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Expert Column: Software Upgrades to Improve Grocers' Business

Proper implementation can provide significant cost-savings

NOTE: This is the first column in an article series from accounting, tax and advisory firm WeiserMazars LLP

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A common theme expressed by clients when struggling to find solutions to their internal software issues is that they need accurate information quickly to keep up with changes and stay competitive and profitable. They want to be proactive, not reactive. Unfortunately, we often see companies with software applications that are poorly integrated and, in many cases, important data are being maintained on manual schedules.

In one instance, we were able to see client's cash flow improve dramatically by upgrading their existing software to track vendor rebates. Prior to implementation, the company was manually tracking rebates on an excel schedule. At times, it would take the company months to reconcile and generate reports so they could collect rebates from their vendors. As more and more vendors offered rebates, management made a decision to invest in an upgrade. The new software allows them to track rebates as product is purchased. During the switchover, the company also became aware they were not collecting on all the programs their vendors were offering. By properly integrating their rebate program with their existing software, the company is now able to collect on all of their vendor rebate programs frequently and accurately.

Take a moment and think about your business.

Does it take too long for you to get the information needed to make real-time decisions? Are you constantly spending money keeping your current system running, especially if the software is no longer supported by the developer and the hardware is outdated and undependable? Do you find that your software is not capable of supporting your company's changes?

Tips for Choosing Software

- Coordinate a committee with representatives from each department, who will ultimately be responsible for presenting the software recommendation to management.
- Compile and prioritize the needs and wants of all users into a request list. Include an analysis of the strengths and weaknesses of the current system in order to identify the benefits of new software.

- Consider your current environment before moving forward. What are your needs over the short- and long- term? Don't limit your business development by only concentrating on current needs.
- Consider your current software provider and other options they may be able to provide. Consider the costs of staying with your current system versus obtaining a completely new system.
- Obtain suggestions from other supermarket retailers to determine which type of software they are using. This can help narrow down the process by getting third-party evaluations of the strengths and weaknesses of each option.
- Consider preparing a request for proposal in order to obtain business proposals from potential software providers. This will help define what the needs are and facilitate a more accurate proposal.
- Determine what each vendor's long-term involvement will be. For example, some vendors focus on only implementation, while others focus on support services. Depending on the quality of your IT department, you may consider a local vendor. This way, if you need additional support, travel time and cost will not be as significant.
- Consider hiring an independent consultant if your current IT person is not knowledgeable enough. By hiring an independent consultant to oversee the implementation process, they can provide experienced guidance as well as prior knowledge. They can also limit down time by allowing you and your staff to focus on your business. Additionally, they can provide insight on various software providers as well as identify false promises.
- Request demonstrations from various software providers. Make sure they have a strong knowledge of the supermarket industry. During the demonstration, the users should be as interactive as possible in order to customize the software appropriately. After the demonstration, each member of the team should evaluate the software against the initial requirement list. The list should be continuously updated.
- Consider obtaining references from users in the food and beverage industry including both recently implemented users and long-term users. This process may include site visits. This will allow you to get a feel for the transition and how well the software will grow with your company.
- Consider contacting your attorney to review the contract and support agreement. What if the product doesn't work? What if the vendor goes out of business? What are the monthly maintenance and licensing costs?
Although a new software system is a significant investment in cost and time, it can also provide long-term savings at all levels. Updating your software can allow you to more closely track your purchases, inventory levels, delivery requirements, and safety procedures. Indicating three improvements in your supply chain can then allow for increased competitiveness in the marketplace as well as increased profitability.

- See more at: <http://www.progressivegrocer.com/viewpoints-blogs/guest-viewpoints/software-upgrades-improve-grocers-business#sthash.j3dTKQ59.dpuf>