

WHITE PAPER

Clarity from Chaos

Exploring your options
when you've outgrown Sage

A M ▲ N D A
S O K E L L

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Can't see the wood for the trees?

In this white paper you will discover how a Software Matchmaking process can help you make the right decision about which software to choose once you've outgrown Sage.

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Executive summary

Today's product-based companies are competing with the likes of Amazon. Thanks to expectations set by the ecommerce giant, both consumers and business customers expect levels of service that go far beyond simple ordering and delivery of stock.

Yet, once a product-based company has grown to a certain level, the software they used at the start is no longer up to the job of managing global finance records or personalised customer relationships to that extent.

They need more advanced software to cope with such advanced demands.

However, making a decision about changing a software system is complex for a number of reasons:

- **Psychological** overcoming the fear of making a wrong decision
- **Practical** the solution must be affordable and match their wants and needs
- **Choice** there are so many options out there...

Happily, there is an answer.

Software Matchmaking

Investing in new software is a long-term commitment, so you want to make sure you get it right. With her Software Matchmaking programme, Amanda Sokell takes product-based businesses through a rigorous process of discovery, and ultimately recommends the software that would be the best fit for you – what you could call 'a marriage made in heaven'.

This white paper explores the problem and suggests a process to help you make the right choice.

Introduction

When distribution companies partner with the right software, they can match the service levels set by the retail giants.

The bar for product-based companies is higher than ever before.

Distribution is no longer simply about getting the right products in the right place at the right time. Today, product-based companies also need to think about the customer journey, experience and relationship.

*Make no mistake, traditional distributors face formidable threats. Just as they get more comfortable with their e-commerce capabilities, buyers are demanding mobile buying.*ⁱ

Matt Guffey VP UPS Segment Marketing

Think how Amazon manages the customer relationship by over-communicating and anticipating their every need. And Amazon isn't just a threat for companies selling consumer products. Its business marketplace is growing rapidly too:

*Amazon Business has more than 9 million product listings. In 2016, its marketplace surpassed \$1 billion in sales, and has been growing at 20% month over month.*ⁱⁱ

In their 2017 survey, UPS found that buyers of industrial products – particularly those aged 17 to 34 – expect more from their suppliers:

*Half the buyers said they were 'likely' to shift spending to a supplier who offered assistance with returns, training and on-site maintenance or repairs. 21% indicated they were 'extremely likely' to shift.*ⁱⁱⁱ

In order to respond to the needs of a customer-centric marketplace, UK distribution companies are realising that their systems and processes need to change.

Having outgrown Sage

Sage software is commonly used to manage the finances of a small business – but it's no longer the best tool for the job once a product-based business has grown.

By the time any business reaches 25 or so employees, they have usually outgrown the simplistic software that got them up and running. However, far too many companies continue to struggle with inadequate back-office software that does the bare minimum of holding stock counts and producing a set of accounts.

Businesses that export products or buy from abroad have to factor in currency transactions, particularly when combined with long lead times from Europe or China. However, they find that multi-currency credit control is hard to manage in Sage's single currency system, and their FX exposure can spiral out of control.

As a result, their finance functions are drowning in a mire of interlinked spreadsheets, while finance teams really feel the pressure of being bombarded by requests for updates from customer-facing colleagues.

It's a sobering moment when you realise that your current tools are no longer doing the job, so your staff are using complicated workarounds and becoming increasingly frustrated.

Throwing people at the problem

The usual response of simply throwing people at the problem is no longer viable. As the UK experiences a period of full employment and loses people back to Europe, simply hiring more people becomes an expensive and unattractive option.

UK employment rate to January 2018 was 75.3% – the joint highest since comparable records began in 1971. ^{iv}

Even if additional people could solve the problem at one level, every new person in the chain is another potential point of failure, so this solution is unlikely to improve the customer journey.

Core considerations

Funding

Investing in software comes at a price – not just the cost of the software itself, but also the professional services that come with it. In a growing business with little working capital, finding the cashflow for such a project can be a challenge – and there is always a risk that, by the end of the process, it will cost more than you can afford.

The largest ever global study of IT change initiatives looked at 1,471 projects and found that one in six was a ‘black swan’, with an average cost overrun of 200%.^v

For many businesses, new software is the single largest investment you will make. It is no wonder that replacing software is a decision which is often delayed until it becomes a last resort.

Choice

The number of different Customer Relationship Management (CRM) or Enterprise Resource Planning (ERP) systems available today is overwhelming. When you type either of those search terms into Google it returns over 10 million results.

Most owners of distribution companies have heard one or more stories from fellow business-owners about a software project that didn't go to plan, and who have been suffering the consequences of a wrong decision ever since.

