How to Spot the 7 Signs of Inadequate Software, In a Growing Business

This concise overview identifies the common signs that a company is not using the right software for their business and needs additional software support.

As a company develops over time it will change the way it works – this is good management practice. There are many reasons for these changes and they might include: new activities or product ranges; new sales channels; new purchasing or stocking arrangements; changes in staffing levels or skills; customer requirements; legislation; market pressure and so on. As a result of these changes a company may have different requirements of their business software. This is true for any change, whether the company is growing in turnover or not. It is also true that not all changes will mean a change in their business software requirements.

Often a company will absorb a series of ongoing changes with little difficulty, adapting the way they work to suit. As these changes can be gradual they often don't trigger someone looking at their business software and the company finds ways to work around any problems as and when they arise. While this is a practical solution in many scenarios the continued use of Inadequate Software can often have serious implications on the business.

The 7 Signs of Inadequate Software

The signs below are all indicators that a company is not getting the support they need from their business software. There is nothing inherently wrong with any of the signs in and of themselves, but the presence of these signs would highlight an area that should be investigated to see where the system is falling short of the company's requirements. For each sign we provide an example for a fictitious company, Bodged Systems, that indicates how the sign might be manifested.

The spreadsheet tracking sign

Spreadsheets are a very powerful tool. With good skills using Microsoft Excel, for example, a company can build powerful forecasts and models. They are a very important tool for planning and monitoring information. Excel will be able to link to live data in most business systems, and can substantially add to the usefulness of these systems. However spreadsheets are a tool for easily working with data, not for securely storing data, and when Excel is being used *instead of* the business system, rather than *together with* the business system this sign should be a warning that the business systems are inadequate.

> Example: Bodged Systems sells equipment to their customers. They need to start tracking the serial numbers of certain items (which could be because of a new product line, new legislation, or perhaps they are now handling warranty exchanges for the manufacturer). Their business software does not allow them to record the serial number of a product, so they setup a spreadsheet where they record all details of the tracked products and who they have been sold to.

The in-house system sign

Where spreadsheet tracking is not enough, a company might use an in-house system, perhaps using Microsoft Access, to fulfil their needs. There is nothing wrong with this and for many companies it is an excellent solution and may be the best approach. However for most companies the ongoing maintenance of this system is a burden that they would rather not bear. Unless the business of the company is the building and maintaining of software, it is often more appropriate to use an existing system from another company that will do what you want … if there is such a system.

More capable business software will allow the software to be adapted to customer needs – sometimes this is through the configuration of the software, and sometimes this is through bespoke development. For popular business software there is also often an active network of companies that develop 'add-ons' that can provide additional features. For most companies the decision to use a commercially available add-on or a bespoke implementation is a more appropriate choice than a complete turn-key development.

Example: Bodged Systems are now handling warranty returns for a manufacturer. They use a system in Microsoft Access that allows them to track which customers have which items under warranty, to issue a Return Authorisation to the customer, to book in the faulty item and to despatch the replacement. (This functionality is widely available in business software and so implementing their own system is questionable.)

The scarcity of information sign

The most important reason to use business software is to make the information that the business needs readily available to the people who need to use it. A clear sign that a company has inadequate software is when staff or management cannot readily obtain the information they need at the point they need it.

Example: Bodged Systems are carrying out a project implementing a high end product for one of their customers. They have agreed to complete the project for a fixed price, including their time and the products required, but they have also agreed to charge for certain consumables and out of pocket expenses as they arise. As their business software does not track the work in progress, costs or revenue for this project they cannot tell how profitable it is. There is no way to easily identify which expenses relate to the project and so the recharging of expenses is difficult to control.

The 'distorted' process sign

Sometimes a company will find that their business software does not support running a process in the way they would like to and so they adopt a process that fits the software. This can be a sensible solution, or it can be detrimental to the company, depending on the nature of the process and the compromise being made.

Example: Bodged Systems have secured a contract with a major customer to supply a range of products. The new customer wants to order the products using their own product codes, and to have these product codes on all of the order documentation sent to them by Bodged Systems. As there is no support for customers to have their own product codes in their business software Bodged Systems produces standard documentation from their business software, all addressed to their own accounts department (to prevent it being sent to the customer). This is then manually retyped using the appropriate codes for the customer.

