriving benefit from the new software. People in the organization who are not directly involved in the new software should also familiarize themselves with it so they understand how the new software affects their individual areas.

## PHASE 6

## ADAPTATION

An adaptation period follows the successful implementation of software. During this phase, users become familiar with the software functions and actually suggest changes to improve the software and raise the overall satisfaction level. Minor revisions to the software, such as changed or added reports, modified features, or even procedural changes in the use of the software, increase the usefulness.

As these changes are implemented, the users' level of satisfaction continues to rise, not only because they become more aware of the software's flexibility, but also because they recognize that their own creative talent and involvement increased the software's value to the company and as a tool to do their job.

## PHASE 7

## MATURITY

The maturity phase of the cycle is the phase the most users aspire to reach. During this phase, the software offers the highest level of benefit to the organization. Each user has had an opportunity to learn the software in detail and offer and implement their own ideas for improvement. New users must be trained but usually have a number of options for support.

The degree of user involvement during the adaptation period has a direct relationship to the length of the maturity phase as well as the level of satisfaction achieved from the software.

In general, the more involved the user community is in making improvements to the software, the longer the period of maturity continues and the higher the level of satisfaction.

Note, however, that the satisfaction level will peak during this period and start to decline. Problems with the software will be minor at first, and users will accept them as limitations that cannot be corrected. Normally, users will find work arounds or solutions outside the software that are inconvenient but serviceable. The users remain convinced of the overall value and view the minor problems as slight detractors to their satisfaction.

After the software has matured, dissatisfaction begins to set in. The basic technology of the software may have become obsolete. Newer software based on more advanced thinking may be available. The current software may become too costly, too inefficient, or result in an intolerable competitive disadvantage. The software may even limit the business strategies available to management, and preferred strategies may be impossible to execute due to its limitations. This will lead to the observation that there might be alternatives to the current software.

Satisfaction declines rapidly when software limitations will not allow changes users view as imperative. Files may have reached their capacity and cannot be enlarged easily to support organizational requirements. Response time may have become a serious problem, particularly with software operating in a batch environment. The current software may be too difficult or impossible to integrate with other, newer software installed or contemplated. Maintenance costs may be prohibitively high and not cost effective. As these problems become self-evident, the software's utility starts to decline rapidly.

Other issues, not software-related, also reduce a software's value. For example, mergers, acquisitions, and strategic changes in direction can lead the organization into businesses that did not exist when software needs were originally defined. These new businesses may require special functions that are difficult, or even impossible, for the current software to handle.

However, at this point there are still champions of the old software and pockets of resistance to change. It is at this time that the life cycle repeats and the company returns to Phase 1—Business Software Assessment where this booklet is used to help the company determine if making a change at this time is worthwhile.

### CAUTIONS FROM EXPERIENCE

It is our experience that there are various cautions that should be noted during the life cycle:

- A. Do not let an initial investigation serve as the selection process. Before the project gets officially launched, gather information from other users and departments about the level of involvement they desire, widen the search

for alternatives, and put some time and thought into planning the software selection process.

- B.** Remember that a key to success of new business software is the broad based training and education of users in the specific functions of the software along with a very high level of their participation in its installation and implementation. Thus, during the very early phases, managers must wholeheartedly support user education and encourage questions from the user community to allow the software to achieve maturity.
- C.** All of these phases should revolve around and tie into the central business strategy. If strategy is not considered, it is possible to select software with acceptable features for your present single company while overlooking a business strategy that mandates growth through mergers and acquisitions. Hence, software capable of handling multiple companies, foreign currencies, and consolidations may actually be required.

## CONCLUSION TO THIS SECTION

It is important that management and users become aware of their company's status in the life cycle of their current software as they must react differently to issues and concerns during the different phases of the life cycle. As the organization's level of satisfaction with the software starts to decline, managers must recognize the situation (this booklet will help you) and start to quickly seek alternatives, such as an upgrade, re-implementation, additional training, or new software that will resolve their problems.

## ASSESSMENT QUESTION

In what phase of the life cycle of business software is your company?

- 1. Business Software Assessment
- 2. Project Launch
- 3. Requirements Definition
- 4. Software Selection
- 5. Installation/Implementation
- 6. Adaptation
- 7. Maturity
- 8. Declining Satisfaction

## WHAT IF YOU ARE IN THE MIDST OF A FAILING PROJECT THAT OTHERS DON'T RECOGNIZE?

*Optimistically we write these booklets as though everyone has finished a successful implementation of business software years ago and they are now in the waning period of its usefulness. In reality some companies are in the midst of a failing project that others don't recognize and have picked up this booklet in desperation. To you in this predicament, these notes have been added to give you hope and direction.*

*In this phase it is difficult, but not impossible to make a change because it is hard to convince others that the project is going to fail. There is a strong conviction, based on feeling rather than evidence that the project will eventually succeed. This collective belief blinds the project team to negative feedback.*

*This collective belief may have arisen because the project team might be staffed with those personnel that showed early enthusiasm for the project, or had good personal relationships with the project leaders. Consequently the cohesion is too strong and there is little or no debate within the group about the project.*

*You can do something about it though. You can ask for a project review and help ensure the review process is followed rigorously, and all feedback and data is seriously considered showing both the good and the bad.*

*You might also elect to become an exit champion. They differ from a naysayer who is known to always have a negative opinion. You want to recognize the good and bad in the project and even with humility conclude your discussions with "of course that's just my opinion, I could be wrong, but I have to express the facts as I see them to fully engage myself in supporting the project."*

*You have to exhibit the possibility that your views might be wrong and be open to the opinions contrary to your own. In this manner you will have far more influence than the naysayers do. We have provided Resource #2 in **Section D** if you would like to know more about what you can do in this dilemma.*