How should your business decide which system they need, and on what key attributes to search? It feels daunting to even know where to begin.

Impartiality

Software websites are little help, so you have to phone them up and deal with pushy salespeople. This can make your decision even more daunting, as of course every provider will claim to have the best option.

If only there was a way to get independent advice...

Decision-making

When faced with too much choice, many people go through a six-step process before making the ultimate decision. The Software Matchmaking programme takes you through each stage with ease.

Many business-owners are kept awake at night wishing they could turn back the clock. The first software they bought was typically so much simpler. The business was smaller, there were only a few employees, and almost any system would do the job so it didn't really matter which they chose.

With today's almost endless choice, business-owners experience a real fear that they don't understand software any more. They're scared that they're going to make one of the biggest investments they've ever made in their business on something they don't really understand. This leaves them stuck and unsure how to proceed.

This table shows the usual emotions people undergo over time, and the areas of focus that are required to move forward:

Risk	Time	Emotion	Focus
*	3 months	Conviction	Engagement
**	4 months	Decision	People
***	5 months	Conflict	Analysis
*****	6 months	Confusion	Research
*****	9 months	Overwhelm	Process
*****	12 months	Distraction	Action

Distraction

When facing a difficult choice, people commonly find a distraction. Rather than think about software, they focus their attention on other pressing issues within the business – these things divide their attention and avoid them concentrating on their software project.

The solution to distraction is to take **action**.

But, if a business-owner doesn't take action, the risk to the business is significant. As time passes, the business becomes less agile and less able to capitalise on opportunities in the market. If their financial information is really out of date or incorrect, it could even be terminal.

There is a cost to 'not'. Not moving the project forward is costing in one way or another. What if a number could be put on that cost?

Overwhelm

Those brave enough to take action frequently face overwhelm. The jargon is overwhelming, and the number of options is overwhelming.

With too much choice, too much information (or perhaps not enough information), knowing where to start and where to go to for help can feel daunting.

What's needed to cut through the overwhelm is a **process**. Without a process, it's like being on a ship that has set sail with no destination.

Confusion

If the feeling isn't overwhelm, many people feel confusion, or a state of bewilderment. This leads to an inability to distinguish between different options. When everything looks and sounds the same, surely any of the options will do?

Whilst that may be the case, there is a high risk associated with plumping for the first thing that looks as though it will do the job.

This is a 10-year plus investment decision. Would you really want to be in a 10-year marriage with the first person who showed an interest?

The key to overcoming confusion is to do the **research**.

Unfocused research can be very time-consuming, and takes people away from their day job. If they don't know the market, they can waste a lot of time exploring wholly inappropriate options, and might not really understand what they're being told.

Ideally, you want to avoid false starts and get straight to the best software options – fast.

Conflict

Research can lead to conflict when different people in the business have different views about what to do. Like a shiny toy, it can become a focus that leads to conflict within the team. When something seems too good to be true, it often is.

The challenge is there is no single way to solve a problem with software. Faced with two, three or more options, there are frequently conflicting perspectives and conflicting information about which is the most suitable. Partners representing the same product may even present conflicting proposals as to what is possible and what it will cost.

Decision-makers then find themselves conflicted. There may be three proposals on the table which they are unable to compare because they all include different things. What they want is focused discussions with the providers of each possible solution.

The risk is that people short-circuit the process and fail to do the **analysis** – what might initially seem the best option often becomes less attractive once the analysis has been completed.

Decision

Good analysis can help significantly with a decision. By this point, the risk has been minimised. What's left is the **people** side of the picture. Can you work with the team from the software partner? Do their values align with yours? Do you have agreement within your own people?

Decision feels like an act – a need to make up your mind. When you have to make a decision, it can feel like pressure – the weight is on your shoulders. And when people feel like this, there is always the risk of making the wrong decision.

However, if the research is thorough, the analysis complete and a process followed, the risks are minimised and it's likely that the decision can be made much faster.

Conviction

Once you are confident that you are making the right decision, you can't wait to get started and realise the possibility that's on offer.

You have 'fallen in love' with your software partner for the next decade, and are fully engaged with what's to come. This is a commitment of the heart rather than the head.

You also need to build **engagement** with the other stakeholders. Once you are convicted, engaged and passionate about a positive future, it helps bring your team with you. They have also been engaged with the process, and are engaged in the shared future.

In this position, there is no risk – the business will make it happen because everyone believes in it.

"If you're going to make a change, don't go halfway. Make it with conviction and stick with your new idea."

