Big Business Starts as Small Business
Software to support a growing enterprise

There are two certainties in life – death and taxes. While both are unavoidable, at least the taxes issue can be managed. But managing taxes, and business finances in general, takes detailed information. Considering how most small businesses get their start in *accounting* for their business operations, it is not surprising that information gathering becomes one of the most time-consuming and frustrating tasks around tax time. Fixing the problem from the beginning and keeping a system with the detailed data you need on an ongoing basis is the key to avoiding the rush and to building a business information framework that spans the life of the business entity.

In order to understand how to solve the problem, it is important to understand the evolution of business accounting. Not how the concepts or practices have evolved, but how technology has (or has not) been applied to certain problems, and where the gaps are.

Just starting out – the business in infancy

The first things a new business owner generally does is get a business license, get a computer, and run down to the discount store to buy a copy of QuickBooks or maybe Microsoft Excel. Now, this business owner isn't necessarily prepared to properly handle the accounting for the business, but he understands that he has to do something. Keeping a check register, at the minimum, lets him know how much money is in the bank. And that's what it's all about for the small business person – cash flow and cash availability. But the focus on the checkbook frequently causes the business to postpone implementing deeper, more beneficial processes.

With a focus on the checkbook, the business manages cash by counting payments out and receipts in. But the nature of the payment or the receipt is the true question that must be answered and accounted for. It is surprising how many businesses still keep ledger cards – those manual 3x5's in a box - where customer and vendor information is kept. It is a simple method, and provides the business a way to keep individual account records. But the fact that this detail information is not part of an integrated system creates a greater potential for lost or inaccurate data. Further, the greater the volume the more difficult and error-prone managing the information becomes.

It is at this point that the business seeks to find a more comprehensive means to manage the additional business data. This is another buying decision the business owner must make, introducing a new system which can handle the additional activities around accounts receivable, accounts payable, inventory and sales orders, etc. The business was already keeping track of products or services, customers and vendors. But here we are at a step where new systems and processes must be introduced. A belated effort, this after-the-fact implementation of customer, vendor and item tracking, establishes the means to manage more business activities as part of an integrated system.

The difficulty comes in loading the historic information and learning new systems. Depending on volume, the quality of the manually-kept data, etc., it may be determined that historic transaction details are not to be entered. So, the business moves forward with a better system for managing business activities and data, but loses the value of the early transaction detail.

The next steps – handling volume and growth

The business has implemented an accounting system which helps to keep track of customers, vendors, items, and cash. More detailed processes are introduced as the business requirement grows – offering perhaps more specific information on costs of certain products, or summaries of customer purchases or item sales activity. This data provides a much more informed basis for business decision-making, but also impacts the systems as the volume of data to be managed grows. Growth may present itself in many ways – growth in the number of products or services offered, growth in the number of transactions processed regularly, growth in the dollar value of transactions, or growth in the number of employees who need access to the system. All of these areas impact the ability of the system to continue to support the business requirements. Quite frequently, a certain "density of data" is reached and the current system is not able to efficiently manipulate and manage the volume. Here again is another buying decision. Can the existing system be expanded to handle the additional volume? Or must a new system yet again be introduced? The business process requirements may not have changed, but the earlier choice of systems may cause a forced change simply due to business volume or number of users.

The frustrations of changing business systems are compounded the further into the business lifecycle the change comes. Much of the historic intelligence of the business is derived from the earlier days of the business; data which reflects the stages and activities of the business over time. When a business reaches a point where data volumes force a systems change, a worst-case scenario occurs: The volume of historic data is too great for the current system, and loading it into a new system

takes a huge amount of time and effort. Unfortunately, this task often proves too daunting for the company, so again valuable historic detail information is lost and summary information is loaded into the new system.

Operationally Specific Systems

As the business matures – and in order for the business to mature in a healthy manner – specific and detailed information must be captured and analyzed. Systems which take a broad view of the business, offering only general information and process support, frequently do not supply the business with the levels of intelligence truly required. For example, a manufacturing business needs to fully understand and manage the manufacturing processes and materials supply to ensure profitability and consistent product quality. A retailer needs to know which products sell in which markets in order to ensure product stock and availability to key customers. And all of this information is time-critical if the business is to make necessary adjustments in time to benefit from them.