## *Business intelligence, financial analysis, reporting, and XBRL.*

*Over the last decade one of the main reasons we have seen companies change business software is due to the inadequacy of the business intelligence, financial analysis, and reporting capabilities with their current software. This is not confined to small or mid-sized companies either. In a recent CapGemini Ernst & Young Study, 63% of CFOs in the Fortune 1000 firms surveyed, feel saddled with inadequate software that hampers their ability to get the job done. Therefore, before we launch into all the other areas of business assessment we believe it is important to concentrate on this subject first.*



**B**  
SECTION

### **KEY PRINCIPLES**

From a great variety of authors that have spoken on this subject, I have gathered key principles for your use:

*“To really understand how a company is doing you need to track a number of important variables simultaneously over time.”*

*Dun Gifford Jr, Harvard Business Review*

*“Financial reports must be easy to understand, the information must be relevant to users, they must add value to the bottom line, and above all be connected to the strategic planning and budgeting process. Otherwise they will not be as effective as they could be.”*

*Joanne Sammer, Controller Magazine*

*“Make your reporting forward-looking rather than retrospective. The most important reporting period isn’t the month or the year-to-date, but the full year, which is the profit commitment against which the company is being measured. That requires a projection for the rest of the year, which should bear a relationship to the trends emerging from the recent history. Management should focus on whether projections look reasonable and whether actions can be taken to improve on them.”*

*Financial Executive*

*“You want bad news to travel fast. Company executives need to know what is going on so they can make changes on the fly. Good news shouldn’t require much behavioral change at your company; bad news might.”*

*John Gantz, IDC*

*“The level of aggregation in financial summaries doesn’t help understand or improve the microeconomics of business operations. You need to provide some disaggregated local activity data if you expect to improve local sub-processes.”*

*Robin Cooper & Robert S Kaplan, Harvard Business Review*

*“Paper is a static medium that traps data and hinders distribution and analysis. You need electronic reporting that allows users to sort, filter, summarize, graph, drill up, and drill down through the data in the reports. Only when they can explore, manipulate, and visualize the data can they really analyze trends and uncover hidden patterns.”*

*Scott Steinacher, InfoWorld*

*“Detection, measurement, understanding, and effective use of patterns in historical data form a core of business intelligence and knowledge. This ability to detect, measure, and analyze patterns is a crucial human ability and the basis of perception, understanding, and learning.”*

*Girish Keshav Palshikar, Intelligent Enterprise*

*“All financial applications come with canned reports; however, even the widest range is never enough. Information demands are always changing so users always need either new reports or ways to tweak reports they already have.”*

Stewart McKie, *Controller Magazine*

*“Most software is designed to handle high volumes of recurring transactions, rather than provide business analytics. Managers regularly rely on data in order to make crucial business decisions and need analytics to do so.”*

*InfoWorld*

*“To massage a spreadsheet into a financial report, data often had to be re-keyed and reformatted. This process was messy, time-consuming, error-prone, and largely unaudited. It is no wonder that figures in financial reports were often out of step with the actual numbers in the accounting system. No corporate spreadsheet product worth its salt should be without integrated database access today.”*

Stewart McKie, *Business Finance*

*“Most companies have designed their reporting around some view of the organization that was developed in the mid-1970s. Reports should be around such key drivers as markets, products, and customers; not around the ever changing internal organization chart.”*

David Axson, *Hackett Group*

*“In the 21st century economy XBRL (eXtensible Business Reporting Language) is the way you will move information. This means organizations will no longer need to squander enormous economic and human resources to simply translate information from one form to another.”*

Charles Hoffman, *UBmatrix*

Although a small-to-medium size business won't have a department of people to analyze financial statements, it is clear from these principles that just printing a monthly report won't enable you to take much action. Sometimes changing to different software provides enough new thoughts and ideas that it kick starts you into better habits. Ask yourself these questions as you assess your current software:

1. How well does your current software help you track a number of important variables over time?

It exceeds expectations = 4  
 It does okay = 2.5  
 Not at all = 0

SCORE

2. Are your financial reports connected to budgeting and strategic planning tools?

Yes = 4  
 Somewhat = 2.5  
 No = 0

SCORE

3. Can your software show actuals plus remaining projections on a forward looking basis?

Yes = 4  
 Somewhat = 2.5  
 No = 0

SCORE

4. Can your software provide disaggregated reports of local data?

Yes = 4  
 Maybe = 2.5  
 Not at all = 0

SCORE

**Grading System** To make things easy to understand we will use a modified 4.0 grading system similar to what is used in high school and college.

A	=	4	C	=	2
B+	=	3.5	D+	=	1.5
B	=	3	D	=	1
C+	=	2.5	F	=	0

You can decide on the level of precision that you desire, but we would suggest whole numbers or half numbers at least. What you are trying to do is grade each item, add up a number of factors, and discover where you are in your assessment of the area. Like adding up the checks in your checkbook, they will either be as expected, or worse than expected, but never better.

We hope that the summary will then give you a clearer assessment of your current business software, and help you decide to either stay put or move on. If you need more help, please see the list of resources provided.

5. Can you sort, filter, summarize, graph, drill up, drill down, explore, and manipulate the data in your reports? SCORE
- Yes = 4
- Mostly = 3
- I think so = 1
- Not at all = 0
6. Does your business software have ample literature and training in business analytics? SCORE
- I know it does = 4
- I heard it might = 2.5
- It definitely does not = 0
7. Do you trust the data in your current software? SCORE
- Always = 4
- At times = 2.5
- It is always suspect = 0
8. Does your report writer have direct database access? SCORE
- Yes = 4
- To some data = 2.5
- No = 0
9. Is your software set up to utilize XBRL (eXtensible Business Reporting Language) as a means of making your exchange and use of financial data reliable and efficient? SCORE
- Yes = 4
- Coming soon = 2.5
- No = 0
10. Do you have the capability of electronic report distribution via the Web, e-mail, etc? SCORE
- Yes = 4
- To some data = 2.5
- No = 0

<b>Scoring</b>	Total Points=	
	Divided by 10 questions	
	Your GPA=	SCORE

If your grade point average is around 2.5 (C+) or less you may want to decide that for the purpose of business intelligence, financial analysis, and reporting that you should look at new software.

