

# Finding The Best Computer System For Your Business



By Jim Krakower  
JMK Distributors

In acquiring and implementing a computer system, we will assume that our hypothetical dealer is *totally confused*—without even knowing where to begin.

Hopefully this article will get him thinking in the right direction. It is not a cure-all and will not give all the details for the total process, but should help the dealer develop a methodology for the selection process.

It seems like the vendor ads usually read: "Computerize... it's good for business and anything else that ails your company," while this writer's past articles have always taken the approach of: "watch out for the pitfalls."

Let's say that the dealer agrees with this writer that 95 percent of tire dealers who have a system today fit into one of two categories:

**Happy in their own ignorance**—This category describes the dealer who has a system currently and has grown to accept its limitations—not realizing that there are many things that the system can't do but should do!—and is not even aware enough to ask the right questions;

**Aware, but afraid to act**—This category describes the dealer who is aware that the current system is grossly inadequate, but doesn't know how to get out of the current situation without "starting all over" and is afraid to commit the time and capital to the project.

So, the status quo remains.

If you don't want to join those categories, you should be approaching the

computerization process in the following logical steps:

1. Analyze the objectives;
2. Develop a "Request for Proposal" (RFP) that clearly states the system requirements;
3. Solicit appropriate responses from qualified vendors;
4. Evaluate responses, redefine the objectives, seek advice from qualified vendors and make a decision;
5. Implement the proposed system.

It is further assumed that this dealer realizes that the *order of value* for any system has to be:

1. Software sophistication and appropriateness to the perceived needs;
2. Software support and *necessary modifications*—on a timely basis;
3. Hardware support—on a timely basis;
4. Financial Cost.

## STEP 1. Analyze the objectives

This is absolutely the *most crucial step* in the computerization process, and yet it is the one most often forgotten or downplayed.

It can be compared to the development of a proper architectural plan when you go about setting forth the physical layout of the new location.

It is important to always remember that your staff, given enough time and motivation, can do anything a computer system can do. All you are saving with a computer is the time and effort required to get the job done without mistakes.

With that in mind, it is important to recognize just what staff activities take the most time and effort and to make sure that the *shopping list* of objectives includes the proper code to handle these activities. All the computer can "buy" the dealer is *time*, so it should be set up to do the tasks that are going to *save* the dealer the *most time*.

The dealer should always keep in mind that the *cost* of the staff to *use* the computer—i.e. to *input, look at and recall* data in Accounts Payable, General

Ledger, Inventory, etc.—will *always* be the most expensive part of having the system.

In order to establish the time saving objectives, this dealer should assemble key staff members and form a committee to formulate *specific special requirements*.

This initial organization can be done by the president of the company, a designated staff member, or a paid computer consultant.

No matter who organizes the committee, it is *mandatory* that:

1. *Top management* be actively involved. This shows the proper support to others on the staff and also assures that the direction will be in concert with the overall business plan of the company;

2. Staff members from each area to be automated are involved. In this way, as ideas are presented, each department can feel that their needs are going to be addressed and then later, if something is forgotten or a design error occurs, there can not be an accusing finger that it was "their" system design and that it could have been done better.

Frequently, the staff person assigned to this task is the company *controller*. He/she is expected to be aware of the entire operation of the company and designated as "best qualified" to do all the technical stuff.

That may indeed be the case, but if the needs revolve around the *selling process*, it is also *critical* that key *sales personnel* take a lead. During this step, the committee must decide what type of system is desired. This decision will significantly effect the cost and *usefulness* of the system. Here are the choices:

- a. *Back Office system*—Defined as a computer system that acts strictly as a *receptacle* of information *after it has occurred*. This has historically been the system of choice for tire dealers because initially it was the only kind available in this market. This is also the easiest for the programmers to set up because the primary "user" is, by definition, a "dedicated" staff member who can be  
(See Computers, page 8)

