

# Basics for Selecting Accounting Software

## Creating a Wish List

### Issue #1

**Most businesses switch accounting software every 3 to 5 years on average.** To obtain the best value for your money, follow the guidelines presented here in selecting your next accounting software program.

#### **Create a "Wish List"**

**Accountants and consultants may use a fancier name for a "wish list" like "needs analysis" or "requirements definition".** A wish list is a listing of all the areas that bug you about your current accounting system, and the additional features you want to have. Since 92% of all businesses already have an accounting software program, chances are that you are switching from your current program to something better.

**Why are you switching and what is the desired outcome?** A wish list is a simple concept that allows you to gather information about improvements you would like in your next accounting software program.

**Keep a note pad right next to your computer, like in the top drawer of your desk. Put a title on the note pad "Software Wish List".** Any time you experience a nuisance or have the "I wish my software would..." experience, write it down on your wish list. Have each of your employees keep their own software wish list as well. Over time, you will have one or more lists of areas that you would like to see improved in your next accounting software program. A wish list gives you a simple way to keep track of those irritating problems you have with your current program.

#### **Benefits of a "Wish List"**

**One of the biggest challenges that a consultant or your accountant has is getting you to tell them about your areas of "pain".** That is, communicating to them what it is that you need to improve. Inevitably, you will forget about those nagging problems experienced on a daily basis when asked. Just like freezing up when you are put on the spot for most anything! Pull out your wish list, and

start reading off your list. If the list becomes too extensive, or you have four or five lists collected from your employees, consolidate and prioritize your list.

**You can even type up your wish list on a word processor, put a title on it like "Needs Analysis for Company XYZ", and impress your consultant!** The wish list can then become a road map for the areas that your next program should address. Both you and your consultant will save time in the preliminary step of defining the needs of your business relative to your software.

### **Define Your Company's Goals**

**Another important step to take in selecting the best accounting software program is defining your company's goals.** Examples may be:

- Double sales in the next 18 months
- Increase our locations from 3 stores to 5 stores within the next year
- Increase our margins by 5%
- Reduce our expenses by 15%

**Once you have defined, or redefined your company's goals (you initially did this in your business plan, right?) then you can prioritize your wish list in terms of the goals of your company.** For example, if your goal is to double your sales, then how can your next accounting software program help you realize this goal? To double sales, you will need to increase the effectiveness and productivity of your sales staff.

**Customer relationship management (CRM) software improves sales people's effectiveness by enabling them to track, communicate, follow-up and improve service to customers.**

Integrating your accounting software to a CRM package can help you improve your sales by giving sales people access to order histories, invoice details, pricing history, and other accounting information in a secure fashion. This, in turn, can allow your sales people to answer customer questions quicker, find the customers who have not been buying, and build better relationships with your customers, thereby increasing sales. So make sure your next accounting system can work with a CRM system.

**How about increasing locations? How does this goal relate to features in an accounting program?** One way would be to ensure your next program handles multiple locations. Tracking inventory in more than one location may be a feature that enables you to know what products you have in which store, so you can inquire on your other locations if you are out of stock in a particular item in one of your stores. Increasing margins by 5% may mean you need better inventory analysis reports to identify low margin items that you can raise prices on. Reducing expenses by 15% may mean tracking GL expenses by division, location or department to see where expenses are out of line in comparison to other divisions, locations or departments.

**By defining your goals from the high level, you can implement strategies to achieve those goals.** Strategic software is one tool that can help you realize those goals. Make sure you have an idea of what the desired outcome for your software purchase is, and communicate that to your software vendor.

**Now that you have a "Wish List" compiled, and you are evaluating your needs in relation to your company goals, the next step is to find a consultant or vendor to help you find the best software to meet those needs.**