## WHAT IS XBRL AND WHY IS IT SO ADVANTAGEOUS?

*XBRL (eXtensible Business Reporting Language) is the use of the XML data tagging system adapted specifically for financial reporting. It makes the exchange and analysis of financial data more reliable and easier to work with.*

*For example, it is not uncommon for a company to use their sophisticated software to print out a financial report, photocopy it, then mail/fax/and e-mail to a recipient who re-keys the data into their sophisticated computer system to analyze it in a different format. Why, because they are not using XBRL, which allows one computer to understand another.*

*XBRL has the potential with financial data to unleash the same sort of powerful changes in our behavior that HTML did for the Internet.*

*It is a multi-national global solution that creates standards for financial data and text meant for internal and external use, which is chart of account/reporting/system independent.*

*XBRL is a holy grail that we have been seeking for years and is now here. See **Section D** references for details how to learn more about this fascinating development in financial reporting.*

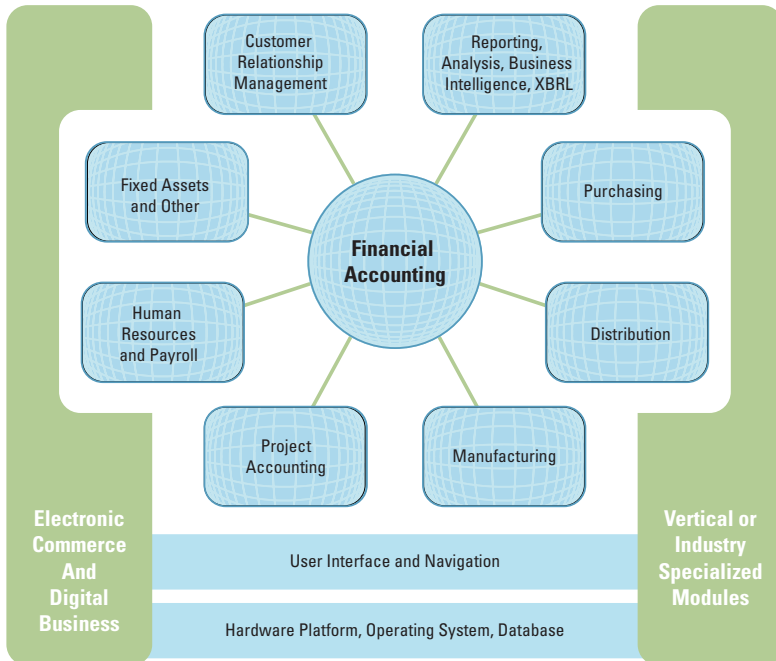
*The purpose of this section is to help you assess the common modules that make up the basis of today's business software.*

A diagram of these core modules follows.

Notice that this diagram is in the old modular format. Should you decide to look at new software, some will have granular functionality and some will anticipate the arrival of .NET and will have cellular functionality. Two diagrams follow to help visualize this change in software design and architecture.

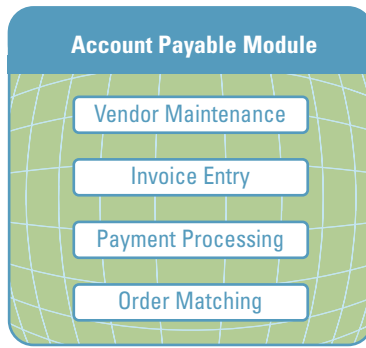


**C**  
SECTION



## GRANULAR FUNCTIONALITY

Granular functionality means you can buy pieces of functionality in less than the typical modular chunks. In other words, you can buy subsets of only what you need. For example, in the chart below you may decide that you don't need "order matching" and choose only to buy "vendor maintenance", "invoice entry" and the "payment processing" pieces of the Accounts Payable Module.



## CELLULAR .NET TYPE FUNCTIONALITY

When cellular, .NET, or object oriented block functionality is fully here your options expand even further and may bear little if any similarity to the modular chunks you are used to buying. In the diagram on the next page you may choose to buy "All Vendors" functionality that encompasses both Accounts Receivable, Accounts Payable, and Employees as vendors. Then you may link to it some other blocks of functionality such as:

- Purchase orders normally found in a PO or AP module
- Invoicing normally found in a SO or AR module
- Payment processing of both incoming receipts and outgoing checks normally found in different modules

As you can see this gives you the opportunity to put together just the financial functionality that your company needs without the overhead of carrying extra code that you have to turn on or off during system installation and implementation.



## GRADING

Grading will be the same as Section B. We will use the familiar 4.0 school system so we can put all the scores together at the end to arrive at an overall assessment of your business software. We assume that you are now familiar with the options that might compose a range of grades for the answer to a question, so rather than innovate 100 different ways to suggest “Yes”, “Somewhat”, or “No” we merely ask the question and let you put in the appropriate score. “4” or an “A” is the highest and “0” or “F” are the lowest scores.

## METHOD OF CREATING THIS SECTION

To develop the questions we took notes from client interviews that occurred over the past decade with SoftResources LLC ([www.softresources.com](http://www.softresources.com)). In particular we looked at the “differentiating criteria” that businesses used to describe what they were looking for in business software.

This method is in stark contrast to the method normally used to put together a booklet such as this. We did not look at Microsoft software and then reverse engineer the questions to lead you solely to their products. This booklet and assessment processes are meant to genuinely help you make winning decisions. You can’t do that if we steer you solely from a marketing perspective.

