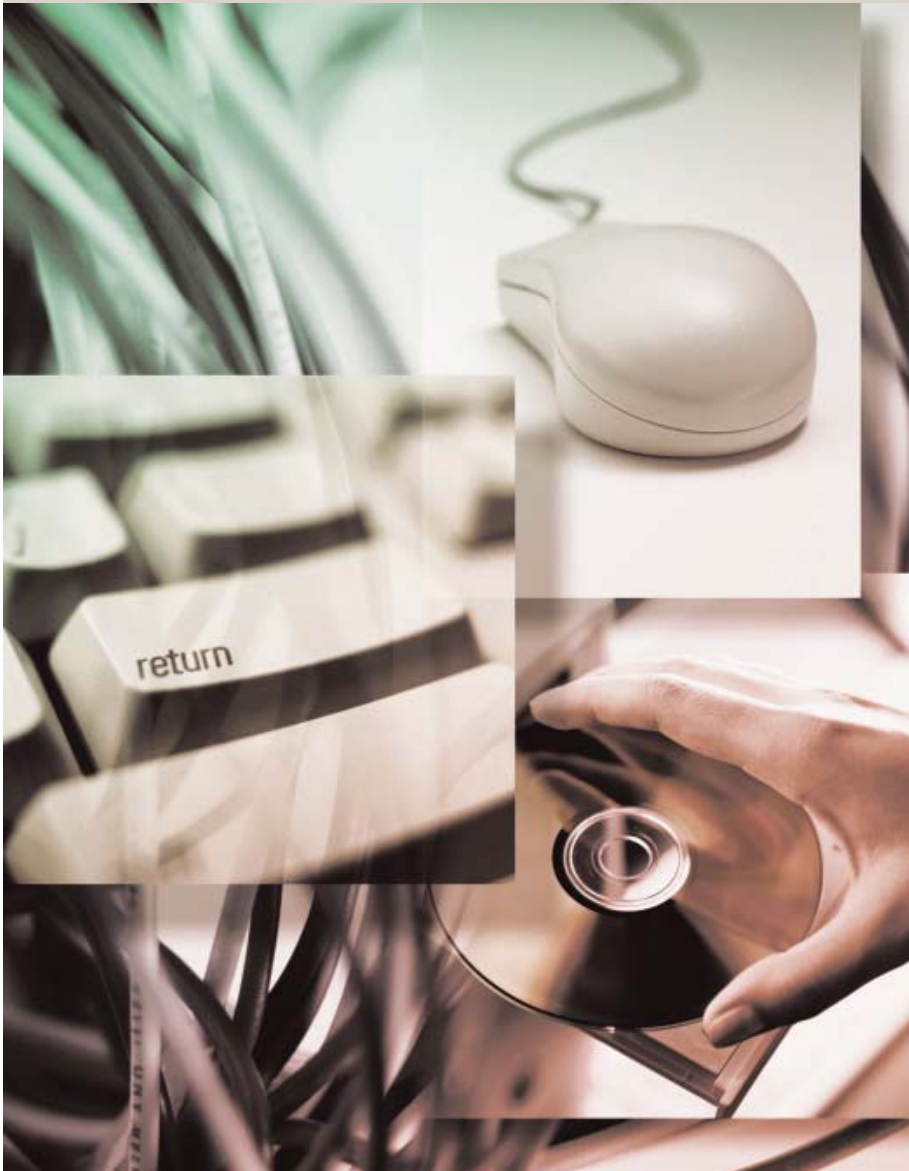


Software Selection Whitepapers

Software Selection Getting Started
Project Management



BROWN
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GETTING STARTED PROJECT MANAGEMENT

Executive Overview

The Successful Software Selection white paper series offers project teams the opportunity to garner consultant quality insight in manageable portions. Based on *The Software Selection Handbook*, the white paper series pares down selection project elements into subsets based on areas of interest. The series is ideal for committees just getting started on their selection project or teams well on their way to finding a new solution provider.

