

# Technology & Software

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# 7 TIPS FOR A SUCCESSFUL SOFTWARE IMPLEMENTATION

by John Meibers

**M**any contractors delay purchasing new accounting software due to the anticipated pain associated with conversion. But a successful software implementation is similar to a successful construction project—thoughtful planning coupled with skilled execution results in greater profitability for your company. Since you already know how to build profitable projects, applying basic construction logic to your software implementation lessens the pain, so you can move forward.

Keeping the construction process in mind, here are seven tips for a successful software implementation.

## 1. Define Success Up-Front

The project estimate defines success by establishing a budget with an anticipated profit margin before the job is even won. Although defining success as it relates to your software implementation isn't so straightforward, it's still important to establish guidelines for measuring success.

*Why this is important:* If you don't define the meaning of success, how will you know if it has been achieved? The easiest way to define a successful software implementation is to identify existing procedures that aren't working and outline how you will improve them. Let's say you want to replace a labor-intense, spreadsheet-based work-in-progress (WIP) reporting

system with an automated process within your new accounting software that eliminates duplicate effort and takes seconds to complete. In this case, success is easily measurable.

Invoice approval is another example. If you're replacing manual invoice routing with an electronic invoice approval system, success might be defined as achieving approval 50 percent faster while eliminating lost or misplaced invoices.

## 2. Spend Time Up-Front Planning Your Coding Structure

Pre-planning is an important part of a construction project—and a software conversion. A new software implementation is the perfect time to establish a more logical and standardized coding structure for your jobs, general ledger (GL) chart of accounts, vendors, customers and so forth, especially if you are migrating from a system with limited flexibility or structure.

*Why this is important:* A standardized coding structure allows you to gain greater business insight through your software's reporting system. For example, with a departmentalized GL structure, you can quickly access specific information related to a single department, such as your service department. And, when a master setup for job cost codes is established, account No. 100 will always signify the same thing, regardless of the

project. This allows you to compare data across all jobs.

## 3. Clean Up Your Data

Before migrating existing data to your new accounting system, take time to clean it up by eliminating duplicate vendors, purging old information, evaluating outstanding payables and receivables and getting accurate inventory counts.

*Why this is important:* This step helps you start with a fresh and timely dataset in your new system. If you have receivables that are outstanding by 120 days or more, ask:

- a) Why are these here?
- b) What can we do now to collect?

If you have outstanding credits with little-used vendors, consider requesting refunds. Perhaps it's time to archive data for employees that haven't worked for the company in years. For current employees, this allows you to identify whether you have current W-4 forms on file and if any critical licenses or certifications have expired.

## 4. Create a Schedule with Milestones

Treat your software implementation like a construction project by creating a schedule with milestones. Assign a project manager (PM) on your end and ask for a designated PM on your software vendor's side.

*Why this is important:* To achieve

software implementation success, there needs to be some accountability for the things that must be done. Make the two PMs ultimately responsible for driving the project toward completion—on time and on budget.

Let your company's size and the complexity of your software system dictate the schedule, but try to set a firm go-live date. Like many construction projects, unforeseeable delays happen during software conversions, so it's okay to make adjustments to your schedule.

## 5. Implement Your New Software in Phases

Every construction project is completed in phases. Why should your software implementation be any different?

*Why this is important:* A phased implementation eases the adoption of new software by allowing your staff to become comfortable with the basics

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2. Spend Time Up-Front Planning Your Coding Structure
3. Clean Up Your Data
4. Create a Schedule with Milestones
5. Implement Your New Software in Phases
6. Establish New and Improved Procedures
7. Set a Profitable Training Mindset

before more complex functionality is added.

Phase 1 builds the foundation. Implement basic functionality that replaces and improves upon the procedures you were doing before. The focus during Phase 1 should be on core accounting, including job cost and payroll.

Phase 2 adds the framework. Implement functionality that your company wasn't using before but is vital for improving operations. Processes like

inventory management, purchasing, equipment management and custom reporting fall into Phase 2.

Phase 3 adds custom finishes. This is your technology "wish list" that will revolutionize your operations. Electronic document management, remote timesheet entry and a field service system are some examples.

## 6. Establish New and Improved Procedures

Use your software implementation

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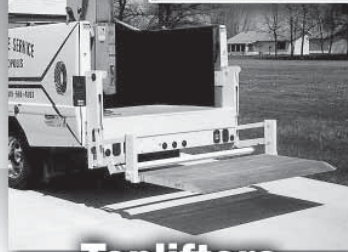
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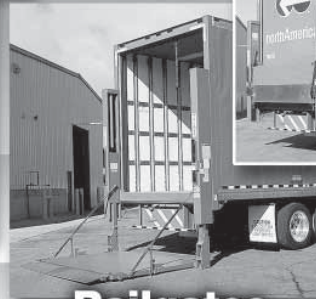
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as a way to establish new procedures that improve accounting processes.

*Why this is important:* Better processes make your accounting staff more efficient and help keep important details from slipping through the cracks. Some examples include creating collection policies for past due invoices, scheduling payables to take advantage of vendor discounts and using triggers or alerts for insurance expiration dates or to flag missing employee information.

### 7. Set a Profitable Training Mindset

It takes time, money and adequate training dollars to become proficient in your new software. Instead of viewing training as an expense, look at it as an investment and budget accordingly.

*Why this is important:* With proper

training, software becomes an investment that delivers a positive return over time. Achieving a successful accounting software implementation can take up to two full years. In this scenario, the first year is spent rolling out the system and the second year is spent fine-tuning your processes. So, in addition to initial training, it's a good idea to allocate a portion of your budget for training at three, six, nine and twelve-month intervals. Free resources offered by your vendor can help, too, including newsletters, e-mail updates, a knowledge base, online help, webinars and conferences.

### Mandating Change from the Top Down

Change is vital, especially in this tough economy. But for most people, change isn't easy. Because of this, the

motivation to implement new software needs to come from the top of your organization. Set the expectation that your new tool will not only make your company more profitable, but it will also increase efficiency and make your employees' jobs easier. By being one part dictator (we are going to do this) and one part motivator (here are the benefits we will receive)—and following the seven tips outlined above—your software implementation will be a successful endeavor that delivers a high return on investment. ■

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