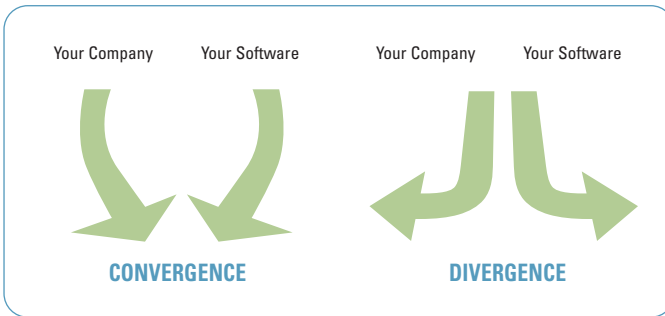
As a result of using this educational guide, some of you will decide that your current business software is fine. So be it! Some of you will decide that it needs to be changed and will buy software other than Microsoft’s. So be it! Some of you will decide to change, and will feel that certain Microsoft Business Solutions products can meet your needs and will talk to a Microsoft Business Solutions VAR (Value Added Reseller). So be it! We want to encourage you to do what is best for you.

## 1. Overview

For an accurate picture of the capabilities and limitations of your current business software, it's important to gain a clear understanding of the general state of how your company matches to your software. The following questions will help you gain that understanding.

1. Is your business software moving closer or farther away from your needs since you purchased it?

SCORE



2. Does your software company have an interest and focus on your industry? For example:

SCORE

- Professional Services Automation
- Wholesaling/Distribution
- Manufacturing
- Retail Management
- Others

3. Does your software company and VAR (Value Added Reseller) have experience with companies similar to yours in industry, issues, size, and location?

SCORE

4. Does the graphical user interface have minimal screens and maximum default codes for data entry, or does it seem that there are way too many screens and far too few codes; hence the software slows down productivity?

SCORE

5. Is there the right amount of user customizable menus, fields, screens, and set up parameters so that you feel the software belongs to your company?

SCORE

6. Is your chosen hardware platform and database the combination your software was primarily written for and the first platform and database upon which new releases are generally available?

SCORE

7. Are there enough interfaces, integration options, exposed APIs (Application Program Interfaces), data import/exports, validation routines, EAI (Enterprise Application Integration), and middleware, so you can tie all your software together? SCORE
8. Do you have the remote user functionality to support sales, other offices, and road warriors with remote access to the full features of your software? SCORE
9. Is your current software on the upgrade path or is it so tailored and non-uniform no one can support it very well? SCORE
10. Can your current software handle all the “multis” that you need and envision in the future? SCORE
- Multi—Users
  - Multi—Currency
  - Multi—Lingual
  - Multi—Platform
  - Multi—Industry
  - Multi—Books
  - Multi—Payment Systems
  - Multi—Dates
  - Multi—Localizations
  - Multi—Support
11. Are your software updates at the right pace and keeping up with government regulations in your industry? SCORE
12. Do you need an ASP (Application Service Provider) function so that your business software can be securely hosted on someone else’s computer, but run and used by you? SCORE
13. How much training does it take for employees to proficiently use the software? Is it higher than necessary so the software is underutilized, or does it seem like a lot of care and attention has gone into documentation, training, education, and support for the product? SCORE
14. Does the software’s manpower requirements meet your company size and personnel, or does it seem to require an excessive amount of both IT staff and accounting personnel? SCORE
15. What is the real level of effort and total cost of ownership for your current software? Is it higher than the business benefits that you are deriving from it? SCORE

**Scoring**

Total Points=	
Divided by number of relevant questions	
Average GPA for OVERVIEW	SCORE

## 2. Financial

Your financial information is the backbone of your company. Having rapid access to real-time, high-quality financial information allows you to make winning decisions about topics vital to the profitability and well-being of your organization. This section allows you to determine the quality of the financial information you receive from your current business software.

1. Is the chart of account's structure meant for you in every way? Is the structure right? The segments correct? The flexibility enough? A tree structure for hierarchies? The sub-accounts and subtotals correct? Any crazy numbering schemes? "What if" analysis? Handles changes in company organization structure? I mean it! This is the central nervous system for your business software. Many times it is not right for a company. Is it right for yours?

SCORE

2. Are the periods, types, and method of closings appropriate for you? Fiscal years, calendar years, 13 months, 52 weeks, year-to-dates, across years, hard closes, soft closes, and posting to past or future periods?

SCORE

3. Is your budgeting up to snuff so you really use it for financial and operation purposes; do you use it to collect budget information, use it to compare against actuals, and use it to forecast the balance of the year?

SCORE

4. Are journal entries a boon to your software? Recurring entries, allocated entries, reversing entries, template entries, automatic entries, validated entries. Are there any problems here?

SCORE

5. Is the consolidation area solid? Eliminations, roll ups, cost center, departments, off site, subsidiaries, etc?

SCORE

6. Sub-ledger and modular reconciliation. Often times problems start festering when the details in a sub-ledger or another internal or third party module doesn't add up to the general ledger control account. Some versions of software have had a reconciliation bug for years. How is yours?

SCORE

7. Security. At the heart of a system is a level of trust that authorized persons made authorized entries (or authorized corrections) all validated against authorized accounts and input types, accounted for by correct security levels and evidenced by audit trails. What is your score?

SCORE

8. Multi Look-Ups. Many times invalid coding can be prevented if multiple look-up capabilities exist to search for information across all fields (item number, descriptions, customer accounts); especially if wild cards and even Boolean search capabilities exist. Do you have enough look-ups?

SCORE

9. Although financial generally means dollars, understanding comes from

text and context. Is there sufficient ability to add notes/comments/observations to various records throughout the software with on/off print capability?

SCORE

10. Before we get to official reports, much of the management of a company can be done using real-time information handled on the monitor screens. Is there all the drill-down, drill-across, drill-around capabilities you need throughout all your current software modules?

SCORE

These 10 questions may not seem like much but they have continuously popped up in hundreds of software assessment projects and seem to be the vital few that make a difference.

**Scoring**

Total Points=  
Divided by number of relevant questions  
Average GPA for OVERVIEW

SCORE

### 3. Purchasing

Your purchasing software is a vital component of your overall business software. In general, the more automated your purchasing functions, the more you'll benefit from greater efficiency, reduced costs and fewer errors. This section allows you to find out whether your purchasing software is helping your company move forward.

