VARs’ View: 5 Reasons Accounting Software Installations Fail

BY Ted Needleman

“We’ll deal with it when we have to” are eight words that no consultant or value added reseller (VAR) of accounting software ever wants to hear. But that was exactly the reaction that Lyndy Januszewski, a managing consultant at Sikich LLP, a Microsoft Dynamics VAR in Naperville, Ill., kept hearing from a client.

Januszewski’s client, a nonprofit healthcare organization with several separate legal entities, was in the process of implementing Microsoft Dynamics GP so that the parent organization and its independently-run parts were all on the same page as far as accounting software.

Early on in the specification process, the client speculated that it would be nice if all of the entities could reside on a single database. Januszewski and her team quickly realized that there were problems inherent in that approach, especially in preparing the end-of-year Form 1099s for the vendors. But the client latched onto the single-database concept, and with bulldog-like perseverance would not let go – hence the eight deadly words.

There is software designed for just this purpose – to identify the transactions made by separate entities while using a single unifying database. It is, however, provided as an add-on available at additional cost from an independent software provider (ISP). The client just couldn’t see the need to spend the additional money.

As far as installation failures go, this one wasn’t as bad as it could be. But addressing the issue “when they had to” ended up being at the end of the year – the busiest possible time period to have to solve the problem. Sorting thousands of vendor payments by hand to summarize all of the different 1099s that had to be prepared cost several hundred man-hours and thousands of dollars. And that was before Januszewski’s team had to tweak the software to prevent a future occurrence of the problem.

While a large proportion of accounting software installations suffer little or no bumps in the road, sometimes they do go off the rails. Januszewski’s experience illustrates one of the major reasons an install project goes awry, and unfortunately, is more common than one might expect.

In the above scenario, the failure resulted from the client not fully understanding the overall business and workflow process and the VAR being put in the position of telling the client they are going about things the wrong way. Almost every vendor and VAR consulted for this story emphasized the importance of making sure that you understand organizational needs in terms of features and implementation, why it needs these, and who will be responsible for what parts of the install and ongoing operation of the software.

David Geilhufe, senior director, corporate citizenship and nonprofit vertical software at NetSuite in San Mateo, Calif., was just one of the vendors to point out a primary reason an installation can fail: “The nonprofit can’t fully articulate what it needs from and what is important in an accounting system. Executives struggle to ask the right questions about what the nonprofit requires.”

Sometimes, the wrong questions, or no questions at all, are a result of the wrong people being involved in the specification of implementation process. Joanne “Jo” Schneberger, a professional services consultant for Abila Software in Austin, Texas, noted that having the right people in the process, and making sure that those people are qualified to make the decisions, is crucial. “In some situations a CFO might go out and purchase a new software and run the implementation themselves, but it fails when they didn’t understand all the things that the team members needed from the software,” she said. “It is crucial to have buy-in from employees using the system so they can participate in the customizations to the structure and trainings.”

PROBLEM NUMBER TWO

Unrealistic expectations are a second reason software installations fail. Also a problem is thinking that your organization needs more or less than it actually does.

“I got a call from the client of another VAR that handles one of the fund accounting products I also sell and support,” said Matt Yezukevich, CPA, a consulting manager at BlumShapiro in Quincy, Mass. “They had moved from QuickBooks to this new software because Quickbooks proved too limiting. But they also went from about 1,000 accounts in their QuickBooks Chart of Accounts to a system that can easily handle 20,000 accounts.”

This client, with five or fewer users most of the time and between $7 million and $19 million in income, implemented a system configuration more appropriate for a $150 million entity. The reason for the overkill was clear – a director of finance who joined from a much larger organization. Three directors later, Yezukevich and his team were called in, drastically pared down the number of accounts and in about a month, had things running smoothly.

The lesson, according to Geilhufe, is to ensure you have the right people, process, and expectations in place. “Include non-finance stakeholders in the accounting software decision and implementation process to ensure that finance isn’t isolated from the rest of your organization. Have one or more senior executives act as evangelists for the new accounting system to demonstrate management commitment to the implementation,” he said.

