

Technology advice for the Small Business Owner

E3 Consulting



Educate, Enable, Empower

**CREATING BUSINESS
SOLUTIONS WITH
COMPUTER TECHNOLOGY**

As a business technology consultant I have seen it all. Many times business owners try to shortcut technology solutions to “save” money. Truth is if you don’t do it right the first time it always ends up costing more in the long run.

One thing I have learned is that the more time you put into the planning of a solution, the less time and money you spend on the back end trying to match the solution to your business requirements.

This whitepaper was written with the intent of helping you the small business owner to not make the mistakes that I have seen over the past 20 years of small business technology consulting.

I am a firm believer that you get what you pay for. The problem is many business owners look at technology as a necessary evil and as an expense. This view can damage your business in the long run unless it changes. Technology is not an expense but an investment. An investment that should have an ROI associated with it. For every dollar spent on technology there should be a definable return on that investment. Whether it increase sales or reduces costs there is an effect on the bottom line. Capitalizing your investments gives you tremendous advantages in terms of tax write-offs (Research & Development) as well as potential funding sources that would not normally be available.

For example, the New Jersey Trade Assistance Corporation (NJTACC) as well as other state agencies (check with your state) will actually give you funds if you can prove that you need the technology to compete with foreign companies that manufacturer or distribute like products. There are many government agencies that have technology grants available as well as low cost loans.

The following is some of the advice that I currently give to all of my clients concerning technology and how to go about doing things the right way.

- 1) Don't try to do upgrades by yourself – Today; most of the operating systems have easy upgrade functions that allow anyone to bring the current version of the software and operating systems up to date. This however can be dangerous for the typical end user. Just because an upgrade is available doesn't make it easy. Sometimes upgrades can cause crashes and problems with other applications especially those that integrate or use functions from other programs. An example would be upgrading Microsoft Excel without upgrading Microsoft Word. While they both can work individually, the features that allow for seamless integration may disappear. Operating systems upgrades a lot of times have issues with older versions of programs. My advice here is to backup everything prior to any upgrade if you are going to attempt to do it yourself. The time factor makes it much more cost effective to either have a support contract or pay technician rates (\$25 - \$60) for a consultant to take the responsibility for it. You can negotiate price per machine if necessary to get a fixed cost of the upgrade project.

- 2) Manage your upgrades – keep a log of the dates and the programs that were upgraded in case you need to go back and identify where things went wrong. Keep all of the original software and the upgrade CD's or disks in one place for easy retrieval as well as in case of a disaster.

- 3) Stay in touch with your technology consultant – Setup regular meetings to discuss ideas and possible improvements. They are close to what is going on in your industry and can help you formulate cost effective solutions to further grow your business.
- 4) If you are just starting out or redoing your current software and systems, do it in the right order. Set goals, make a plan, have a strategy. What is your end game? To reduce operating costs, gain time through automation, improve sales or anything else that can be definable with tasks that will lead to the eventual goal?
- 5) Invest your money – Technology is an investment that should provide you with a definable return. You must establish the metrics to insure that your investment is paying dividends. Does it reduce costs? How much? Does it reduce overhead and/or headcount? How much? Does it increase sales? How much do you expect to make on this investment? The sooner you define measurable metrics; you have a method to monitor your investment.
- 6) Be scientific when making a purchase decision not emotional – This is an issue I see with many business owners. They fall in love with the sexiness of the solution. It's the fastest; it's the prettiest, etc. Sometimes the latest greatest technology isn't. Technology has stability in proven solutions. If you want to fall in love with the latest and greatest chances are you will be the testing ground for all of the bugs and enhancements. As I tell my clients, are you in the technology business or your business? You

need something that is tried, tested and true and has reference sites for you to speak with

- 7) Negotiate, Negotiate, Negotiate – Technology has become commoditized in many ways so don't necessarily settle for the first price put on the table. Many companies will discount software solutions up to 30% to make the quota they need. The best time to negotiate is at a quarter end or year end. Most companies will give it away just to show the numbers. If you have a secondary solution as a fall back you can even negotiate harder since you are willing to walk away if necessary.
- 8) Establish a business partnership with a good consultant – If you don't have one get one. Like a relationship with a good accountant or lawyer having a consultant is having a good advisor. They can help you to identify gaps and provide answers because they are focused on the technology and tools that can help your business grow. Make sure the consultant you use understands both business as well as technology.
- 9) Always invest in technology and tools that help streamline the sales and marketing processes. Your customer and prospects are the life blood of your business. They need to feel important and communication and tracking are key elements in achieving superior customer service. The lifetime value of the customer should be a major focal point of any solution. If you don't take care of your current and future customers, I guarantee someone else will! Software that provides full customer lifecycle (Suspect to Prospect to customer to support) will

allow you to automate the process with little human intervention. Customer Relationship management solutions begin with marketing through sales and back end support. They allow you to set a customer on an automated track that personalizes the experience of dealing with your company.