The absent process sign

Sometimes a company will be operating with business software that has no support for a process that they should be using. As there is no support for the process in the business software the company either uses no process at all, or, more frequently, adopts a process that completely bypasses the business software.

Example: Bodged Systems have a contract with a customer where they guarantee the quality of a particular product. As there is no support for restricted stock and/or acceptance testing of products in their business software they instruct that any of these products that are delivered should not be booked into stock until they have been properly tested and accepted. Unfortunately this means that according to the business software the product has not yet been delivered or, if it was booked into stock in error, that it has passed the quality acceptance tests.

The delay in producing information sign

This is similar to the scarcity of information sign. However this indicates that information is available, but that it takes time and effort to produce. Some information may not be immediately available – for example most companies would not close their monthly figures as soon as the month has ended, they would wait for late invoices to be received and so on. In contrast this sign involves the amount of effort it takes the company to obtain the information it needs from the data that has already been recorded.

Example: Bodged Systems want to review their marketing expenditure for effectiveness. To do so they want to look at the amount of gross margin they have received from customers that have been attracted by different marketing activities, the time over which that revenue was generated (over 24 months since the launch of the campaign), and the cost of the activity. For any particular customer gross margin for a particular date range is easy to obtain from their business software. However to complete the task each customer must be assigned to a marketing activity that sourced the customer (so they have assumed that all orders from that customer are down to the same activity) and then the gross margin must be calculated for 24 months from the date of the activity. These values must then be added together to form the total contribution for the marketing activity on a month by month basis.

The multiple keying sign

It is not uncommon to use business software from more than one vendor. This in itself is not a bad thing, as most software will cover a particular area well, and have patchy support in others. For example most accounting systems will have support for contact information. If they support contact histories then there will be some support for CRM. However if a company needs a full featured CRM system this is unlikely to be the same software as the accounting system. Where a company has more than one piece of business software (which could include the use of in-house software as discussed above) then the way the software works together should be carefully considered.

Example: Bodged Systems use a CRM system in their sales department that provides the sales management tools they need. The software has a feature to create a new customer in the accounts system that avoids rekeying. However when the customer speaks to the accounts department and alters their address and contact details the accounts system does not update the CRM system. The sales department can access the accounts system to process sales orders, so they can access the updated details, but they run their sales call backs for account management in the CRM system. When the customer's account management call comes round again, the CRM system has the wrong details and must be updated manually by the sales agent (*if* they realise that the details have been changed in the accounts system).

Why do these signs exist (why do companies put up with Inadequate Software)?

There are, of course, many reasons why a company would continue using software that is not adequate for them. Understanding why this has happened can help to identify what needs to be done within the company to help to address the issue of their Inadequate Software. The reasons may fall into one of these categories:

Ignorance

It is not uncommon for the people who are aware of the inadequacies in the business software that a company is using not to have raised these with the people who have responsibility for the processes that are inadequately supported, or with someone responsible for the business software. As such although the information about the inadequacy is known *within* the company, it is not known *by* the company in the sense that nobody in a position to do something about it is aware of the problems. The root cause of this lack of clear communication is normally assumption. Those who know assume everybody knows. Those who don't know assume they would be told.

Another factor here is when a company is unaware of the capabilities of their existing software. As such they may have adequate software, but they are not adequately trained, or the software is inadequately configured.

Alternatively, the company may be unaware that a different software system would be a better fit for their needs.

Oversight

This is not quite the same as above. It may be known that the business software is not really up to the job, but it was decided that it was adequate as a temporary measure. The intention to review the

business software at a later date was well meant but the actual review was overlooked. The company has now become used to the system working as it does, having originally accepted the limitations as a temporary measure.

Insufficient commitment

This cause is more common than people think, because often it will be explained that the company has insufficient budget or insufficient resource. Often when these causes are identified the real cause is actually insufficient commitment to the problem by those in a position to address the problem. Of course lack of budget and resource are significant problems, but Inadequate Software is probably a bigger problem. So if a company identifies that the root cause for their software continuing to be inadequate is that they cannot address the problem, you should try to determine if it really is that they cannot address, rather than being a case of not wanting to commit the budget and/or time to the project.