1. Can you create electronic requisitions, route them for approval, get quotes, and automatically convert them to purchase orders?

SCORE

2. Can you set up flexible 2 or 3-way matching by department, by the order, receiving record, and invoice?

SCORE

3. Can your software handle blanket POs, declining amounts, purchase of non-inventory items, or other special PO types that your company needs?

SCORE

4. Can you allocate the PO as your company needs, either by the header (whole PO), or by line, or to multiple general ledger accounts per line, or via fixed dollar amounts, or percentages?

SCORE

5. Can your purchasing software track vendor metrics you need such as performance on time and percentage of fulfillment, quality, quote vs. actual price, etc?

SCORE

6. Can your PO software support one-time vendors and still keep history on them?

SCORE

7. Can you automatically close a PO based on rules or manually close POs with remaining balances?	SCORE
8. Do you need to receive non-inventory items without a PO? If so, does your software handle it?	SCORE
9. Can you receive as you need to, without a PO, multiple receivings per line item, attach quality control notes, etc?	SCORE
10. Can your software handle returns and RMA information such as partial ship backs that you need?	SCORE
<b>Scoring</b>	Total Points=
	Divided by number of relevant questions
	Average GPA for OVERVIEW

## 4. e-Business

Electronic Business (e-Business, or Digital Business) is the use of information technology and networks to exchange business information and conduct transactions in an electronic, paperless format, primarily over the Internet. E-commerce is actually a limited subset of e-business that relates to the selling and purchasing of goods and services over the Internet. For purposes of this assessment guide we will use the term e-business as it broadens your vision of possibilities.

- How well does your current software handle the level of e-business that you envision as appropriate for your company? These levels in ascending order include:
  - Web presence
  - Some e-commerce transactions
  - Integration of e-business with your accounting software
  - Creation and collaboration of Value Networks
- Excluding e-commerce, how well does your software handle the breadth of other e-business processes you are interested in?
  - Nurturing and supporting customers via the Web
  - Promoting loyalty and growth for business partners through Web-based programs
  - Providing Web access to relevant information and resources for the press, consultants, analysts, and shareholders
  - Facilitating alliances with trading partners and streamlining the procurement process

- Enhancing brand image via the Web
- e-Business intelligence or knowledge management
- Business-to-business/e-marketplaces

3. How well does your software handle the various aspects of customer e-commerce?

SCORE

- Customers can make purchases online
- Customers can check order status online
- Sales people can place orders online
- Prospective customers can research their options online

4. Does your customer, sales, and inventory information seamlessly transfer between your accounting software and your e-commerce storefront thus eliminating the need for duplicate data entry?

SCORE

5. Would your organization benefit if your online storefront provided your customers with customer-specific-pricing and other related customer specific information during the online ordering process?

SCORE

6. Can you mine your database to create targeted promotions and cross-selling campaigns based on customer attributes and their online purchase history?

SCORE

7. To what extent is your current software showing an inclination to move forward with future trends involving XML (eXtended Markup Language) transactions or .NET?

SCORE

8. Do you use and still need EDI (Electronic Document Interchange) or EFT (Electronic Funds Transfer) including ACH (Automated Clearing Houses)? How is that all working?

SCORE

As a bonus to this section, if you would like to learn more about e-commerce you may want to read some of the 22 book reviews I have written on this subject over the past two years. Most of them have been posted on the Kevin & Debra Rollins Center for e-Business site at [www.ebusiness.byu.edu/education/book\\_reviews.cfm](http://www.ebusiness.byu.edu/education/book_reviews.cfm)

**Scoring**

Total Points=

Divided by number of relevant questions

Average GPA for OVERVIEW

SCORE

## 5. Human Resources/Payroll

Tracking and maintaining complete and up-to-date records about your employees is vital in today's business world. Your business management software should allow you to streamline labor-intensive applicant, employee management and payroll tasks through an integrated human resources and payroll software. This section will show you how well this component of your solution is meeting your company's needs.

1. Does your HR software have adequate personnel administration capabilities to capture compensation, position, employee status, benefits, anniversary, rehire dates, etc? SCORE
2. Does your company use performance evaluations, goals, yearly interviews or similar reviews that need reporting and tracking? SCORE
3. Do you have support for the right number and types of benefit plans for Health, Dental, Vision, Life, etc? SCORE
4. Does termination automatically stop benefit coverage, but also allow for COBRA management and reporting, if required? SCORE
5. Does your HR program have any way of tracking your employees' talents and if they are fully engaged in your business? (See Resource #6 "Follow This Path" for more information how to unleash the human potential in your employees.) SCORE
6. Do you have the appropriate functionality to carry HR to the depth necessary for your company size: recruiting, applicant tracking, time and attendance, temporary employee tracking, effective compensation dating, personnel administration, position management, organization charts, training and safety compliance, benefits, leave of absence, and regulatory compliance? SCORE
7. Is there the right level of employee self-service (ESS) or manager self service (MSS) so that employees and managers can view and change personal information over your network or the Internet? SCORE
8. Does your payroll software accrue the right stuff for you: vacation pay, holiday pay, and sick leave? SCORE
9. Does your employee base require multiple garnishments? If so, how well does your software help you? SCORE
10. Are all pay rates, shift differentials, overtime, and other pay rules handled by your payroll software? SCORE
11. Does your current software allow you to easily generate personalized benefits letters and other correspondence for employees? SCORE

12. How easily does your current software support “what if” scenarios on wage increases, departments, or positions?

**Scoring**

Total Points=

Divided by number of relevant questions

Average GPA for OVERVIEW

SCORE

## 6. Project Accounting

For many organizations, managing by project has become the most cost-effective way of running their business. High-quality business software allows you to automate and consolidate administration of providing project-based services, while having real-time access to information about project status and cost. This section allows you to evaluate the performance of your project accounting software.