“Do establish an executive steering committee, which meets regularly, and which is in charge of the implementation. Do set a correct level of expectations about what the new accounting system will deliver. Do encourage staff to ‘own’ the system and start training on the system early and continue it long after implementation so users are familiar with all aspects of the functionality,” said Geilhufe.

Abila’s Schneberger also warned that a good educa-
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PROBLEM NUMBER FOUR
Good planning is critical to a successful accounting system installation, and is a fourth reason that these installations sometimes fail.

Donald Cassidy, president and CEO of Grants Management Systems (GMS) in Kensington, Md., cautioned against relying on staff who might not understand the nuances of nonprofit software, or for that matter, might not have the IT background required for a successful implementation. “Unfortunately in the nonprofit world, especially in smaller organizations there might not be IT personnel on staff. That job is left to the person ‘with the most computer experience.’ If this is the case, it could be worth the expense to an organization to have an IT person on hand to deal immediately with problems arising within the network environment.”

Yezukevich shared one such failure his firm got called in to handle. “His cautious approach involved a public arts organization with a 25-year-old IT manager who was good with computers. The client purchased a new accounting system based on name and reputation and installed it without help. “Unfortunately,” Yezukevich recalled, “the internal project director was good with computers but didn’t really understand the way the organization was structured. The situation was complicated by the tremendous growth the organization was undergoing.”

The software was not set up correctly, and after two years of struggling with the new software, Yezukevich’s firm was called in to consult. Hampered by an uncooperative member of the organization’s board, Yezukevich was unable to do much but slap a bandage on the problem, and the client continues to fight with a software solution that’s not the right one for their needs.

NetSuite’s Geilhufe echoed Stam’s warning. Nonprofit managers who “base their accounting software purchase purely on a shopping list of software features are at a high risk of a failed implementation.” Instead, he said, come up with a list of solutions to important business problems your nonprofit faces. That list will translate to a set of critical must-have features for the accounting system. It’s something of a balancing act to find accounting software that is specific for the needs of nonprofits, but not overly specific in terms of boxing your nonprofit into functionality that isn’t a feature of your own operations so, for example, the difference between being fundraising-driven versus grant-driven.

The experts said that you need to be on the lookout for the “I did it this way in my last job” syndrome. This can be extremely disruptive to a successful install process if the person responsible for critical areas has a strong accounting background, but that background is not in the nonprofit area.

According to Kent Hollrah, senior channel executive – Nonprofit Solutions at Intacct in San Jose, Calif., the key to a successful implementation starts with the chart of accounts design. “It’s very important to have someone leading the effort who understands both the organization’s needs and the special nuances of nonprofit accounting,” he said. “Accounting for nonprofit entities is quite different than for commercial enterprise. There is simply no substitute for deep, nonprofit domain expertise.”

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While there are numerous VARs who can do a good job analyzing your organization’s needs, it’s best to leave that process and decision in the hands of people who don’t have a financial interest in the sale of software and/or services.

Thomas Walker, product manager for the financial solutions line at Blackbaud in Charleston, S.C., also weighed in on the importance of having educated specification, implementation, and operational teams. “When you think about training during the software selection and implementation process, you can break it down into two segments. The first one is training as part of the architecture and understanding how the system is going to work from that architectural perspective,” he said. “That way, as design begins and goes through any embellishment like testing, the users that are involved in that design phase fully understand the underlying architecture of the software.”

The second phase of that, Walker continued, “is to begin to bring in the end users so that they are properly trained on the software and begin to get comfortable with it.”

THE BOTTOM LINE

Obviously, there are a lot more than five reasons that a project as complex as implementing a software installation can fail. The best defense against an installation failure is planning. Know what your organization needs, who it needs both internally and externally to make the install work, have a realistic timeline and expectations, and have a plan in place for future operation and change. Doing your homework, and having resources at hand to handle any surprises gives you the best chance of having not only a smooth software installation, but winding up with a system and personnel to keep it operating smoothly once it’s up and running.

Finally, here’s one last suggestion. If you don’t know something, or you’re not sure — ask. That’s true before and during the selection of software, while the implementation is proceeding, and after the new system is up and running. Get help if you aren’t completely confident you can solve a problem.

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