Getting Started: Project Management reviews keys for project success, project sponsorship, the documentation of goals and the identification of constraints.

Introduction

Successful software selection – just thinking about the process is enough to make your head spin – so many steps to consider along the way, so much pressure to make the right choice.

Before you start thinking about vendors and software packages, features and costs, it pays to do your homework first. Realistically consider your resources and the time you have to complete the project. Spend extra time up front to document your goals and constraints. Select the right team and your project manager – include the people who are interested in the project and who will do what it takes to get it done – right. Establish a workable project plan with real target dates.

Most importantly, celebrate your large and small successes throughout the process. Publicly thank your team for meeting deadlines and doing a good job, let everyone know you appreciate the extra work this involves. Take the time to brief your employees along the way; nothing will help the project work more smoothly than a no-surprise environment.

Gradually you will work your way through the steps for successful software selection and avoid a six-figure mistake by getting it right the first time.

Getting Started

It is easy to ignore your computer system – until something goes wrong. Sometimes disasters allow us the opportunity to step back and see where you are; find out what your competitors are doing and learn what is available. Maybe you've narrowly avoided disaster or are frustrated with the inefficiencies of your current system, what's most important to remember is that business software decisions are an ongoing project, not a one-time event.

Keys to Success

There are a few keys in setting up the project that will provide the greatest assurance of success. Most of these are common sense, but are so often missed that we have listed them here for planning purposes.

1. Set up teams that include all areas of the company. "He (or she to be politically correct) who makes the decision is stuck with it." The best solutions include a team that represents all of the various levels of your business – from management, marketing and sales, purchasing, warehouse to logistics and finance. When you allow representation from multiple venues within the business you create a situation for success. When your selection team includes multiple voices the selection becomes a matter of pride -- everyone wants to participate in finding the best solution for the company.

In addition to creating "pride of ownership" a team consisting of a representative sample of end users will help distribute the selection burden by helping to define requirements – which will vary from department to department, attend demonstrations, call the references and be invested in the final selection.

2. Let the team set the target dates. If dates are unfairly imposed, the project will start off on the wrong foot. The impression will be that management is not interested in the success of the project, but only in imposing deadlines that were set without their input. As a managing member, provide leadership, communicate goals and objectives, but avoid dictating to the group. Most of the time, the team will meet the realistic targets they have established.

To help meet deadlines, provide top management support to clear roadblocks. There will always be conflicts due to limited resources and different priorities in an organization. Hard decisions will have to be made in a timely manner. Where possible, eliminate obstacles as quickly as possible.

3. Top management must stay involved and committed. Attend meetings and express an interest in what is happening. You cannot be everywhere all of the time, but regular attempts to stay in the loop will pay great dividends. When it comes to the software demonstrations sit through the management overview section and the wrap up, but allow the team to do the other work.
4. Manage expectations for everyone. Keep your staff informed and up-to-date. Tell your vendors and customers what you are doing and warn them when any stage of the evaluation may affect them. In larger organizations, it is important to manage the communications within each level of the organization. Everyone must be kept up to date on what is taking place. Maintaining a "no surprise" environment will pay great dividends, and prevent the Project Team from pursuing a direction that would have little chance of being approved by management.
5. Take advantage of the opportunity to build and improve on the relationships with all of your business partners. This is the perfect opportunity to be in contact with those you interact with and make them partners in your project. Both your sales force and purchasing departments can utilize the project to forge closer ties and gain better understanding of each other's needs. Making your key customers and suppliers aware of the project may strengthen their ties with your firm.
6. When negotiating with the finalist, do not set up an adversarial relationship. The software companies want to sell you their software and you want to find one that best suits your company. You should both be able to reach a fair conclusion to the process. Often it is better to use a third party to be the "bad guy" while negotiating the terms and conditions necessary to protect yourself and the long-term relationship with the vendor.
7. While cost is an important part of the decision, it should not be a deciding factor. Find the right solution (functions, features, capabilities) first. The objective is to find the best software for you, not the least expensive. If you don't believe this, ask the company that bought new software three times in five years.