Insufficient budget

Where a company is aware of the problems they face with their business software this is the reason they most often give themselves for why they are continuing with it. If a company believes that this is the cause of their problems then this should be tested – perhaps by identifying what their budget is, and what the solutions that they have looked at are. With a range of software available, and a range of ways to buy it, companies can get a lot more software for their budgets than used to be the case.

Of course all companies have a limited budget. It may not be possible to replace, upgrade or adapt the existing software. However it is nearly always true that having the wrong software will cost more than having the right software.

Insufficient resource

If a company cannot devote sufficient time to the adoption of new or upgraded software then they should plan how to make that time available. Of all the reasons for not replacing, upgrading or adapting software this is the most realistic. Although they company can subcontract resources to support the implementation process, they will need to have key members of staff involved in the project and fully committed to it.

Vendor tie-in

Sometimes a company is locked into software because of existing contractual commitments. Sometimes the amount of money and effort invested in a solution is too high for the company to consider walking away from and implementing an alternative solution. When a company decides to stay with an inadequate solution because of the contractual terms they have had imposed on them they should recognise that they are in an unhealthy business relationship and should take steps to be able to get out of that relationship as soon as is practical.

How Do You Compromise?

For smaller businesses with fairly contained operations, a standard business model and a limited number of transactions a general purpose small business accounting package is an excellent choice. As the company develops they may come up against limitations of the software. At Online50 the most popular accounting package that we host is, not surprisingly, Sage 50 Accounts, the UK's most popular small business accounting package. As a general purpose small business accounting package it's a very good choice for most smaller businesses. However as a product it has been designed to offer a certain set of features. Sage offers other products with a broader range of features at different price points. The step change from a general purpose small business package to a more configurable more capable system is significant. Small business products can generally be installed straight out of the box and used immediately. The 'mid market' products often require planning and implementation and come with a significantly higher price tag. The company is not used to implementing software that complex or that expensive.

It's not surprising that so many growing companies stay on a general purpose accounting package when they ought to be looking at a higher level package. Although the benefits can be attractive the

commitment, both in terms of price and effort, of implementing another system are a significant barrier to adoption. Instead of adopting more appropriate software they opt for 'hot spot' solutions, like Excel spreadsheets, to provide the additional support they need. Clearly this is not an ideal situation for them although it is a very practical solution for the short term.

As no company has an unlimited budget there must always be a level of compromise in the adoption of any business software.   Some of the factors to consider when choosing more sophisticated software are:

Realistic Budget	What are the likely costs over the lifetime of the software. This would include up front costs for purchase, implementation and training, ongoing software maintenance and support. What have other companies spent?
Process Support	Does the software support the processes used in the company, in the way the company uses them?
Breadth of Features	Does the software provide a broad range of features, or does it have specialist functionality with a narrow feature set?
Growth Potential	As the company grows and develops, how will the software support the company as it adapts?
Vertical Solutions	Is there support for any specific industry requirements?
Vendor Relationship	A good working relationship with the software vendor and any reseller will be essential for vital business systems.

Scalable Software

Different solutions all have their own strengths and weaknesses. As mentioned above the most popular accounting software with users of Online50 is Sage 50 Accounts. We also offer a scalable product with attractive commercial terms and a strong feature set that can be implemented for smaller companies as well as competing well against other mid market packages. Ambition Accounts is growing in popularity as it is scalable software offering mid market capabilities in a fully managed system for a competitive monthly fee.

The Ambition Accounts product comes in three levels. Each level uses the same back end database and so there is no need to migrate data when upgrading the system. It has a broad feature set and competes well against other mid market packages, but is purchased on a per user per month fee making the initial price for adoption very low. The system supports large volumes of data, has flexible support for business processes, and where required can be easily adapted to fit bespoke requirements.

Thinking About Ambition Accounts?

Ambition Accounts is a good package for companies that are having to develop 'hot spot' solutions to get around limitations in an existing package, or for a business that expects to grow quite quickly. Many different types of company can benefit from the use of Ambition Accounts, and when you use it on the Online50 service for a monthly fee, it's easy to buy, easy to implement and easy to access.

To find out more about Ambition Accounts please contact the Online50 sales desk on 0800 195 0835.