

Focus Experts' Briefing: Top 6 Things to Consider Before You Buy SMB Accounting Software

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Focus Experts' Briefing: Top 6 Things to Consider Before You Buy SMB Accounting Software

What are the top things that SMBs should consider before purchasing accounting software?

March 3, 2011

by Fred Blauer, Douglas Millington, Wayne Spivak

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Executive Summary

SMBs can't afford to waste a penny, and must make every investment count. There's no room for costly mistakes such as purchasing software that doesn't meet your needs or grow with the business. One of the smartest investments an SMB can make is in accounting software to manage finances accurately. In this guide, Focus Experts Fred Blauer, Douglas Millington and Wayne Spivak share their top 6 things to consider before your SMB buys accounting software.

After reading this guide, be sure to check out the entire discussion and join the conversation:

<http://www.focus.com/questions/finance/what-are-top-things-smbs-should-consider-purchasing-software/>.

Expert Advice

1. Evaluate your business processes before selecting your software.
2. Align business goals with your IT strategy.
3. Select an accounting software that can grow as your business changes.
4. Upgrade your computers if necessary.
5. Perform a pilot test implement the solution using a phased-in approach.
6. Take a close look at the bottom line, and include all the costs.

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What are the top things that SMBs should consider before purchasing accounting software?

1. Evaluate your business processes before selecting your software.

"I see a lot of small businesses that buy accounting software and then try to make it fit their business processes — when they should be evaluating their business processes and looking for accounting software that will meet their needs. You need to map out the various transactions for your business from cradle to grave. This will include at a minimum the following processes: (1) sales and customers (2) payments and vendors and (3) payroll. Within each of these main areas will be subprocesses such as inventory or job costing. Dig into the details of each process and get input from everyone involved in managing and/or executing the various transactions that occur within each process. Your process analysis will reveal what features and capabilities you need in a SMB accounting software application such as:

- (1) Inventory tracking
- (2) Job costing
- (3) Remote access for sales reps
- (4) Website integration
- (5) Online banking integration
- (6) Online credit card integration
- (7) Full feature payroll processing
- (8) Integrated email delivery of invoices" (Millington)

"What problems are you trying to solve, and what are you hoping to achieve? A good ROI is hard to do, because there are a lot of qualitative factors. But there should be a strong business case. The business goals should be aligned with the IT strategy. Make sure you consider all the alternatives and approaches. Sometimes making changes to the existing systems or processes may be a better value, than changing the entire system or parts of it. Consider the human factor, as well as the technical side." (Blauer)

2. Align business goals with your IT strategy.

"Make sure you have a good understanding of your requirements, and critical success factors, since the core accounting is integrated with other processes that are important to your business. Look at integrated vs. best-of-breed approaches. Each one has advantages and disadvantages." (Blauer)

3. Select an accounting software that can grow as your business changes.

"Look into the future. Where will your business be in 3 to 5 years? Where do you want your business to be in 3 to 5 years? Will the accounting application grow with your business or will you have to go through this exercise again in 2 years? Don't lock yourself in to an application that you know you will outgrow — make your choice with an eye to the future." (Millington)

"You will change your accounting system; your business hopefully will grow. Your needs today won't be the same needs tomorrow. Your outlook on what is important from a managerial and financial accounting system will mature, grow, morph or any other adjective you'd care to use. Sometimes your business will just change, other times the industry will or government will force a change. If your accounting software is robust enough, you can purchase the add-on products or

programming to move your business forward. You will, however have pain, not as much as starting from scratch, but pain nonetheless since you will have to implement the new add-on products and determine if you need (or even can) change your accounting history to match the new accounting needs. Penny wise may be dollar foolish but you don't need to buy the whole cow today to enjoy the milk tomorrow. Just try to plan where you will be and whether or not your accounting software can accommodate." (Spivak)

4. Upgrade your computers if necessary.

"It is essential that your computers meet the recommended requirements of any SMB accounting software application you consider. I hope you noticed I didn't say meet the minimum requirements but the recommended requirements. If you just meet the minimum requirements, I guarantee you will run into performance issues. If you need to upgrade your computers — just do it and you will be paid back with increased performance, effectiveness and efficiency. I can't tell you how many times I've heard clients complain about their accounting software and come to find out they are running on computers that do not have enough RAM and/or processor speed." (Millington)

5. Perform a pilot test implement the solution using a phased-in approach.

"You should do a good pilot test with some of your existing data. Simulate one of your most important or frequent processes. Implementation strategy is also important. I prefer a phased-in approach as opposed to the 'big bang.' And don't forget project management and monitoring to make sure that you stay on track, and the scope doesn't change. Don't try to do too much too quickly." (Blauer)

6. Take a close look at the bottom line, and include all the costs.

"Consider the total cost of the accounting application including: (1) initial price (2) implementation costs (3) training costs (4) data migration costs (5) ongoing support and maintenance costs and (6) additional feature costs." (Millington)

"If you decide that changing the system is the best approach, you should do a thorough evaluation. Compare all the important requirements as well as TCO. " (Blauer)

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Contributing Experts



Fred Blauer

Certified Public Accountant, Douglas F Millington, CPA LLC
www.focus.com/profiles/douglas-millington/public/



Douglas Millington

CEO, CFO, VP, Director, Fred Blauer and Associates
www.focus.com/profiles/fred-blauer/public/



Wayne Spivak

President, SBA * Consulting LTD
www.focus.com/profiles/wayne-spivak/public/

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