Finally, a few key points to remember when you move to the implementation phase. First, no matter what the excuse might be, do not short change education or training. Without sufficient knowledge of the software, it may be impossible to have a successful implementation. Second, there is no such thing as an easy conversion. This process will challenge your project team and your software partner. Make sure your people are given time to learn and practice, it will have the most positive effect on the outcome. Work together and the project will come together.

Project Sponsorship

Every successful project requires an active, informed sponsor. This person needs to be an owner or in top management to be able to eliminate roadblocks and make decisions. You must complete the project management phases of this process with great care and diligence as the final success of the project will be built upon this foundation.

Everyone in the organization needs to see that top management and the ownership group (as appropriate) are committed to the project. Many people are afraid of change. If they see management only marginally involved, they may take it as a signal that the expected change is not a certainty. There may still be an opportunity to fight it to keep it from happening. With the top management team viewed as active participants, it sends a clear message to everyone that this is an important project and it is being managed at the very top. Therefore, everyone must make it work.

Most of the tasks defined in this process can – and should be - delegated to middle management and staff personnel. Members of top management should retain control of the overall project, but from a high level perspective. Success requires that one person be ultimately responsible for the project. Successful completion of the project will require that management does only a few things – but does them very well.

The first is being part of the assignment of tasks, responsibilities and the approval of target dates. It is up to you to make sure the proper people are involved in each step of the process. Otherwise, it will take longer, have a greater propensity to fail and the selected solution may not reflect the needs of the organization.

Next, it is important to actively participate in progress meetings. The project team members are more apt to work to targets, and at higher levels of quality, if they know that top management is watching and evaluating what they do. These meetings will also keep you aware of the many small decisions made along the way that will have a major impact on the future of the operation.

Finally, the responsibility for problem resolution cannot be given away. Whenever there is a disagreement as to the answer of a key question, questions of priority, decisions related to finances or personnel, the direct input and resolution from you as a member of management must be made.

Document Business Goals

You may be asking, “Why are our business goals a matter for software selection?” We've found too often, companies with vaguely defined unwritten goals cannot adequately define the needs of a new software package, as they can not define their strategies for future growth. Business goals become a filter through which new ideas, methods or opportunities can be passed to evaluate their applicability to the firm and the future.

If the long-range goals and objectives of the organization remain undefined the software selection project can serve as the catalyst for a much needed strategic plan, or at a minimum, to look into the future and determine where the organization should move.

Planning is a process of discovery. No one can come in and tell you the right answers. If they are someone else's, your team will not own them. Taking the time to do it right will be worthwhile in the long term.

At its most basic level a strategic plan is completed to develop an understanding of what the company wants to look like in the near term. Who are your customers? What marketplaces need to be supported? What is happening that will affect your way of doing business? How can you be better and more unique from everyone else in your market-space?

When defining goals, be as specific as possible. It is important that you do not get so vague that it is impossible to know how to reach the goal. There is an old management saying that you can only manage what you can measure. Therefore, when we work on goals, we always ask: what are you going to measure; where are you now; where do you want to be? Then the goals become measurable and attainable.

Ask yourself the following questions and you will do well:

- What do we want to be known for...?
- What do we want to be known as...?
- Who are our customers...?
- Why are we better or different...?
- What do we need to do to maintain our position...?
- What do we know about what our competitors are doing?

For example, if your goal is to increase customer satisfaction, that is a noble effort, but what does it really mean? One answer may be fewer returned items due to defects. Now we can begin by making sure we can measure the number of defects by manufacturer or supplier. By knowing who the weak suppliers are, we can improve our operations and customer satisfaction all at the same time.

Identify Constraints

In the real world, there are always constraints that must be applied to any decision making process. While we may want to ignore these early in the process -- it allows our thinking to be more open and presents many more opportunities for improving our competitive position -- in the end we must consider reality prior to making the final decision.