1. Is your project accounting software integrated with your accounting software such that billing, time & expense reimbursement, payroll, and expenses all flow and reconcile to each other?
2. Can it track costs by multi-level project breakdown if necessary: project—phase—activity?
3. Are there standardized project templates so you don't have to set up each project from scratch?
4. Do project changes have an audit trail?
5. Can it track all the elements you desire: budget dollars, budget hours, budget materials, budget to complete, change orders, actual cost, actual hours, and actual materials?
6. How effectively does your current software allow you to perform analysis of cross-departmental projects?
7. Can you allocate overhead costs such as supervision, vacation, sick leave, etc?
8. When you close a project, does it allow you to do what you want to do, such as (a) close the project permanently, (b) be available to open again and post to, or (c) charge any further costs to project warranties?

**Scoring**

Total Points=

Divided by number of relevant questions

Average GPA for OVERVIEW

SCORE

## 7. Manufacturing

Speed, quality, and flexibility are critical components of success in the manufacturing environment today. That means your manufacturing software must allow you to deploy your resources to their fullest extent while ensuring a seamless flow of information between different operations and departments. This section helps you determine the effectiveness of your manufacturing software.

1. How well is your manufacturing software geared towards the type of manufacturing you are doing now? SCORE
  - [Make-to-stock](#)
  - [Build-to-order](#)
  - [Mixed mode](#)
  - [Process manufacturing](#)
2. If you are thinking about making a significant change in manufacturing operations will your software support that change?  
(i.e. moving from make-to-stock to build-to-order or engineer-to-order) SCORE
3. What about support for other business initiatives you might have, such as moving to a cellular factory or flow manufacturing? SCORE
4. Is your Bill of Materials functionality appropriate and allow you to manage such things as: SCORE
  - [Mass changes for obsolete components](#)
  - [“What if” scenarios as new product releases are engineered](#)
5. Is there appropriate standard or actual costing and variance analysis in the system to enable you to determine the cause and effect of overruns, price points, landed cost, changes, etc? SCORE
6. How well does your software help you improve performance measurements that you desire, i.e. increased inventory turns, reduction in inventory at all levels (raw materials, work-in-process and finished goods), decreased cycle times, improved customer satisfaction? SCORE
7. Do you need special tracking, such as serial or lot number tracking or lot prioritization? SCORE
8. Does your production scheduling have all of your variables: lead time, outside process time, bottlenecks, equipment maintenance, “what-if” analysis, and quality controls? SCORE
9. Do you have all the support that you need for bar codes, RF scanners, and other automated devices? SCORE

10. Can your manufacturing software handle alternate components based upon criteria if the contracted vendor doesn't have availability, or multiple costs and different costs per vendor? SCORE

11. Does your software support the outsourcing of processes and the management of this process of outsourcing? SCORE

12. Does your software give you enough visibility into production to facilitate sales and operations planning and to make customer communications precise? SCORE

13. Is the level of sophisticated features in your software really used or are they misused, under used, a reconciliation nightmare, or just too complicated? SCORE

**MRP**—Manufacturing Resource Planning  
**ATP**—Available to Promise  
**CTP**—Capacity to Promise

14. Do you have the appropriate level and type of shop floor control (MES) software built in or attached to your manufacturing policies and procedures? SCORE

15. Do you have the appropriate level and type of warehouse management functionality available to you? SCORE

<b>Scoring</b>	<u>Total Points=</u>	
	<u>Divided by number of relevant questions</u>	
	Average GPA for OVERVIEW	SCORE

## 8. Distribution

The way in which your products or services are distributed to your customers is an important part of your company's cost structure. Ideally, your business software should provide the information you need to distribute your products and services as quickly and efficiently as possible. This section can help you quantify the performance of your organization's distribution software.

1. Does your distribution strategy use reps selling on commission? If so, is commission management and tracking appropriately handled in your current software? SCORE

2. Do you have some complex distribution needs such as parent or national accounts, shipment and payments to/from, either or both, multiple ship and bill-tos, drop ship capability, support for products sold and distributed to others? SCORE

3. Are the options for part numbers congruent with your needs? The right segments, characters per segment, and alphanumeric mix? SCORE
4. Is your inventory control at multiple locations, onsite or offsite, sufficient for security purposes? SCORE
5. Does your distribution software link to all the standard shipping companies that you need to link to? SCORE
6. Can it handle warehouse transfers, kitting, and breakdown of kitting into component parts without affecting inventory? SCORE
7. Can you allocate inventory to pick tickets in the manner needed such as auto shipment, to staging locations, refrigerated vs. un-refrigerated, priority customers, etc? SCORE
8. Do your customers complain because you don't provide consolidated invoices, or consolidated pick tickets? SCORE  

(NO = 4.0)
(YES = less points)
9. Do you have special inventory distribution needs not being met, such as outsourced tracking, on-the-water transit visibility, or quarantined inventory? SCORE

<b>Scoring</b>	<b>Total Points=</b>	
	<b>Divided by number of relevant questions</b>	
	<b>Average GPA for OVERVIEW</b>	SCORE

## *9. Customer Relationship Management (CRM)*

We need to take a slightly different approach in this section. Most accounting software at least gets implemented and many times successfully. You know us CPA types, we can be fairly compliant. We are used to following regulations and guidelines. But sales types have different talents and free spirits. Try and corral them together on CRM and you get 42% of all CRM end-user licenses bought last year not being used, and 55% of all CRM rollouts characterized as failures. That is why we have to take a little bit different tack here and look at the probability of CRM getting accepted and used by your sales and marketing staff, rather than just the feature set it contains.

