Implementations

Special Feature

Scott Cytron • Oct. 01, 2009

This is part one of a three-part series of articles focused on specialty
niche markets served by tax and accounting firms. Look for part two and
part three in November and December on medical office/healthcare and agriculture.

While there are many iconic lines from the movies, one resonates more than others with accountants and their manufacturing clients: "If you build it, he will come."
In the manufacturing scenario, the "build it" refers to the software used to streamline the accounting function, while the "he" is metaphorically linked to a company's bottom line.

However, the company did not optimize its systems with new technologies all alone. It had the help of a tax and accounting firm or software consultant who understood the software solution's capabilities … and enough about the client to ensure that the installation went smoothly and the work was completed on time.

Conversations Lead to Software Solutions
Working with manufacturing clients to implement technologies requires a different approach than working with clients to provide assurance services or complete a tax return. Most firms and consultants talk to a defined process to produce consistent results.

"The

Hawaii, Forepoint provides business application software for small- to mid-sized companies with a focus on accounting, ERP, project management, human resource and CRM solutions. Cumley recently partnered with Irene Bushnell of Anderson Zurmuehlen and Co., P.C. (azworld.com), a firm also based in Helena, to produce the new QuickBooks Conference Kit, a turnkey conference package for tax and accounting firms, Intuit Solution Providers, QuickBooks ProAdvisors and others interested in hosting their own QuickBooks Users Conference. He considers the initial conversation with clients very subjective.

"Generally speaking, there is no 'one best program' because many products can deliver an effective solution," says Cumley. "Our approach is to first identify the needs, and then determine if we have software that will provide a solution. Key factors, such as a knowledgeable and experienced implementation team, solid scope of work, and effective project management, play a critical part in the equation. Ultimately, the proof is a successful project as defined in a scope of work and a happy client."

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Exact Software	800-777-4334

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Software Arts	408-226-7321
SYSPRO	800-369-8649
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Wasp Barcode Technologies	214-547-4100

company-wide.

As a provider of outsourced controllership services, Lonnie Clark opens the
door for conversations on her clients' hot buttons, especially in technology.
"Most companies know they need new or updated software, but feel the
process
is so expensive in dollars and personnel time that they ignore the whole issue
as long as possible; when they finally commit to new software, they see the
increased functionality and it just blows them away," says Clark, a CPA
and MBA who is Strategic Business Services Manager for Weaver
and Tidwell, LLP, in Dallas, Texas.

"I
liken it to a Christmas 'wish' book because the client wants everything
the new software has to offer. Unfortunately, the more bells and whistles they
buy, the more money and time it takes to fully utilize their wish list."

Smith consults with small- to medium-size manufacturing and distribution companies
on critical accounting system selection and configuration, and the creation
and modification of internal procedures to coincide with system functionality.

"I have a basic process that starts with getting a list of all the things
the company dislikes about their current software," she says. "I
ask for the minimum requirements they would need in new software, what

particular

users are preferred.

"The people who see the demos must be users who are aware of current processes and weaknesses in the current system," she says. "Usually, this group will narrow the choice down to one to three vendors, at which point a demo is arranged for management or the company asks for pricing."

Because she knows clients see several demos and forget who said what about special features, Clark tries to get the client to focus on the basic functionality and uniqueness of the software instead of worrying about the special wish list stuff right away. Sometimes, she is pleasantly surprised. For example, one time during testing and 'go live,' the client remembered everything. "It's a reminder to be careful what you say you can do because any promises might come back to haunt you and cost you!"

What Companies Want From Manufacturing Software
The next major area of technology implementation is to understand exactly what it is the company wants the software to accomplish. As a consultant, Sonia Gray, a partner at Forepoint, sees three trends above and beyond obvious issues revolving around integration with the accounting system: capacity planning, tracking labor and creating a schedule.

"Capacity
planning focuses on issues related to scheduling," says Gray. "For example, companies want to know how to schedule their production facility based not only on demand, raw materials availability and stated minimums, but on how much each work stage can handle," says Gray. "This helps determine if adding another shift or additional equipment would be cost effective."

Second, true production costs are captured by tracking labor and burden costs

want to know if they can adapt new processes or procedures to provide a solution for this issue with the existing software, if there are add-ons or updates for the existing software that would correct the issue, and whether it is time for new software."

Accounting procedures for receiving, valuing, shipping and selling inventory are also important. Because most companies have limited staff, Clark says this process allows a company to set controls that ensure accounting integrity, while procedures help with employee training and transition/turnover.

"Companies also want their software to develop new financial statements that provide management with better operating information They want to get away from GAAP reporting and develop reporting methods that allow managers to see the true cost of inventory and manufacturing processes. Finally, they want IFRS reporting, or being able to convert US GAAP reporting to International IFRS Standards for consolidation to a foreign-owned parent."

Consulting: Timing is Everything
Although these are the most common abilities companies want from their software, Gray says every company is different, and custom solutions prevail. One commonality
shared, without a doubt, is a short timeframe for implementation, but this, too, depends on the company, its staff, the data and other circumstances. Gray cites a food manufacturing company as the client that took the shortest amount of time to implement a manufacturing solution.

"They were a new start up; we didn't have to contend with converting old data and dealing with 'this is the way we've always done it' issues. They also had staff dedicated to the project who were experienced accounting

and manufacturing personnel." The second shortest for an existing business

on three areas:

1. Understand the key financial indicators that impact the manufacturing company's profitability. What are the drivers of profitability in the plant? Clark looks at the impact of labor hours, how WIP is balanced, planning, materials purchasing, product waste, rework/quality control and drawings.
2. Realize the impact of commodity pricing changes on material cost and how this should be anticipated by the manufacturer. The accounting function should follow cost fluctuations in core raw materials used to modify estimates, value inventory, pricing strategy and job scheduling to have the most effective impact on profitability.
3. Spend more time with the client to truly understand their process, product and issues. "It's a benefit to me to be an outside controller because I spend a great deal of time with the client," says Clark. "I learn much more just listening and watching the employees and processes than I ever would just asking questions."

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For more than 20 years, Scott H. Cytron, ABC, has worked with CPAs and accountants, providing public relations, marketing and communications services. Author of The CPA Technology Advisor's MarketingWorks column, he works with firms and companies in professional services, including accounting, healthcare, legal, financial planning, collections and debt, and high-tech. Contact him at scottcytron@cpata.com.

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