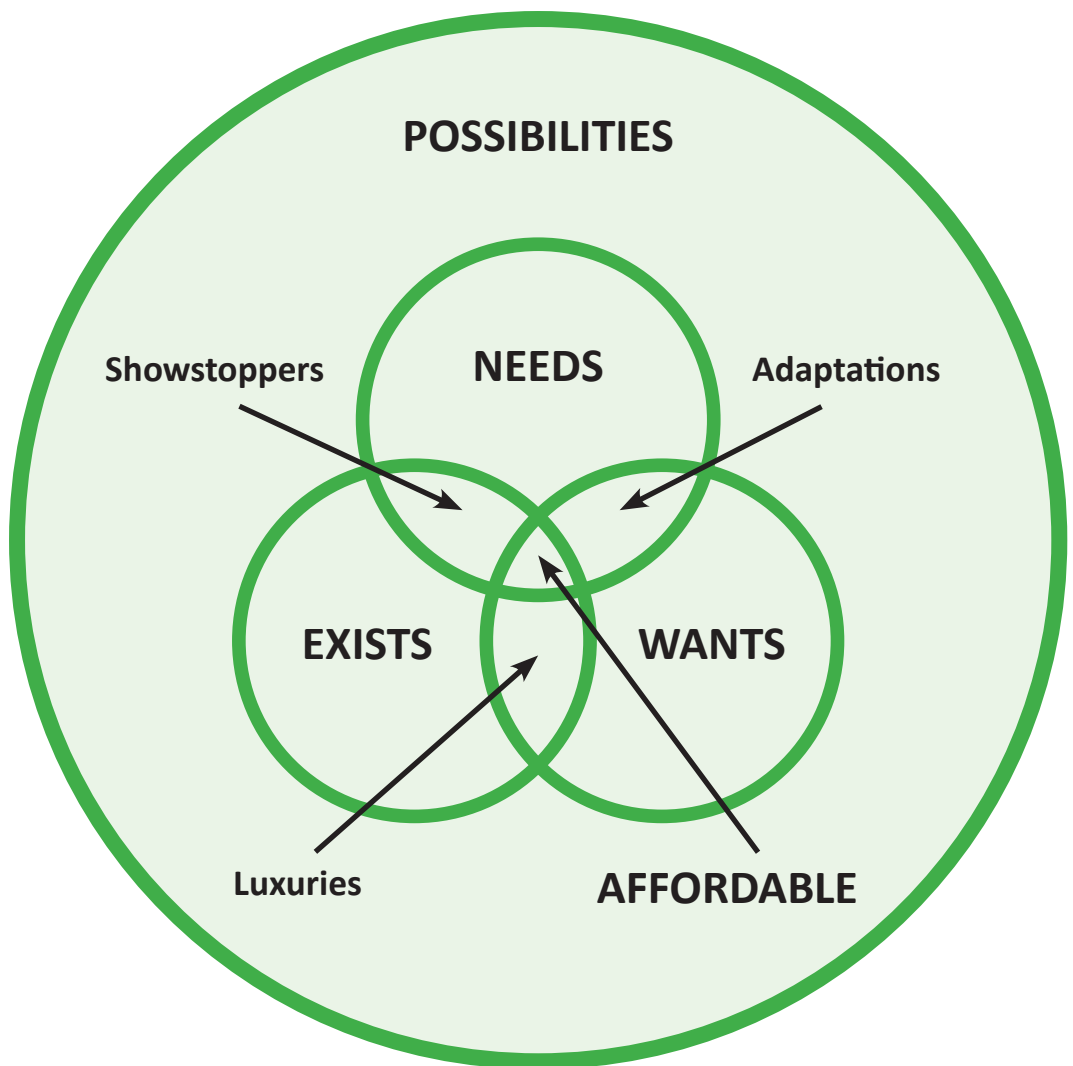
Gary McCord

Effective process

The key to the perfect software marriage is to understand your needs, clarify your wants, and reconcile those with what exists. Following a process can get you there faster, without incurring lots of time and effort or false starts. You can be in control of the process, and have peace of mind that you will make the right decision.

The sweet spot

Amongst all the possibilities, businesses ideally need to find the software they can afford that meets their needs and wants... assuming it exists.



Wants vs needs

When it comes to software, almost anything is possible, so it's crucial to understand the distinction between wants and needs. What people want can be very different from what they need. Things you want are the luxuries to include if you can afford them. What you need should be non-negotiable. And that's the rub – because without clearly understanding the difference, the focus is often on the wants, and the needs get overlooked.

So how do you work out the difference between wants and needs?

