

# SYSTEMS CHECK:

## USING TECHNOLOGY EFFICIENTLY

By Dawn Brown

If small to mid-size business owners were asked whether they strategically utilize their information technology (IT) resources, the answer would be probably be, “Yes ... I think,” or “Probably not,” or “No.”

IT resources refer to computer software, hardware, and other technological systems. Examples include spreadsheets, statistical packages, database programs, word processing software, accounting software, and communication devices.

These systems are usually purchased with a specific purpose, such as making more money or becoming more efficient, in mind. Business owners typically install the new systems to meet immediate needs without consideration of future needs. There is almost always unused potential in business software, whether it is Microsoft Word, Excel, Outlook, Microsoft Project, or accounting software.

There are good reasons why business software goes unused. There may not be enough time or enough personnel to enter the data. Even with a data entry person, data entry projects with too much detail may go unfinished. Some companies shortcut the system set-up and training process because of the software expense and the easy-looking demo. And because of the lack of training, most companies are unaware of what the new system and software can accomplish.

Take, for example, the large company that invested thousands of dollars into a customer management and marketing tool that interfaced with its billing system. The expensive system was purchased to gather intelligence data (sales data by county and type of work), and to document discussions with customers,

brought on by the need to comply with the Sarbanes-Oxley Act. The operational need was to get information on sales orders to shipping locations. The majority of the tool was unused.

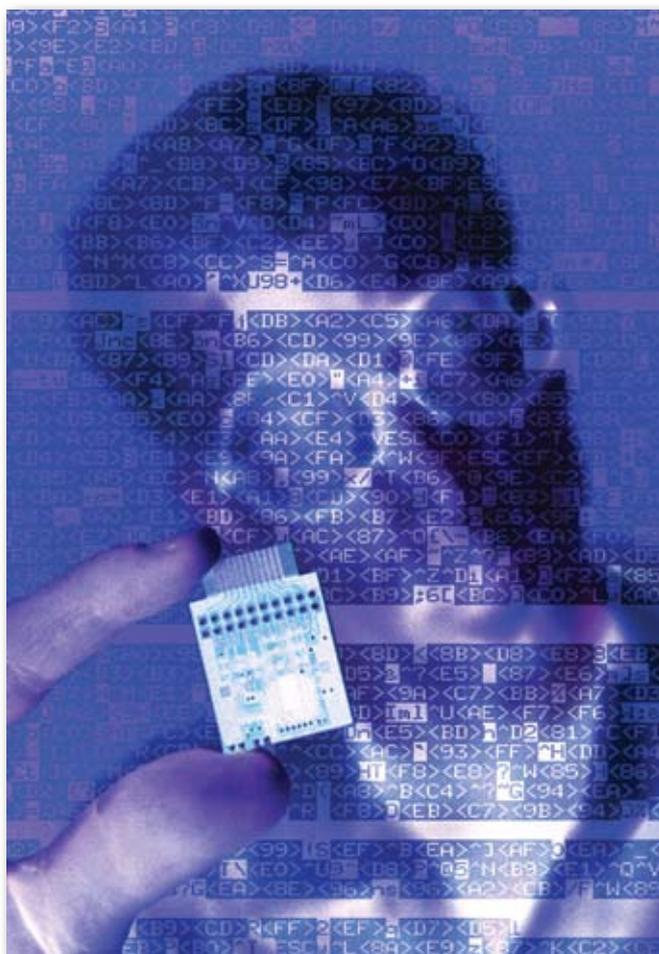
The downfall occurred because the employees did not understand the benefits of the system, and didn't use the system to its fullest. This causes the return on investment to drop and the system to lose its value.

The lesson to be learned in this example is that no matter the size of the company, those who use the system must understand it and buy in to the process.

IT resources should be viewed as a capital investment. When purchasing a \$250,000 piece of equipment, contractors must know the payback on the investment. The equipment should make the company a certain amount of money during its lifetime, and if the equipment is maintained and the operator is trained, the investment should be secure.

An accounting system is no different. These systems range in price from \$200 to thousands of dollars. No matter the price, they are investments for a company.

The system, when used to its fullest capacity, will maintain necessary business records, track trends in the life of a business, and help determine when it is time to replace that piece of equipment.



### INVESTIGATE BEFORE INVESTING

Growing business owners may say, “We need to replace our accounting software. We have outgrown our system.” Have they? There may be more capacity left in the current system that they are not using. Buying a new accounting system is expensive and burdensome. Managers should make sure the current system

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is being used to its fullest capacity before investing in a new one.

If a new system is needed, managers should invest in the proper training and set-up. This may seem like a lot of money initially, but compared to the cost of hiring a consultant to straighten out the financial information before the CPA does the taxes, it may be trivial.

There are other innovative IT ideas to help manage a business. In order to utilize IT tools fully, investing in an integration tool may be beneficial. Systems may be able to talk to each other and simply need to be connected to get the job done efficiently.

For example, timesheets can be created from an employee's cell phone by keying in job numbers and hours. Once entered, the information is interfaced with accounting software, eliminating lost timesheets, providing accurate job costing, and eliminating double entry by the payroll clerk. That is not to mention the ability to check the accuracy of the timesheet with a global positioning system (GPS) program on vehicles. The company can save thousands of dollars in payroll over time by eliminating the extra 10 to 15 minutes of unjustified time on the clock.

Estimators now have the technology to takeoff jobs in one program that interfaces the accounting system to create invoices that mirror the estimate. Efficient use of IT resources ultimately gives a competitive advantage. Positive results can include the following:

- **Reducing costs.** Managers can use purchasing power to gain discounts. Purchasing power can only be understood if a company has the data to substantiate it. It is possible to save more with online ordering and payments.
- **Improving customer service.** Software can allow users to share information through communication links with business partners.
- **Analyzing products and services.** This allows companies to move into more markets.
- **Improving employee utilization.** Proper training can help boost employee morale, increasing their value to the organization, and ultimately increasing productivity.

The bottom line is that it is important for managers to make sure they are using IT resources efficiently. ♦

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