

## About the Author...Dennis R. Cowhey

Dennis, R. Cowhey, CEO – Computer Insights, Inc. Started Computer Insights in 1981. He served for many years on the Illinois CPA Society Computer Information Systems Committee. He is a frequent author of articles for Industry Trade Magazines. Before starting Computer Insights, he served as Central District Manager for a division of Litton Industries (now part of Northrup Grumman). That company offered Inventory Control Systems to Retailers. Prior to that, he was a Credit and Financial Analyst for National Credit Office division of Dun & Bradstreet, Inc. He received his education at Chicago City College and DePaul University.



# A New Computer System: A Great Idea or Disaster? - It's Up To You

**T**here are huge advantages to upgrading your business computer system today. The new systems are a far cry from the old Accounting oriented “back office” systems that helped you count your money and little else. The new systems have become an integral part of the daily operations of modern distributors. Many tasks that used to be tedious, time consuming, error prone and costly, are now completely automatic. The new systems can enable you to do a better job for your customers, maintain closer control of your inventory and communicate better with everyone. At the same time, they can save you money. They are no longer a “back office” function. Everyone — people in purchasing, sales, customer service, credit, the warehouse, and your top management — can benefit from using one of the new systems.

### So What's the Catch?

If all this is true, how come you constantly read about people who have spent millions (or many thousands) of dollars on computer systems, only to fail? Instead of getting these great benefits, they spend money needlessly and end up less efficient. The answer is simple. They didn't do it right. I've made a list of several don'ts that you might find helpful.

### Ten Steps to Failure

1. Don't bother conducting a study of your own needs.
2. Assume that all new computer systems will take care of all your needs.
3. Make the decision on your own. Don't involve others in the decision.
4. When capabilities that you need are missing, assume that they will be added.
5. Be sure to get the very latest technology. It's fun being a guinea pig.
6. Don't assign a System Administrator to supervise the implementation.
7. Be sure to beat the vendor down on the number of training hours.
8. Once the system arrives, don't let people take time to practice on it.

9. Don't worry if the vendor is new or has no experience in your industry.

10. Don't devote any management time or company resources to the project.

This list may seem a little absurd, but at one time or another I have personally witnessed each of these behaviors during the last 23 years that we have been installing computer software. Here is a more common sense approach:

### 1. Conduct a pre-purchase review

Before you begin your selection process, take the time to gather a “wish list” of specific things that you want your computer system to do. Prioritize the list:

1. Must have
2. Desirable, but not absolutely necessary
3. Would be nice

Armed with a prioritized list, you won't fall prey to the “latest bell and whistle” gambit. The software with the latest bells and whistles may not meet all of your “must have” requirements and if it doesn't, it would be a bad fit. That could mean that it will be an expensive failure. At least it would mean that expensive customization would be required in order to meet your needs.

If all of this sounds overwhelming, get outside help. Hire a consultant to help you sort it out. Remember that a good consultant won't make the decision for you; he or she will help you determine your needs and narrow down the field of vendors. If you do decide to get outside guidance, be sure that you are talking to an unbiased person. Some consultants have “sweet-heart deals” with vendors and they always choose the same one (for a commission of course). A very good source for comprehensive and impartial information about Distribution Software is the Brown Smith Wallace Consulting Group. You can get additional information at their website [www.consulting4distributors.com](http://www.consulting4distributors.com). They also offer a Software Selection Handbook that will give you a step-by-step guide to making your decision. Of course they would be happy to enter into a consulting agreement with you as well. They can be reached at 314-983-1305.

## 2. Compare the System's Methods to Yours

All the software brochures describe basically all the same capabilities. They are described in glowing terms, so how can you tell the difference? The answer is to have a detailed demonstration showing how you would do your work in the system. Have your Wish List in hand. Check off each of the functions, especially the "Must Haves." Then be certain that the way it works in the system will work for you. The function may be available in some form, but it may be way too complicated for your needs. You may want to implement some new and different procedures with the new system. Just be sure that you are changing your procedures because you have decided to, not because you are forced into it.

Don't assume that the feature is available if it's important to you. Software that is not distribution centric won't work for you. Additionally, many software products, including many Distribution Software products, don't handle fastener specific needs very well. You may have long part numbers, or many customer and vendor part numbers for the same product. Maybe you need 6 characters after the decimal. You may be sending things out for Secondary Processes like plating or drilling. Lot Control and Traceability are often very important to fastener distributors. If any key issue in your company isn't met by the software, you have a recipe for disaster.

## 3. Involve Key People

You may remember how things were done when you were back in the warehouse or on the order desk, but things may well have changed since then. Bring in all the key people that will have to make the system work. Get their "buy in." They are the ones that will have to make it successful. They will be able to give you specific feedback about the usefulness of the software design. You can't do it on your own.

## 4. If There Are Missing Features, Be Careful

Any feature that is on your Must Have list that is not in the software "out of the box" would be cause to eliminate that software from your search. Developing new applications is expensive and time consuming. If the missing feature is on one of the other two lists, you need to decide how important it is to you. If you would really like to have it, get a firm quote and be sure that you know how future support (program updates, training, etc.) is going to be handled on the modification. If it is going to be based on hourly billing, it could add substantial cost to the implementation.

## 5. Benefits and Perils of the Latest Technology

Technology is moving forward at a rapid pace. One example of this is WiFi wireless networks. These networks are available in some cities. With them, laptop computers can connect seamlessly to the corporate network. In other places, cellular networks are used. In some places no wireless communication is available (except perhaps satellite). Don't buy a system based on remote connectivity that is not supported in your market area. By the time it becomes available, your wireless equipment may well be obsolete.

## 6. A System Administrator is a Must

In order to effectively install a new software system, you must have one of your employees dedicated to and responsible for implementation. This System Administrator doesn't have to be a computer person (in fact it is often better if the person isn't a techie). The person should have a broad understanding of your business and how work gets done there. This person should not be a new hire. The person should also have the ear of the President and should have authority to make cross departmental decisions. When you put in an integrated system, everyone's work affects everyone else's work. Someone has to mediate any disputes that might come up.

## 7. Training is Important

Don't skimp on training hours. Some statistics say that many companies use only 20% of their computer's capabilities. That is a huge waste of resources. It is almost always a result of inadequate training. The system is a big investment. Take it seriously and devote the time and money required to get proper training.

## 8. Training and Practice Go Hand-in-Hand

The vendor can do the best job in the world of training your people, but

if they don't practice soon after they are trained, they will lose the valuable knowledge. If you don't give them enough time to practice you are undermining the success of the new system.

## 9. Experience is a Big Help

Buying a software solution is not like buying a desk. You don't just buy it, set it in place and that is the end of your relationship with the vendor. You are signing up for a long term, highly interactive relationship. If you choose a vendor that doesn't have the experience to help you implement your system, you will end up having to help them. They won't understand your business so you will have to teach them how things are done. You must teach them so that they can set the system up to properly help you. This takes time and resources. New computer companies fail at an astounding rate because the principals underestimate, under fund or under prepare for these huge responsibilities. It's safer to buy from an experienced vendor with a good reputation in your industry.

## 10. Management Commitment is a Must

Management commitment is more than just making the decision. Delegating all the responsibility sends a message that the system isn't important to you. Peter Drucker says, "Performance always improves where management's attention is obviously directed." There is no better example of this premise than a new system implementation. Take the time to regularly meet with your System Administrator and key management people. Talk to the people that are entering the transactions into the system. Inspect and learn. You can lead your team to a more efficient and profitable company.



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