## Computers

(Continued from page 7)

highly trained and not interrupted while data is being entered. The obvious drawback to this procedure is that the information, be it sales activity or "quantity on hand," is always at least a day late and there is the need to staff up for *extra* data entry personnel;

b. *Point of Sales (POS)*—This is the same as the *Back Office* system, except the "salesperson" has now become the "data entry" staff person, and the reporting of the information is on a much more timely basis. This can best be visualized if you go to shop at most large mass merchandisers. Here, the salesperson discusses the features and/or benefits of the products, and then, *after* the decision is made (hence the *sale* is "completed"), the data is typed into the terminal on the desk, and the *sale* is "recorded" into the system. The crucial point here is that the terminal provides *very little aid* in making the the actual sale;

c. *Selling-Assisted POS*—This is where the terminal works as a *tool* for the salesperson (just like the desktop calculator) to "aid" in the *actual "selling process."* Then, after the sale is "completed," the same terminal acts as a POS device to "record" all the data. Many of the systems on the market today *claim* to excel in this area, but you will find a *huge* disparity between them. To this writer, the selling-assisted POS system is *the only way to go*—after all, isn't your primary purpose in computerizing to *save time*?

Why go to all the trouble to implement a system and then *not* give your salespeople the very best time-saver possible to aid in the selling process?

In addition, if you will have a second location, it is important to decide on having a "stand alone" system at each site with an exchange of information at night, or a "central location" system at the home office and connection via phone line to the second store.

It is generally much more desirable to have a dedicated phone line and *selling assisted POS* system. In that way, both operations are aware of each other's inventory levels, *and* a central Accounts Receivable can be maintained to assure proper credit reporting. In addition, because data can be exchanged freely, it will cut down on the phone calls be-

tween locations.

It is important to state the "obvious" as you list your requirements. Sometimes what is "obvious" to one person is quite "obscure" to another. Many dealers have made assumptions of just *what* the computer software *should* do and later were proven wrong!

This is also the time to put into writing the *special* needs that the company may have relative to "sales promotions," "commission structure," "special product pricing schemes," etc.

### STEP 2. Develop a "Request for Proposal" (RFP) that clearly states the system requirements

In this step, our dealer's "committee" (might be only *one* person) needs to make a list of the *end results* expected (based on STEP 1.) and the *parameters* of the system.

In addition, it is important to *size* out the system in terms of both *data storage* needs and *physical hardware* needs.

#### 1. Data storage

Some computer systems "track" more data than others and hence require a larger amount of "storage" capacity for the same number of transactions. These systems, however, then have that data available for *recall* as needed by the dealer to make the most informed business decision. Since the primary purpose of having the system should be to collect, store and present data as needed, this feature is really not bad!

In addition, it is important at this stage to estimate the total current yearly system activity as to the number of:

- a. AR accounts;
- b. AP vendors;
- c. Part numbers to be tracked in the inventory file;
- d. Invoices generated on a daily and/or monthly basis;
- e. Line items per average invoice;
- f. General Ledger account numbers;
- g. "Cash" customers to track (if special tracking is requested);
- h. Any other "data" supply needs.

This estimate should also include a reasonable growth factor that can be used to "*buy for the present,*" but "*plan for the future.*"

#### 2. Physical Hardware

The amount of data to be collected will also influence the number of *terminals* and *printers* that will be required.

It is important to consider carefully

the logistical needs of the operation, and at this level our dealer may want to talk to some system vendors to get an idea of the best arrangement. As from our original premise that the system is only valuable relative to the staff time it will save, sometimes it is very *time-saving* to install that extra printer and/or terminal so as to make the system a little more convenient for the staff. This is especially true nowadays when terminals and printers are relatively cheap compared to the price of staff time.

### STEP 3. Solicit appropriate responses from qualified vendors

Now that this "Request for Proposal" (RFP) has been developed (and it may be only 2 or 3 pages, or as big as 100 pages), it is time to send out copies of your RFP to *qualified* vendors.

The best way to establish a suitable list is to look in trade publications and to consult with your state tire dealer association and NTDR.

It is also good to chat with tire dealer friends who have had good experiences (and bad ones) with software houses that they might (or might not) recommend.

