7 mistakes

when selecting retail management software

To keep up with an ever-changing and increasingly competitive market, more and more retailers are looking to replace their legacy systems with a more modern solution. But the retail management software selection process can be a complex and costly endeavor, and on top of that, the software you choose will impact your business's operational effectiveness for the next **5-10 years**.

So how can you feel confident that you're choosing the most suitable software for your business? The first step is to **put in the work**. Many retailers don't take the proper time to plan or assess risks, and as a result too many new implementation projects don't fulfill the right requirements or expectations. This mistake is more common than you might think: McKinsey estimates that **more than 70% of all digital transformation projects result in failure**.

Before you select new software for your retail business, you need to understand **what you want the software to achieve** and have access to the appropriate resources and information. And you need to know what **errors** to avoid.

Here are 7 **all-too-common mistakes** retailers make when selecting business management software.

1. **Believing that all retail management solutions are the same**
2. **Starting the process with a fixed idea of what you need**
3. **Leaving the selection process to the IT department**
4. **Deciding that "cheapest" means "best value"**
5. **Tightly controlling vendors to decrease costs**
6. **Giving too much importance to the demo**
7. **Not getting references**

MISTAKE NUMBER ONE

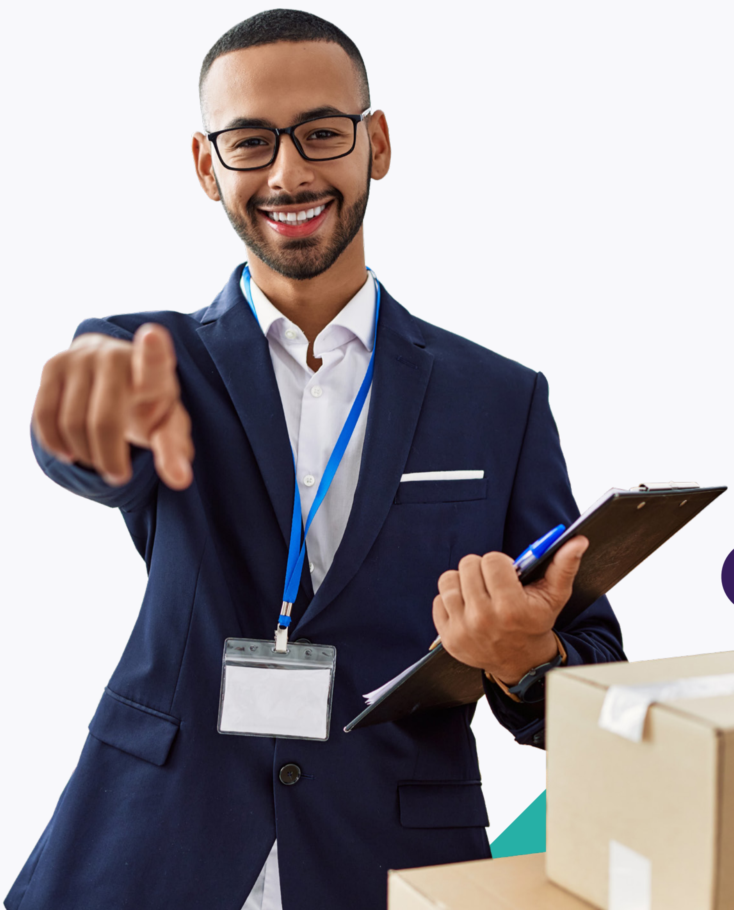
Believing that all retail management solutions are the same

No two solutions are the same, but it's easy to believe they are. When leading software providers present you with a convincing demo during the selection process, you might be ready to trust that they have everything you need to run your business effectively. And it's **easy to get confused** when interfaces are often similar in look and feel, and costs are usually comparable.

Why is it, then, that **some retailers complete their software implementation projects successfully**, while **so many other projects go awry**?