1. Does your CRM package affiliate with all the 3rd party goodies that entice your sales reps to want to use it: synchronize with Microsoft Outlook, fax machines, PDA's, pagers, cell phones, e-mail, or online Internet access? SCORE

2. How many of the requested CRM modules that your company actually needs does your software offer? (You might want to weigh this question higher if you have a high level of needs):

SCORE

- |                                  |                            |
|----------------------------------|----------------------------|
| Proposal and Document Generation | Configuration Management   |
| Campaign Management              | Scheduling Assistance      |
| Customer Call Center             | Workflow Management        |
| Event Management                 | IVR Telephony              |
| Integrated Reporting             | Pipeline Management        |
| Contact Management               | Product Catalogs           |
| Sales Force Automation           | E-Mail Management          |
| Territory Management             | Knowledgebase Building     |
| Competitor Tracking              | Lead Validation            |
| Quotes                           | Top Product Identification |
| Service Contracts                | Future Forecasts           |
| Quotas                           | Order Management           |

3. Does your software import all the data it should from databases, legacy software, or other CRM applications that your sales reps use?

SCORE

4. Does your CRM software actually integrate well with your accounting software or is it an oddity?

SCORE

5. What has been your history of training, maintenance, and support for the product that enables your sales reps to use it in a mature fashion as we discussed in the Life Cycle article in Section A?

SCORE

6. Is the CRM product you're using or thinking of acquiring affordable enough that you have or will sign up for all the licenses you need?

SCORE

7. Do you perform or ask customers about their satisfaction or full engagement with your products and services? How well do your CRM products help with that? (See Resource #6 in Section D for more ideas on full engagement with your customers.)

SCORE

8. Overall, how successful do you consider your CRM rollout to be or will be with your company and its unique blend of individuals?

SCORE

<b>Scoring</b>	Total Points=	
	Divided by number of relevant questions	
	Average GPA for OVERVIEW	SCORE

## 10. Fixed Assets

Although these questions are easier to ask and assess than the other sections, fixed assets still play a vital role in business software.

1. Can your current software roll from a purchase directly into a fixed asset account?
2. Do you have a need to handle sub-assets within an asset account?
3. How well does your software handle mass transfers, sales, or retirement of fixed assets?
4. Are all the depreciation types you use available?
5. Can you track book and tax depreciation simultaneously?
6. Can you make inquiries by asset numbers, asset type, or the vendor it was purchased from?
7. If you have a fair amount of fixed assets, does the software support bar code tags, support scanning devices, and have other measures to assist in counting, locating, and identifying them?

<b>Scoring</b>	Total Points=	<input type="text"/>
	Divided by number of relevant questions	<input type="text"/>
	Average GPA for OVERVIEW	<input type="text" value="SCORE"/>

## Summary

Now let's see where you are on an overall basis. Transfer your scores from each part to the box on the next page, apply any weighting you feel is appropriate and come to a conclusion regarding the assessment of your business software.

Remember that it is not usually one factor or the overall score either, but a combination of factors that tip the scale towards new software and it doesn't have to be a majority.

My own personal observation is that As (4.0) and Bs (3.0) are fine, while Cs (2.0) and Ds (1.0) are not. Any part that got less than a 3.0 score may be an area to examine more closely and see what new software may provide. Areas to especially

Reporting	Score	Suggested Weighting	Weighted Score
1. Overview	_____	x 2	_____
2. Financial	_____	x 2	_____
3. Purchasing	_____	1	_____
4. e-Business	_____	1	_____
5. Human Resources/Payroll	_____	1	_____
6. Project Management	_____	1	_____
7. Manufacturing	_____	1	_____
8. Distribution	_____	1	_____
9. Customer Relationship Management	_____	1	_____
10. Fixed Assets	_____	x.5	_____
Total	_____	Total	_____
Divided by	10		11.5*
Raw Average	_____	Weighted	_____

\*Add up the sum of the weighting factors you wish to use (if they are different than suggested) and use this number as the denominator to divide into the total to arrive at your weighted average.

focus on are the Reporting/Analysis/Business Intelligence, and the Overview. Low scores here could mean it is time for a change regardless of what the other cumulative scores were.

Based upon using this guide to assess the effectiveness of your business software, where do you believe you are right now?

Software is fine	Borderline	Software is broke
No compelling need	Should look into it	Must change to fix



## ABOUT MICROSOFT BUSINESS SOLUTIONS

*Microsoft Business Solutions, a division of Microsoft, offers a wide range of integrated, end-to-end business applications and services designed to help small, midmarket and corporate businesses become more connected with customers, employees, partners and suppliers.*

*Microsoft Business Solutions' applications optimize strategic business processes across financial management, analytics, human resources management, project management, customer relationship management, field service management, supply chain management, e-commerce, manufacturing and retail management.*

*The applications are designed to provide insight to help customers achieve business success. More information about Microsoft Business Solutions can be found at <http://www.microsoft.com/BusinessSolutions/>.*

## List of Resources

Below are listed a few articles, Web sites, books and consulting organizations that will help you make winning decisions.

### 1. **“What You Don’t Know About Making Decisions”**

by David A. Garvin and Michael A. Roberto. Harvard Business Review, September 2001, Pages 108-116, Reprint R01108G.

This is one of the better articles to come out on decision making in recent years. It helps you understand the differences between approaching decisions on an advocacy or inquiry basis, the differences between different types of conflict, the importance of the perception of fairness, and how to tell if closure is too early or too late. At the end of the article is a one page litmus test. If I were in your shoes and trying to make a winning decision regarding my business software this is one of the Harvard reprints I would buy on the spot and keep by my side.

To order this reprint, type Harvard Business Online into you Web browser, pull up the Web site, select the Harvard Business Review button, browse the Sept. 2001 issue and select “What You Don’t Know About Making Decisions”.



**D**  
SECTION

### 2. **“Why Bad Projects Are So Hard to Kill”**

by Isabelle Royer. Harvard Business Review, February 2003, 8 pages, Reprint R0302C

In a remarkable article, Isabelle Royer, an assistant professor at the University of Paris, Dauphine, blames irrational optimism as the problem that blinds everyone to the reality of the problems in two detailed case studies which she documents and then helps us learn from. Starting with a project champion she shows us how faith can spread until everyone believes collectively in a project’s viability and views signs of impending doom as temporary setbacks.