Be very careful not to fall into the trap of contacting only a few "known" names and limiting your look to only one or two companies. This decision is too important for you to limit yourself.

It is also *critical* not to get too *stuck* on choosing a particular hardware manufacturer *before* you have selected the *software* that is suitable for your needs. This very common mistake can cause you to overlook really *great* software and support companies—It is important to remember that the *sole purpose* of implementing the system is to *save time* and make your staff more *efficient*.

The solicitation should always have the following:

- a. Appropriate RFP;
- b. Name of contact person at the dealership if the vendor has any questions;
- c. Time limit for response;
- d. Request for information on the hardware and software service available in your area.

### STEP 4. Evaluate responses, redefine the objectives, seek advice from qualified vendors and make a decision

In this stage, it is important to *learn* from the proposal responses.

As each response is evaluated, more is learned about the features and benefits

available for the tire dealer market, and it is possible to *discover* something that looks like a really great item but was "forgotten" in the original RFP.

This is the time to develop a "talking" rapport with interesting vendors and, most importantly, take the *time* to visit tire dealers who already have the proposed system in operation.

During these visits, time should be spent observing the sales and office staff in their daily duties and trying to see just how *easy* or *difficult* it is for the system to operate.

It is very common for all the systems to look *the same* by just reading the fancy literature, but in the *execution* you will see *dynamic* differences.

This is especially true during the *point of sale* (POS) activities. At the sales counter, every keystroke should be "golden"—After all, the more your sales people type, the greater the chance for an error.

It is also important to evaluate things like how reports are developed. For example, most all systems will generate a "trial balance report" in the accounts receivable module. However, some will allow the user to select an option by:

- a. Location;
- b. Transaction detail (i.e., "most detail," "summary by invoice," or "summary by customer");
- c. Period end date;
- d. Account selection *or all*;
- e. Option to display *contact* person and phone number;
- f. Option to select only the accounts of a specific salesperson;
- g. Option to select only a special *class* of customer;
- h. Option to *sort* the report into *any* order desired—by *customer number*, by *salesperson*, by *invoice number*, etc.;
- i. Option to *age* by *invoice date* or *transaction date*.

Obviously, the trial balance that allows all this flexibility is a lot better than one that *limits* the user to a *fixed* format and selection.

It is because of this very strong possibility of being *mislead* by the descriptive literature *alone* that the importance of actually visiting a *like* tire operation with the *same* system running can't be over-stressed.

It is therefore best in this step to present the strongest vendors with a *modified* proposal as you *see* the needs for things originally forgotten.

Again, to repeat earlier information, the order of priority in the calculation of

*value* that each vendor has to offer should be:

- a. Does the software meet our established needs?
- b. Is the vendor capable of supplying *timely* support and a good training program for our staff?
- c. Can the software be *modified*, as our company's needs change, to incorporate new features that may be desired?
- d. Is the hardware serviceable in my area?
- e. Is the system priced at a level that will allow for a reasonable "pay back" period?

This author has talked to many dealers who saved a "nickel" in the purchase price only to give it back in excess staff time either in the implementation process or, more importantly, in the *inefficient execution* of the system functions. It is *critical* to recall the earlier remark in this article that the most expensive cost in operating a system will be the time for the employees to *use* it.

#### STEP 5. Implement the proposed system

This step is best *designed* in coordination with the chosen vendor. However, it is important to remember to try to assure the staff that the system has been bought as an aid to the operation, not to take away jobs. (Actually, in the implementation, there will be more jobs as staff are required to do the "old" duties *and* additionally learn new things and input required data—Some vendors will input the data as a service.)

The implementation process should proceed at a pace with which both the vendor and the site are comfortable. This process will frequently take a year or more to put a *totally integrated selling-assisted POS* software package into full operation.

Hopefully, this article has helped get the thought processes rolling, and the decision and implementation will be a total success. □

Copyright © 1988 by James D. M. Krakower. Not to be reproduced without expressed written permission.

NTDRA has a new toll-free number. Dial 1-800-87N-TDRA to access NTDRA's many member services.