Ten Tough Questions To Ask Yourself
Before Buying A New Information System

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So, you think you are ready to purchase and implement a new information system. Well, maybe you are. The 10 questions below are intended to challenge you on your preparedness. They are some of the questions FMI finds most contractors forgetting to ask themselves.

1. Is your organization committed to, and prepared for, the change?

In other words, have they been a part of the process from the beginning, or is the system going to be thrust upon them? Don’t underestimate the value of having everyone committed to a new computer system. Success can be determined by the involvement of your people in the needs definition, selection process, and implementation planning. Your employees will feel ownership and responsibility in the product that is chosen.

Also, let everyone know why the system is being selected. If they understand the system’s benefits, they stand a better chance of meeting your expectations. After all, the computer and software alone aren’t going to make the difference in your bottom line.

2. What am I buying?

An information system is like any other resource in your company. It is the same as heavy equipment, people, cash or reputation. You can have or buy a lot of it but, if not used properly, it won’t yield the return required. The first step in any selection process is to determine the value that the system will lend your organization:

--will it help you to be a low-cost producer?
--will it help you get to a customer before anyone else? Or
--will it speed up your estimating process?

What do you expect, and how much is that worth to you?

3. Will the software (or hardware) really solve my problems?

The information system consists of hardware, software, procedures, and people. If any one of those components fail, it can create a very ineffective resource. People are quick to place blame. Be sure you are treating the problem and not just a symptom.

4. Have I really defined the company’s needs specifically?

If you cannot answer ‘Yes” emphatically, keep working. I have personally seen over 30 demonstrations of software for each class of software (i.e., scheduling, accounting and estimating). They can all look strikingly similar if you do not have the right yardstick to measure them by.

Three hundred contractors were surveyed by FMI about a year ago with regard to their information system. One question that was asked was, “Please weight the following criteria as to their importance in your software decision.” They were asked to weight the criteria before and after the decision. One of the eight criteria was features of the software. On a scale

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of 1 to 10, this response went from a 2.35 before, to a 1.98 after, a change of .37 or 15%. This was the most significant increase in the available criteria. This piece of information tells us that people should spend more time matching their own functional requirements to the software features.

5. **Who made the selection?**

There are probably several people in your organization that are qualified to evaluate software and hardware. Interestingly, they may not be the people you want to head up the process. Technically-oriented people can sometimes lose sight of the big picture and need to work with someone who can keep the whole decision in context. For the technically-oriented, the decision can become finding a “technically correct” solution rather than the “right” solution.

Also, be sensitive to any political issues that may cause conflict of interest. I have seen many situations where someone achieved power, or perceived power, in an organization because they built or managed the system. We have also seen a number of people that wanted to prove themselves as programmers by writing their own accounting and project control system. There is absolutely no reason to write your own software. The applications are so advanced that it makes no more sense to write your own financial applications than it does to write your own word processing program.

Finally, the person in charge should be involving many people in your company, not just themselves and their department. Too many people are affected, or are dependent on the outcome of the decision, to leave it in the hands of one person.

6. **Does the system require much customization to get it to work for us? If so, do I plan on doing it myself?**

If the system requires a lot of modification to meet your needs, you have one of two questions to answer. First of all, are the custom requirements really “requirements” or are they simply “nice to haves”? Or, are the requirements only requirements because it’s the way things have always been done forever and no one has ever thought to change it? Expect to change some of your own procedures to make the system work. Remember, you don’t have the market cornered on good ideas. The vendors accept ideas from many sources, and you could stand to benefit from that. The other possibility is that you are dealing with an immature product that is not functionally rich enough to handle your needs now or in the future. The second question is, “Have I done enough research?” It may be that your needs can’t be easily met by the software you have looked at so far. Keep looking before deciding to modify an existing program.

Another warning sign is if a vendor is all too willing to modify his system to your needs. You do not want a product that is dramatically different from the one he sells to the rest of the marketplace. It makes receiving upgrades and enhancements risky and troublesome, not to mention expensive for the vendor. A vendor might
also be operating with too much overhead (programmers). If he is able to do the customizing, he might be overextending his development and support people.

7. Am I buying more power or functionality than I need?

In any good market, there are products that exist on several points along a continuum; everything from the very high-end (Cadillac) product to the low-end (Chevrolet). Both are good products and serve different needs. Also, keep in mind that any point on that continuum can be occupied by several vendors. Some are more qualified to occupy that spot than others. Know in advance where your place on the continuum should be.

Generally, price fluctuates with functionality, level of service, and maturity of product. However, there are always aberrations, so be careful. You will also find vendors that try to claim multiple positions on the continuum. That is nearly impossible unless they have multiple products. Don’t buy more than you need. You will be tempted to go for the bells and whistles, but will you (can you) realistically use all of them? It works the other way as well. If you have an information-oriented group of managers, don’t take the cheap route and get a deficient product. You will only frustrate your managers and clerical staff.

8. Have I got an apples-to-apples comparison of the finalists?

To find out, ask yourself, “Do I have a list of criteria on which I will base my decision?” The criteria should have been developed before any software was identified. Then, for each criteria, determine if the vendor has given you adequate information and/or whether your organization has done the necessary research. As with any buying decision, deciding what you want in general, and then looking for it specifically, works much better than the reverse.

9. Have I identified the best purchasing alternative for this system?

There are many companies available to lease you the system with an option to buy. You can get a loan
from your local lender, or you could use your own working capital to make the purchase. With each of these options there are advantages and disadvantages. The purchase is usually of such magnitude that the financing decision can have an impact worth considering. Look at the cash flow, tax, and balance sheet implications of each alternative.

10. Was the reference calling I did really helpful?

The reference calling exercise is often given significant weight in the decision. You hear many different things when you call a vendor’s customers. What the reference can communicate is:

--how the company uses the system;
--how long the system has been running;
--procedural issues that you cannot know about;
--and how much training the company accepted.

Try to remain sensitive to the person’s time and attitude during the conversation. Usually, people don’t mind spending some time on the phone, considering it may be a new user of the system. The questions you ask should be pertinent, objective, and open-ended where possible. Also, be sure the person you are talking to is capable of answering the questions you ask. It is often a good idea to delegate the reference calling to several people within your organization. This divides up the responsibility, and gives several people in your company the opportunity to get responses to questions that are important to them.

Also, do not assume that the company you just called is running perfectly. Because they do not have a particular module running is not indicative of the software. There may be organizational issues you don’t know about.

Distribute these 10 questions to the people in your organization who are involved in the software selection process. Ask them to answer each question honestly and then discuss it as a group. Hopefully, you will decide that you are ready to move ahead.

About the author:

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