The truth is that even though many software solutions seem remarkably similar, they only look that way on the surface. There are numerous differentiating factors between what each solution can actually do for you, depending on the types of **features and functionality** it has, and on the technology behind it.

Software solutions fall into **two main** solution categories:



1. Generic retail software

Generic, **one-size-fits-all** software is designed to satisfy business requirements across multiple industries. This type of solution comes with several benefits: you get tested functionality, it's easy to find a vendor/technology partner, and the cost of ownership tends to be lower. On the flip side, the factthat these solutions are designed for businesses in all industries means a **watering down of industry-specific business processes**. This solution category can be a good choice if you are prepared to modify your business processes to fit those developed within the software. You must, however, also be ready to **invest time and resources in substantial customizations** – which will mean further costs for maintenance and updates down the line, especially if multiple vendors are involved.

2. Industry-specific software

These are solutions **designed specifically for an industry or sub-industry**. When you are looking for a software system for your retail business, this type of inclusive software may seem like the white light at the end of the tunnel, as the industry-specific product capabilities often easily align to existing processes within your retail business. However, there are a **few questions** you need to ask before you take this tempting plunge:

- Is the solution developed by an **established software developer**?
- Is it **regularly developed and updated**?
- Can you expand the solution with **extra functionality and add-ons** to support specific requirements?

With all this in mind, **how do you choose the right approach**? To decide what type of software solution best suits your business needs, start by **collecting requirements internally**.

Here's an example of what your company scope statement might include:

- A **prioritized list** of each department's critical needs and requirements, including both must-haves and nice-to-haves.
- A **description of how information flows** and is shared between departments.
- Current **manual and automated data** collection systems.
- Organizational goals, with **clear, measurable** metrics (e.g., achieving at least 85% positive reviews for customer service, shipping all orders within 24 hours, etc.).
- **Transaction volume data** (e.g., number of customers, orders, invoices, and vendors).
- **Financial data and reports** required by accounting, auditing, and banking stakeholders.
- **Reports and analyses** required for management and day-to-day operations.
- **Integration requirements** with in-house systems and desktop applications.
- Vision and **goals**.
- **Other important information** that may be useful in the selection process.

When compiling this list, be sure to **keep it realistic** – if you have too many "must-have" items on your list, you could be eliminating most commercially available software solutions! Once the information is collected and organized, analyze each potential retail management solution in terms of **how well it addresses each of your prioritized business objectives and requirements**.

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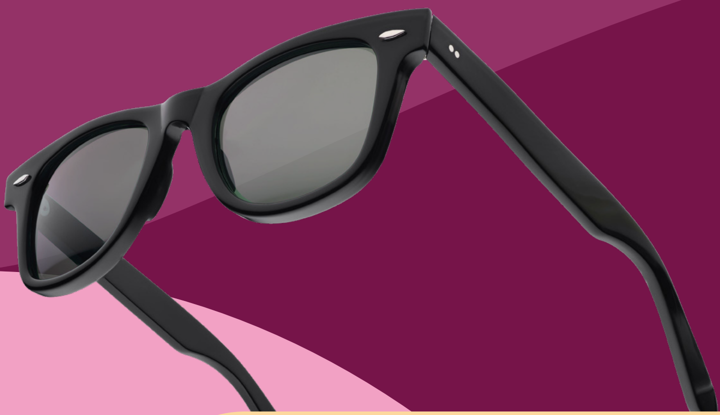
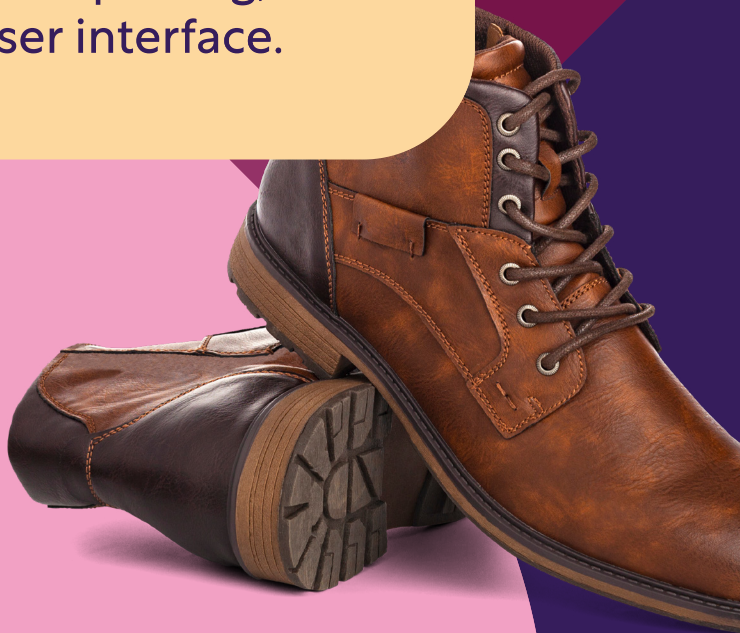