- 10) Pay attention to your people and processes – this is the key to any successful implementation. The battle is rarely won if the generals don't involve the soldiers. They must know what is going on and invited into the process for buy in. The worst situation is when a user states that they were never asked what works and what doesn't. This pretty much will guarantee a failure. If they are involved they take ownership of their process. You should never make the decision by yourself. The more people involved, the better the chance of success. Too many times the business owner makes the decision without the opinions of the actual users.
- 11) The internet is an amazing tool – Use it! Learn it? Love it? Where else can you generate income 24 hours per day 7 days per week? The key is to generate content – subject matter that shows your companies expertise. Once the content is in place and kept fresh and up to date, you can begin the next step of generating the traffic so people know who you are. Search Engine Optimization (SEO) is a science that places you as high up in the rankings so people can find you. The higher you rate the more clicks and more traffic you get. Once you have built the traffic flow you can begin to presell them on your products and/or services. Once they are presold then and only then can you monetize the site. Revenue generation is

the end point not the starting point in using the internet as a business supplement. Many times clients try to put up a catalog and wonder why no one is buying. You can build the most beautiful sexy site but if not one knows it exists it isn't worth a dime so focus in on the Content, Traffic, Presell, Monetize (CTPM) model.

- 12) Set realistic goals – Don't shortcut the process for the sake of time. As I mentioned earlier, the more time spent up front, the less time and money is spent on the back end. The planning process is so important to the success of any project. Do not try to rush it because in the long run it will take longer and cost more.
- 13) Design for today AND tomorrow – Prioritize your needs into what is required, what would be nice to have and what would simplify everything. If you include future goals now, the planning process will allow you to make the design flexible enough to accommodate future needs. The more you know where you're going, the easier it is to get there.
- 14) Backup, Backup and Backup – The one thing I learned about clients who don't back up is they rarely make the mistake again. It's painful trying to recreate the data that makes your company run. The more you backup the less you have to restore in the event of a disaster. Always take copies off site. Make sure you rotate your backups in a M, T, W, TH, F1, F2, F3, M1, M2, M3, Q1, Q2, Q3, and Year End. This rotation will allow you the most flexibility if you have to go back and recreate any data. Some call this a grandfather, father, son setup.

I call it a 15 tape system that allows for each year end to be pulled out and stored forever. A backup is only half of the equation. Occasionally you need to verify the backup and even practice the restore of a single file. This will prove that you can restore the data if needed. Too many times people will not verify or even check the logs to insure a successful backup. If you wait until there is a problem, you have a problem.

- 15) Maintenance is a given. If you buy a solution expect to pay maintenance and don't expect a discount either. So many people will spend the money on the solution without regarding the cost of maintenance as part of the total solution. The maintenance is what typically will fund the R&D Costs of the solution provider. Typical ranges for maintenance are 12% to 20% of the purchased solution. Make sure you look at the total cost of a new solution not just the purchase price.
- 16) Document everything – It's important to have a history of everything that has been done from a technology perspective. If vendors make promises get them in writing. If they make statements as to performance and/or feature "fit" make sure you get it in writing. Many times legal disputes arise from miscommunication between the vendor and the customer. The more you have in writing, the easier it will be to resolve any disputes. I'm not saying don't believe what they say but have them commit it in writing. If they won't then chances are it isn't so.

- 17) Get buy in from all of the users – as I mentioned before people can not state they weren't involved when go live time comes around. If they are involved then speak now or forever hold your piece. This is critical to any new installation or solution. Too many times I have seen where decisions were made without even checking them with the users who have daily exposure to certain parts of the system. Validation with the actual users is a key to success.
- 18) Consolidate sources when purchasing – decide on a common brand name or single vendor where possible. This keeps the total costs down significantly and allows for uniformity in terms of configuration and setup. Look to the internet for technology suppliers for peripherals and accessories.
- 19) Pay on performance not on delivery – Make sure you tie the payments on a contract with a vendor to the system being able to perform as per specification and not on the installation or delivery of services. Setup a system where payments are given based upon agreed milestones. This allows you to control the flow of funds and insure that you are truly getting what you paid for.
- 20) Involve your customers – ask them questions. Is there anything that you could do to make the experience of doing business with your company better? The more they are involved the better the customer perception will be.
- 21) Make sure the company you hire to provide technology solutions understands your business transaction flow. Will they commit it in writing? The

more they know about you the less you pay them to learn!

- 22) Learn – be curious, ask questions. After all it's your money. Don't feel stupid. Ask a question as many times as you want until you are comfortable with the answer. Ignorance costs a lot of money so don't be afraid to ask them to educate you if necessary.