At the start of the process, you might not know exactly what you need. You might think you need certain features – however those needs might be based on your current view of the world. If you knew what was actually possible, you might have a different set of needs.

Needs are often phrased as the opposite of a current negative state, such as:

“We need to be able to add custom fields to a company record because we can't at the moment and it causes problems.”

However, with the right software, you might not need this feature at all, because the problem you're trying to fix is already resolved in the new software.

Conversely, some of the options you want, you may not need.

Unless the business has an open cheque book (which is never the case), you have to be clear whether something is a want. If the software includes it, then great. If it doesn't, should it mean you don't choose that software?

Sometimes, you might have wants that don't exist in any of the software options – and have to reconcile that. If it doesn't already exist, insufficient other companies have asked for it, so why do you really need it – are you that unique?

What exists?

Understanding what exists is the third part of the puzzle. Just because something exists, does not make it the right choice. You may not be able to afford it, and it may not be needed or even wanted. The facility to calculate discounts in 50 different ways is irrelevant to the company which negotiates customer-specific price lists and never sells on discount.

Do you know what's out there? The software market changes so quickly that any information about what exists is out of date as soon as a project is complete. By that time, all the software vendors will have released new features, which makes any previous research redundant.

To write off a software package because it didn't do something six months ago is a big assumption. And if you have niche requirements such as industry-specific variations, what exists becomes even more important, unless you are prepared to spend a lot of money on adaptations.

Showstoppers

You need to be clear on the showstoppers – these are the things that you need and that already exist in the software options available. Any software that doesn't include these needs to be discounted.

A great example is VAT cash accounting. If that's your way of dealing with VAT and you don't plan or need to change this for some time, you need software that can handle it.

This crucial question isn't always asked early enough in the process. If you make the assumption, and it later becomes clear that your preferred solution can't handle it, you'd have to go back and review the process all over again, wasting weeks of effort.

Luxuries

Luxuries are those things you'd love to have if you can afford them.

It can be tempting to get bowled over by fabulous options in the software you find – such as fixed asset registers that automatically depreciate and post the journals each month. But then you realise the cost of these features means they are a luxury because you only have a few fixed assets and can manage them fairly well in a spreadsheet. Whereas, for another business with a large and dynamic list of fixed assets, this may be a showstopper.

Adaptations

When you've worked out what you need, and discovered that it doesn't exist in your preferred software, you are faced with the decision on whether to make adaptations.

Adaptations are expensive, both in the short term and in the long term. There are issues around source code ownership, future upgrades and support for the custom code. The investment can often be offset with R&D tax credits, provided you get the right advice. Even so, adaptations should remain the course of last resort.

Case study

This is a typical scenario that happens all too often – don't let it happen to you.

It's May, and Sandy is facing a melt-down in his finance function. It's six months since he received any management reports and year-end is fast approaching.

The recently appointed part-time Finance Director is trying hard to get things back under control. He's recommended wholesale changes in personnel and wants to replace the current finance system, Sage.

As a single-currency system, keeping control of foreign exchange sales and purchases is impossible. Stock valuation requires a series of interlinked spreadsheets to calculate, and managing deposits paid on orders that are yet to be shipped is consuming vast quantities of human resource.

There seems to be a quick fix available –the FD has previously implemented a particular ERP system and believes it would fit the bill and solve all of Sandy's problems.

Sandy assembles five of his team to meet the suggested software partner and take a look. The demonstration is heavy on the finance side, based on a list of requirements drafted by the FD. During a lengthy initial meeting, they start to get a feel for what the proposed software can do and how it might meet their needs.

A second meeting is convened, and again the team spends time going through things with the software partner. But somehow the chemistry isn't there – there just doesn't seem to be a good fit with the people from the other side. It is becoming clear that, whilst the software might fix the finance problems, it isn't going to solve the requirements forming in the mind of the Commercial Director for improving the customer relationship.

Sandy decides to ask around in case anybody he knows can recommend a good CRM system.

Having already spent a good chunk of money on investigating a CRM system earlier in the year, only to realise it wouldn't do everything they wanted, he's now becoming very cautious. Ideally, he'd like to find one that can be connected to this ERP that they've seen.

Four months later...

The team has taken recommendations from their network and have now sat through demonstrations from multiple CRM and ERP providers. Sandy estimates he's lost 20-30 person days during the process. He and his team feel confused and bamboozled. They've invested several months in the process and gained no traction.

None of the software they've seen really feels as though it will solve their problems. What seems like a simple need just doesn't seem to exist – to give the field sales team the ability to produce quotes with full visibility of stock availability and price lists.

By now, the new recruits in the finance team have managed to get back on top of the numbers and the year-end accounts have just been produced, with a huge cost of contract effort.