This level of detail can only come from a system which incorporates a certain specific orientation towards the operational processes of the business. The fact of selling a product to a customer is an activity which gets recorded, but the additional details of the customer location, pricing levels, purchasing levels, salesman, inventory item, and warehouse location tell the rest of the story. Over time, the business owner can then better understand customer purchasing habits, inventory item turnover, supplier dependencies - a wealth of business intelligence. This data is then used to assist the business owner or management in determining the specific activities or actions necessary to keep the business moving forward and improving performance. In the end, it is the demonstration of well-defined processes, deep insight into the business operational metrics and financial performance, and the ability to effectively and accurately report on this information that creates a basis for proveable business value.

There is One

When looking at the business accounting and finance systems available in the market – particularly considering those which have earned a level of market share – there are visible gaps – big ones. This is clearly reflected in the numbers, where Intuit QuickBooks leads in the small business market, but has no reciprocal in the midrange or enterprise markets. QuickBooks fits into that early space, where the business is just starting out and, maybe, extending into keeping more detailed customer, vendor and item information. MS Excel is also a winner for very small and new businesses, as the spreadsheet is a simple and easy solution to creating an electronic check register. But there comes a point where a business has

requirements that extend beyond the ability of the small business software. Sometimes, the mere thought of change is so abhorrent (usually based on a bad initial implementation experience) that the business attempts to use the software far beyond what it was built to handle.

Other application makers offer systems that have a number of small business features, but that also offer more in-depth or complex capabilities to handle the growing business. These systems, too (such as Peachtree, MAS2000, etc.) have a great potential to be outgrown, and can be costly implementations which handle only a portion of the business lifecycle.

Larger, module-based systems (such as Great Plains, Oracle, etc.) offer a broad range of functionality, integration, and data management capability. They typically address more – and more detailed - business processes, and can scale to very large sizes. But the cost and complexity of these systems is often the barrier, and given that there is no clear seed product (small business version of the big business software), the upgrade path is unclear and problematic. Microsoft is seeking to impact this area, preparing to offer a small business accounting system which would in concept seed to the much larger Microsoft Business Solutions applications. Given the huge gap between the "typical" small business system and the upper-levels in the MBS catalogue – the transition from very small to very large is not likely to be made in the single step Microsoft may envision.

Each stage of business requirement typically drives to a buying decision. This buying decision is met with anxst, as considerations include not only cost, but data conversion vs re-loading, new process or system design and setup, user training, proofing the system (running parallel?) and a host of other issues, not the least of which is the business benefit to be derived.

All the anxst, the frustrations, and the repeated buying decisions can be avoided. There is a system which scales – from the very small business to the very large business – and that has been proven in high availability, high performance, large volume systems for over 25 years. And this system offers flexibility – ease of use for the new or small business user, a broad range of feature-rich and functionally powerful business and finance applications, and a comprehensive development tool to allow even the most complex business requirement be crafted as part of the system. And the best feature is the database – which grows with the business throughout the business lifecycle. Information is power, and this system provides you with the ability to capture all your valuable business information from the inception of the business through growth and on to maturity.

The system is from Appgen. For the small business, it's the **MyBooks Professional** system, offering a broad range of functionality within an easy-to-understand interface. Simple flowcharts help describe the accounting process, and assist new and novice users with effectively managing business activities within the system. As the business requirements increase, the MyBooks Pro suite of applications may be customized, or may be replaced with the full-featured modules from the Appgen **Custom Suite** of applications. The database is the same, however, so there is no loss of any level of data or detail. As the business needs more specific functionality to support its processes, the Appgen **4GL development** system is used to make modifications to standard applications, or to create completely new customized applications, designed and suited for the unique and particular requirements of the business. Again, the database is the same, but may be extended to capture any number of additional data elements desired.

Appgen offers the business a single buying decision: a single database; a clear application migration path; and a way to taylor the system to meet specific business needs. And for the cost, there is no comparable alternative.

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