Obliviously, the fewer constraints which are imposed on the selection process, the more alternatives your team will have to consider. Still, where there are real constraints, do not ignore them -- this can be a recipe for disaster.

Financial Constraints

The “bottom line” is the obvious first constraint. We must urge however, that the “bottom line” NOT be used to differentiate between closely priced options. During the evaluation process and the negotiations that follow pricing will change many times.

We recommend doing a complete cost analysis that looks at a five year operating cost as well as one-time expenditures. At this time, be realistic, but leave plenty of room to move. Do not spend a lot of time looking at a million dollar solution if your realistic budget is only \$250,000; although you should consider solutions that are up to \$500,000 as there are many ways to work with the vendors to make a system fit your budget.

In addition to the long-term cost of the system, do not ignore initial expenditures. Often infrastructure updates are required. These may be necessary even if nothing is done and while they need to be considered in the overall picture, try to provide a base budget that is available no matter what is decided.

The hardware investment will be worth very little on the open market. Its value is to you as an operating tool. The license for the software generally implies that it is a license to use, and does not imply any ownership by your company. It is not an asset to the company, but a tool. We suggest that you consider a new system as an operating expense, just like salaries. Consider the cost over a 5-year period and see what you can afford. For example, a \$100,000 system (hardware and software) will cost under \$2,000 per month (based on a fair market buyout for the hardware and interest rates at the end of 2003). In many parts of the country, this is less than the cost of a fully loaded clerk (that is salary, benefits and overhead allocation – not too much alcohol). If the system has the possibility of reducing the need to hire a new person for the five years, it can be easily justified. Any additional gains would be extra benefits for the organization.

Technical Constraints

We are often surprised at the number of clients who believe that they must restrict the potential hardware or operating system platforms up front. If your operation has a large current investment in an existing technology, it may be a realistic constraint. Beyond that, most technical constraints will only limit the possibilities. You won't know what you're missing!

When we are told that someone's brother-in-law suggested that they stay away from UNIX because it is a dead operating system (really happened), it is difficult not to laugh. If you are evaluating leading software companies in your market space, they will be keeping a close watch on the technology. If an applications features and functionality match your needs best, try not to let the underlying technology drive your decision.

Time Constraints

A couple of comments on timing are warranted. First, do not allow a decision to drag out over more than six months. If that happens, often we find that the needs and requirements of an organization have changed. We know that business and technical environments are not static. New advances, releases and needs are being found every week. After one half year, things are guaranteed to change.

Second, it is still best to implement systems during a slower period of business. Construction companies should not put in a new system at the start of the busy building season; accountants should not start up a system in the middle of tax season; retailers should stay away from the holidays. You get the idea. Your people will be stressed enough during the startup of a new system. Give them time to get used to it when the general pressure of business is lower.

If you do not have a slow time, be prepared to provide additional support during implementation so your team has time to train on and learn the new software. It will be best if you can ask your staff to delay or move vacation time during the implementation period.

Many people prefer to change systems at the end of a fiscal year. This is often a good idea (especially if it is a slow period). Otherwise, try for a quarter end. It will make it easier on the accountants and auditors. Anything that happens within the last month or first month of a new year is great. We often suggest that organizations start with the last month of the year so they can test the year-end procedures. This eliminates many problems that are unseen for eleven or twelve months.

There may also be constraints imposed by loans, leases or contracts on your existing systems. Due to the nature of any start up, do not plan for your go-live date to be the same as the date when the old system must be surrendered, or when you lose support. Give yourself as much leeway as possible. It is often said that Murphy's Law was discovered during a computer implementation.

Legal Constraints

This will be up to your legal advisors. We believe that any vendor generated proposals; responses to requests and promises, should be attached to and made a part of any agreement. Make sure that any such constraints are disclosed up front. You do not want to have the negotiations collapse at the last minute over something so important.

It is suggested that you ask for a blank contract as soon as a software package appears to be a viable alternative. Look it over for any major concerns that can be resolved up front. Otherwise, there will need to be a detailed review when the final decision is made, which may delay the process unnecessarily.