To order this reprint, type Harvard Business Online into you Web browser, pull up the Web site, select the Harvard Business Review button, browse the Feb. 2003 issue, select “Why Bad Projects Are So Hard to Kill”.

### 3. **www.xbrl.org**

This is the URL for XBRL.org’s educational material that will help you understand why the eXtensible Business Reporting Language (XBRL) specifications will become the financial standard for exchange and analysis. You should also review the quarterly progress reports to appreciate why this tidal wave, as I call it, will soon encompass the globe.

4. **<http://accounting.rutgers.edu/raw/aicpa>**

A committee was formed by the AICPA in 1991 to enhance the relevance, reliability, and cost effectiveness of business reporting. This is an excellent presentation of the committee's work. Rutgers Accounting Web (R.A.W.) is one of the largest accounting related Web sites on the Internet. It brings you the AICPA study and much more. See <http://accounting.rutgers.edu>.

5. **“Decision Management: How to Assure Better Decisions in Your Company”**

by J. Frank Yates. Jossey-Bass, December 2002.

If the article in resource #1 wasn't enough, then consider buying Frank Yates' 256 page book on Decision Management. The purpose of this book is to help you become a great decision manager, someone who improves the odds that the people you influence will make decisions that enhance the prosperity of your company. Decision management is an art, but one that can be informed by knowledge of scientific principles and a body of both research and practical experience contained in this book.

To find out more about this book go to Google and search the Web on Jossey Bass “Decision Management” by Yates. (Type in this search string exactly as shown, quote marks included, and you will avoid getting 2 million hits.) To buy the book we would recommend trying the following sources:

- Amazon.com Web site ([www.amazon.com](http://www.amazon.com))  
[Hardcover] \$20.97 Special Discount Price
- Barnes and Noble store or Web site ([www.bn.com](http://www.bn.com))  
[Hardcover] \$23.96, Reader's Advantage \$21.56
- Booksamillion Web site ([www.bamm.com](http://www.bamm.com))  
[Hardcover] Regular price \$22.31, Club price \$20.08

6. **“Follow This Path”**

by Curt Coffman and Gariel Gonzales-Molina, Ph.D. Warner Business Books, 2002.

If you think your business software is okay but your people are not, then a great book to read would be *Follow This Path*. The authors, both with Gallup, note that great organizations know the differences between knowledge, skills, and talent. They persuasively write that everyone has talent, but the trick is to find that role in which a person's talents can be put to their best use.

If you feel that your financial people are not in the right positions a careful review and adaptation of this book would help you articulate what must be done to help your financial organization be fully engaged.

I did a review of this book that can be found at [www.ebusiness.byu.edu](http://www.ebusiness.byu.edu). To find out more about Gallup's latest discoveries you can buy the book and/or visit the home page of The Gallup Management Journal at [www.gallupjournal.com](http://www.gallupjournal.com).

## 7. **SoftResources LLC**

If you wanted to use a consulting firm to assist you in your business software assessment and selection process the one I would recommend is SoftResources LLC.

Founded in 1995 on the premise that software recommendations should always be unbiased, SoftResources LLC has focused exclusively on helping companies conduct an objective selection process from over 7,500 systems in 50 categories of software. They receive no commissions from any of the software vendors and can remain completely impartial in their recommendations. They have helped over 400 companies throughout North America select their business software.

Their Web site at [www.softresources.com](http://www.softresources.com) contains some great tips on the software evaluation process. They offer different articles on their Web site, but a good one you may want to check out is the “12 Deadly Mistakes of Software Selection.” This article outlines mistakes that other companies have made in the selection process and what you can do to avoid them. This will help you make winning decisions for your company.

## 8. **Microsoft Business Solutions VAR**

If you have decided that a Microsoft Business Solutions product may be an option you would want to talk about your needs with a certified Microsoft VAR (Value Added Reseller) who could help you understand the differences among the following Microsoft® Business Solutions products:

- Microsoft® Business Solutions—Axapta®
- Microsoft® Business Solutions CRM
- Microsoft® Business Solutions Enterprise Reporting
- Microsoft® Business Solutions—Great Plains®
- Microsoft® Business Solutions—Navision®
- Microsoft® Business Solutions Professional Services Automation
- Microsoft® Business Solutions Retail Management
- Microsoft® Business Solutions Small Business Manager
- Microsoft® Business Solutions—Solomon®

There is a solution recommendation engine on the Microsoft Business Solutions Web site at [www.microsoft.com/BusinessSolutions](http://www.microsoft.com/BusinessSolutions), and click on “How to Buy”; however, we would not recommend that software be selected based upon the answers to eight questions. This recommendation engine is meant to point you in the right direction. A final decision should only be made after evaluating your business and the type of solution that best meets your needs. This usually involves consultations with a VAR (Value Added Reseller).

## *Closing Remarks*

Donald Norman once said, “It’s the information we surround ourselves with as we do a task that makes us smart.” This is one of the founding principles of UPchannels. We hope that the information provided in this booklet, sponsored by Microsoft Business Solutions, helps you as you evaluate the effectiveness of your business software. Surround yourself with this information and other resources provided.

It has been my experience over the past 28 years in business that the right business software makes a big difference in your ability to make winning decisions.

At UPchannels we focus on delivering six primary services:

1. Provide hardware, software, and consulting guidance for information overload through Personal Knowledge Management (PKM) for individuals, families, and organizations.
2. Offer the CRM Researcher’s Directory through Bob Thompson’s CRM Guru.
3. Serve as Knowledge Management editor for the Open Directory Project on the Internet.
4. Create XBRL Financial Reporting knowledge bases and training for CPAs and companies.
5. Work with WellnessWebSites to create personal wellness Web sites for doctors’ patients.
6. Do special projects and create white papers.

Sharing information with others is an important part of our business.

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Solutions*



D. Richard Dance  
President and CEO  
UPchannels LLC

*D. Richard Dance*

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[mail@upchannels.com](mailto:mail@upchannels.com).

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