

## Accounting software selection

### Thinking about changing your accounting system?

If you are thinking about changing your accounting system, you may be wondering how long it will all take, and when is the best time to do it.

To answer the second question first, the most popular choice is to “go live” with a new system at the start of your financial year - but that’s not the only time you can do it. The advantages of doing it at that time are that you will need to start any new system off with the correct opening balances. If you do this at the start of the financial year, all your income and expenditure account balances will be zero, and you will know all the other account and fund balances, since they are needed to prepare the year end accounts. The main disadvantage of starting a new system at the beginning of a financial year is that this is likely to be the busiest time of the year for your finance staff, which could make it difficult to find the additional time necessary for them to help configure the new system and be trained in using it. In practice, you can start a new system at any time, providing you are in a position to calculate all the opening balances. This may involve you in some extra work if, for example, you only normally do it at the year end.

Turning now to the question of how long the whole process will take, the answer may be “longer than you think”. Working backwards from the “go live” date, let’s assume that you will, at least, want to be able to post transactions to the new system from day one and run reports by the end of the first month. This means that staff will need to be trained in using the new system in the two weeks before this.

Before that can happen, the new system will need to be installed and configured. This is partly a technical matter (installing the software on a server and on all the PCs from which it will be run). More crucially, particularly for charities, a great deal of time will be needed to devise a new chart of accounts and other coding systems, so that transactions can be analysed correctly and in such a way that SORP-compliant accounts can be produced. With any given system, there may be choices to be made as to how best to do this, but these choices are difficult to make without having a reasonable working knowledge of the system. It is a good idea, therefore to set up a pilot system and train a small number of “key users” in how the system works, so that they can test out the proposed configurations and iron out any issues or bugs before making final adjustments and training the remaining staff. The reports that will be required once the system is operational should be written and tested during this period and the supplier will also need to configure and test any interfaces (eg. with database or fundraising systems). You should reckon on allowing at least six weeks for this configuration and testing period.

Still working backwards, we are now at least two months before the “go live” date. Depending on the requirements of whatever system you end up choosing, you may need to procure and install additional hardware to run it on. You may not know what this is at the start of the process so, allowing for the two months already discussed, it would be prudent to allow a minimum of three months for the whole implementation, up to the “go live” date. Larger organisations, or those with special requirements, tricky interfaces to configure etc., may need much longer than this.

Unless you already know which package you want, you will need to allow sufficient time for the selection process. This involves working out what you need from the new system (ie. the “requirements”) and which package/dealer best meets your requirements. The task of identifying and documenting your requirements is probably the most crucial part of the whole process. Get this wrong, and you will probably end up with the wrong system or, at least, one that doesn’t match

what the organisation needs. Nobody will want to go through this whole process again in a hurry, so should also be thinking not just about what your requirements are now, but what they might be in a couple of years' time, say.

An accounting system is a crucial operational tool which helps your finance staff to keep your books, produce invoices and track debtors, pay VAT on time etc. Far more than this, it is also a vital source of business information for the whole organisation. Therefore, when identifying your requirements, you will need to talk not only to finance staff, but to others in the organisation. Whom you should involve will vary from organisation to organisation, but typically, it would include budget-holders or managers of projects, who will have views on the kinds of reporting that they need (and possibly trustees). This all takes time.

Starting now from the beginning, the selection process should involve the following steps:

- Talk to people in your organisation and identify their requirements.
- Consolidate these into a statement of requirements for the whole organisation.
- Identify some potentially suitable packages/dealers and either send them an Invitation to Tender (based on the requirements) or ask them to quote.
- Check your budgets, to ensure that they are realistic.
- Arrange interviews/demonstrations from, say, two or three dealers, to get a clearer idea of how well each package would meet your requirements.
- Take up references from similar organisations to your own, to help you assess each of the systems.
- Decide on a "preferred supplier" and have more detailed discussions with them about price, and their proposed implementation plan, timescales etc.
- Agree contracts with that supplier (or revert to another supplier if necessary), and negotiate start and "go live" dates, as well as a staged payment schedule based on testing to demonstrate that the system works as agreed.

Depending, once again, on the size of the organisation, and the complexity of its requirements, you should allow at least three months for the whole selection process. If we add that to the (at least) three months needed for implementation, we can see that realistically, if you were to start today, the soonest you should expect to be able to have a new accounting system in place would be six months from now. More likely, and taking account of the likelihood that either the Christmas or the summer holiday period is likely to fall within any six month period, you should allow seven or eight months as a minimum.

Bearing in mind the issue of when is the best time to implement a new system, it can be seen that this is a process that requires considerable planning and foresight. Planning the process properly, and in particular, allowing sufficient time for all of the main steps, can avoid a great deal of stress!