Environmental Constraints

Today, the environmental restrictions of space, air conditioning and special rooms have all but disappeared. Still, it is important to have some space for your servers (whether existing or new) that is protected, has clean power and is centrally located. If your quarters are tight, make sure you let the vendors know this up front. You may be able to review alternatives well in advance to make the proper space available.

In some situations, there may be special concerns. For example, many shop floor systems have to be "hardened" [Explosion proof cases] due to dusty or other environmentally harsh conditions. Some warehouses need equipment that is mobile and does not require "kid glove" treatment. Define these requirements as soon as possible; it may well affect your evaluation process and your costs.

Manpower Constraints

Do not underestimate the amount of manpower that will be necessary to implement and operate your new system. This is often a hidden cost. If you need to maintain a small operations staff, make sure to note that. Depending on many variables, it may even be worthwhile to consider an "ASP" (Application Service Provider) model. In this configuration, a software vendor maintains all of the computer hardware, manages your business software, performs periodic updates and backups, and operates a help desk – usually for a monthly fee that is based upon the software costs and the number of users.

Other applications will require a commitment to capture additional information. One example is CRM or Customer Relationship Management. It can only be successful if the organization is willing to enter extensive information on all of your customers, prospects and trading partners.

In addition, there is often a requirement for additional resources during the startup period. It is important to provide time for your best people to learn and prepare for your new system. This will require that others be brought in (at least on a temporary basis) to keep your old system operating in the interim.

Interface Constraints

Many companies have developed custom software to take care of special processes that are required for their businesses. Often your new software will eliminate the need for many of these small programs that have been created over time. List all of the functionality they provide, the reason they were developed, and determine the need to keep each feature operating. For essential applications which you must continue to use, define the inputs and other requirements to the prospective software vendors. Some may even offer to incorporate those ideas into their system. Warning – if the application gives you a competitive advantage, do not allow it to become generally available, work out the exclusivity with the vendor beforehand.

There may be other systems you have purchased that you may want to keep operating. Some examples may be sales tax tables with an update service or shipping programs. These may be for special processes within your organization. Again, define the input and operating requirements so that the new software vendor can consider this when submitting their proposal.

Trading Partner Constraints

In many markets, there are requirements for trading partners and other business partners to communicate electronically. These functions can be as simple as automatic bank reconciliations or more complex such as EDI/XML transmissions of business transactions.

The requirements associated with these applications must be defined and disclosed as early as possible. In some cases, their existence may eliminate an alternative from consideration.

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About *The Software Selection Handbook*

Developed at the request of our clients who recognize the methodology we have developed over the past 20 years as the best in the business, *the Software Selection Handbook* details the same process employed by our consultants for client engagements to help you tackle the difficult task of finding the right software for your business. Multiple copy discounts are available.

The Software Selection Handbook includes an electronic version of every form on CD and provided in electronic format at no additional charge. The forms, supported on any Windows PC platform, are available as Microsoft Word, Microsoft Excel and Adobe Acrobat (PDF) format files.

The Software Selection Handbook was created as a guide for organizations interested in reviewing and selecting new software and technology through the use of a well-structured process. The authors, publishers and distributors do not make any representation or warranty as to the suitability of the following information for a specific business or business purpose. It is up to each organization to assess their situation and take the appropriate action.

To order visit:

http://www.software4distributors.com/resource/software_selection_handbook.aspx
or contact Cory Metz at 314.983.1216 or via email cmetz@bswllc.com

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Additional Resources:

- Distribution Software Guide
http://www.software4distributors.com/resource/distribution_software_guide.aspx
- Successful Software Selection -- Getting Started: Project Teams (White Paper)
- Successful Software Selection -- Getting Started: Documenting Where We Are
- Successful Software Selection -- Vendor Selection: RFPs and Reference Checks (White Paper)
- Successful Software Selection -- Vendor Selection: Demonstration Planning (White Paper)
- Successful Software Selection -- Vendor Selection: Contract Negotiations (White Paper)