So the problem is parked for another year, the finance department continues to suffer with clunky software workarounds... and customers continue to leak.

Software Matchmaking

Finding affordable software to match the needs and wants of the business can be a marriage made in heaven.

Distribution companies wanting to integrate the customer journey throughout their operations are increasingly faced with a tough decision when it comes to selecting the right software.

Selecting the right software can be scary. If you're the kind of person who would pick a partner by swiping right on Tinder, then maybe it doesn't scare you. If you're a little more cautious, and really want a long-term relationship, you're probably going to consider it more carefully.

Like finding a life-partner, software matchmaking can help prevent an early divorce.

Solutions do exist, if you know where to look and what to look for.

If you recognise the need for an independent perspective to guide you through the process, you may benefit from the *Software Matchmaking Programme*, starting with a Chaos Audit™.

Working one-to-one with members of your team, Amanda identifies your information needs and business processes, both now and into the visible future. By understanding exactly where you are starting from, your future vision, and the gap between the two, she will help you plan how to move forwards.

Methodology

Amanda will facilitate a series of meetings with key personnel within your organisation to find out:

- **How** the business operates today
- **How** information is generated, transformed and consumed within the business unit and the wider company
- **Where** the information 'chaos' is costing you money in terms of lost revenue opportunities, unnecessary costs, the cost of regulation and the value of wasted employee time.

She consolidates the findings, and presents them alongside her recommendations.

During the audit, Amanda will capture your output requirements via sample reports/documents. This helps to ensure all required data elements can be documented as part of the project brief process.

Who will Amanda talk to?

Typically, Amanda would start by meeting the Managing Director to gain an overview of the company, understand the sales lifecycle and discover the needs/challenges of running the business. She will also need to talk to people involved at every step of the sales lifecycle. She will sketch a business flow diagram which will form the basis of conversations with other members of the team during the subsequent interviews.

What will she ask?

Amanda will ask questions about business strategy, reports generated, reports that would be nice to have, day-to-day operations with demonstrations of these. She will want to uncover the rationale behind your systems and processes, asking: "Why do you do this, or why do you do it this way?"

What should you tell your staff?

It's best to tell your staff about the audit that Amanda is doing. Reassure them that anything they wish to share will remain confidential, so they can be open and honest with her. If they have ideas on how to improve things, Amanda would love to hear them, and is happy for them to take the credit.

How long will it take?

These interviews normally take about 1.5 to 2 hours with each person. Amanda will then require further time off-site during the consolidation, reporting and feedback phase, prior to a final debrief meeting at your offices.

What deliverables will you receive?

Gold

As Silver PLUS...

If you need an extra level of support, Amanda will mentor you through the entire software selection process, from initial discussions to understanding which commercials you might want to negotiate.

Silver

As Bronze PLUS...

Amanda will produce a Project Brief – a document that outlines key business needs and wants for a software system or systems. After discussing the document with you, you'll be ready to use it when working with potential software vendors to focus discussions and make the most out of each software demo.

Bronze

You will receive a Key Findings report which will outline any Quick Wins and more Strategic Wins, independent of a software replacement. Amanda will also suggest a shortlist of possible software products and suitable partners that will be a perfect match for your budget, wants and needs.

Whichever option you choose, by the end of the process you'll be in a position to make a decision with confidence and conviction.

About the author

The Software Matchmaking programme is provided by Amanda Sokell. She matches product-based companies who've outgrown Sage with software that will meet their budget, wants and needs.



Amanda helps business-owners to clarify what they want, understand what they need, and then match it with what exists – so they can make the right software decision and improve their productivity.

She usually works with UK distribution companies who have 25 – 150+ employees and wish to improve their customer experience. They currently use Sage or Xero and are struggling with problems such as stock visibility, FX exposure, stress in their finance functions, timely purchasing, and debtor management.

Formerly a software designer, Amanda's skill in this area has enabled her to move to a role in which she helps others to do the same thing. Because, when you are writing bespoke code, you have to really understand the client's business, get under the skin of what makes them tick, and translate that into software that works.

After a short spell in public relations, during which time she improved productivity by making intelligent use of available software tools, Amanda decided to set up her own business and started work as a software developer fixing the Y2K bug. From there, she built a small software development business creating software that solved specific problems within small businesses.

At university, Amanda applied her knowledge of programming to help learn her German vocabulary. Plagued with the challenge of remembering the position in a list rather than the word itself, she wrote a program to randomly present the vocab for testing. Today, we have Duolingo – and Amanda wishes she'd found a way to commercialise her idea back in the early 1990s!

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