Leveraging Technology in the Small Business

In this day and age, technology is no longer an option for business, regardless of the size. Trying to stay competitive and financially sound requires accuracy and speed that just can't be accomplished with paper-based systems. Even trying to run a small business using Excel spreadsheets just doesn't make sense considering the alternative tools that are available.

The most fundamental technology any business must have is accounting software to manage the basic components of the business. Record sales, generate invoices, issue checks to pay vendors, manage cash, and generate financial reports. Some accounting software packages include optional "modules" to handle payroll, inventory management, or other activities that fall outside the basic accounting needs. The good news is there is an unending plethora of options available when it comes to accounting software packages that range from a few hundred dollars up to a cool million. In the basic sense, these software packages really do the same thing; they are just scaled to the size of the business they are being installed in. The cost of installing accounting software in a business with multiple locations, thousands of products and millions of transactions each year, is huge compared to the small business with a few employees in one location.

That plethora of options can also create some challenges in trying to select the right one. If you own a retail store, the good news is that you can buy a single

software package that can double as your accounting software and your point-of-sale software (POS). There are many, many packages, often called EPOS (Electronic Point of Service) that can run an entire retail establishment.

When it comes to distributors and manufacturers, there is no POS element, but running those operations is even more complicated. These businesses need

to make sure that whatever software they install has all the components they need for their business. For example, manufacturing companies need the ability to create and utilize a Bill-of-Material, or BOM, for every product build. Distribution companies may want a "Transportation Management System" as a desired

component to their software.

Regardless of the type of business, it's important to do your research. Here are a few things to keep in mind:

1. **When speaking with software providers, ask for references.** Ask the provider if you can go visit one of their customers currently using their software. Ask questions and watch the user perform some transactions.

2. **Select a package that is scalable**, one that will do what you need it to do today, but that is capable of more functionality as you grow. For example, you might only have one facility today, but if you have a vision of growth, make sure you select a package that can handle multiple locations down the road.

3. **Don't try to bite off too much at once when you start to implement.** Almost every accounting software package out there will have more features and functionality than what you need or would use which is typical because they are trying to be all things to all companies. Pick the basic functionality that you need and focus only on implementing that.

4. **Seek professional assistance.** Not just for the software implementation but for reviewing and adapting your processes so that that they take full advantage of the software. A skilled consultant or integrator should see ways to improve the efficiency of your operations in the process. Most of the larger software vendors have their own specialists that can assist with the implementation, but there will be a cost. Vendors that offer less expensive software packages aren't as likely to offer these services but often times there are third party consultants that are available at an hourly rate. Either way, don't discount the value of

having a subject matter expert on-site helping with the implementation.

5. **Don't overlook the hardware infrastructure required for any new software package.** Undoubtedly a server will be required, along with a wired or wireless network, but PC workstations may also need to be upgraded. Any software vendor will supply a list of minimum performance requirements for the hardware components. This is something of a hidden expense of implementing new software but don't assume what you have will work fine. There's nothing more frustrating than buying new software and then finding it won't perform up to your expectations because the hardware it is running on is old and outdated.

Beyond the software…

After the implementation of accounting software, if a small business were to make an additional investment in technology, it would have to be towards a barcode system. Yes, even a small business can reap huge benefits from using barcode technology to manage the inventory and the investment isn't a much as one might think. Like the accounting software, a barcode system can be scalable. If you operate a retail store, you're almost certainly already scanning barcodes at the checkout. Why not use those barcodes to improve efficiencies in other aspects of the business. If you run a manufacturing company, you aren't as fortune because you likely don't already have

barcodes on the products like they are in a retail establishment. So what to do?

Start with a basic system with limited functionality then go from there. Don't try to bite off too much, but just focus on areas where barcodes could help the most, such as:

1. **Count your inventory.** With a barcode applied to each product and a barcode scanner in hand, the speed and accuracy of your inventory counts go up exponentially. Throw away count "cards", clip boards, legal pads, and pencils. Writing down part numbers and quantities and then keying them into a computer is asking for trouble. Not only will it take much longer, but you'll spend a lot of time tracking down the mistakes made in keypunch errors or bad penmanship. Scanning a barcode and then typing in the quantity minimizes the probability of mistakes drastically, not to mention that it takes a fraction of the time.

2. **Receiving inventory when it's delivered.** Again, it's all about speed and accuracy. Receiving is where you will want to apply the barcode labels anyway, so use them. Better yet, insist your vendors apply the labels before they ship you the product. Even if you are just using a barcode scanner connected directly to a PC running your accounting software, scanning the barcoded item numbers as opposed to typing them in is again faster and more accurate. As you evolve and grow, look to barcode the purchase order number, vendor number, line item numbers, etc. Get to the point where you're scanning as much as possible, if not everything.

3. **Picking.** This might be picking products that go into a sales order to be shipped, or picking parts that are going into manufacturing to be produced into a finished product. Instead of writing down or typing in the part numbers of the items being picked, scan their barcodes into the accounting software. In more sophisticated systems using handheld computers, the items to be picked and their location show up the screen of the mobile device and the user scans the barcode on the item to confirm a correct pick.

This just barely scratches the surface of what barcode technology can do for any business including the small business. The way to approach barcode utilization is to look at every place you key information into a computer and question could it be done more efficiently by scanning a barcode instead. Start small and simple and then add on as you identify more places to use barcodes. The return on that investment will be hidden in reduced errors and less time spent trying to correct them….not to mention increased speed of processing everywhere you implement barcodes. Whether it's a few hundred dollars in barcode scanners or several thousand dollars in a sophisticated barcode data collection system, the return on investment will be swift.

At AML, we believe there is more to buying a product, than just the product. It's also the service and support that is available before, during, and after the sale. It's being able to communicate when you need to, and get action and responses that work for you. It means not being at the mercy of anyone, but rather being the recipient of stellar customer service and support.
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