Quick tip:

Place high focus on report output, ease and speed of data entry, processing time for updating and reporting, and intuitiveness of the user interface.



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MISTAKE NUMBER TWO

Starting the process with a fixed idea of what you need

Moving to a new system requires an **open mind and the willingness to start thinking, and working, in different ways**. Your new software may not work the way you're used to – perhaps it will have a different structure to handle data or a different process design.

Business processes

A very common mistake is to look at your existing business processes and try to find a retail management system that will be able to **replicate them**, making them quicker and easier to manage – with no other change required. This is the kind of shortcut thinking that, too often, leads to the **continuation of bad habits**. A change of system gives you the rare opportunity to **analyze and improve** (perhaps even revolutionize!) **your business processes**.

The most effective way to begin the journey is not to look for a solution right away. Instead, **map your procedures and identify which ones are outdated, inefficient, or too complex**. Then make the needed adjustments and use these improved processes as a basis for your search.

Deployment model

Another frequent error is to have a fixed idea about what **type of deployment model** you need. Cloud-based, Software as Service (SaaS) retail management systems are becoming the dominant model, for many reasons that range from cost savings to speed of execution and innovation. Migrating to a cloud system may require you to rethink your business processes, but you'll be repaid with **quicker execution, simpler upgrades, and higher security and reliability**.

Internal users

You might be worried that, if you move to a system that works in a completely different way from the old one, you'll be met with **internal resistance from staff**. Let's get this out of the way: **whichever system you choose, someone will dislike it**. There will always be (some) opposition to changing systems, no matter how bad the old software is, or how much the new one will improve daily tasks. To reduce the risk of resistance, **keep the communication channel open** with all employees, address their concerns, show them how the system works in detail, and don't forget to point out all the benefits they, and your company, will reap after the change.

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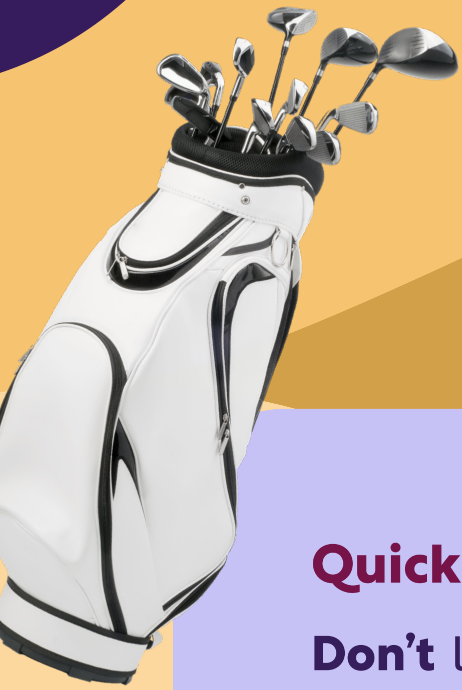
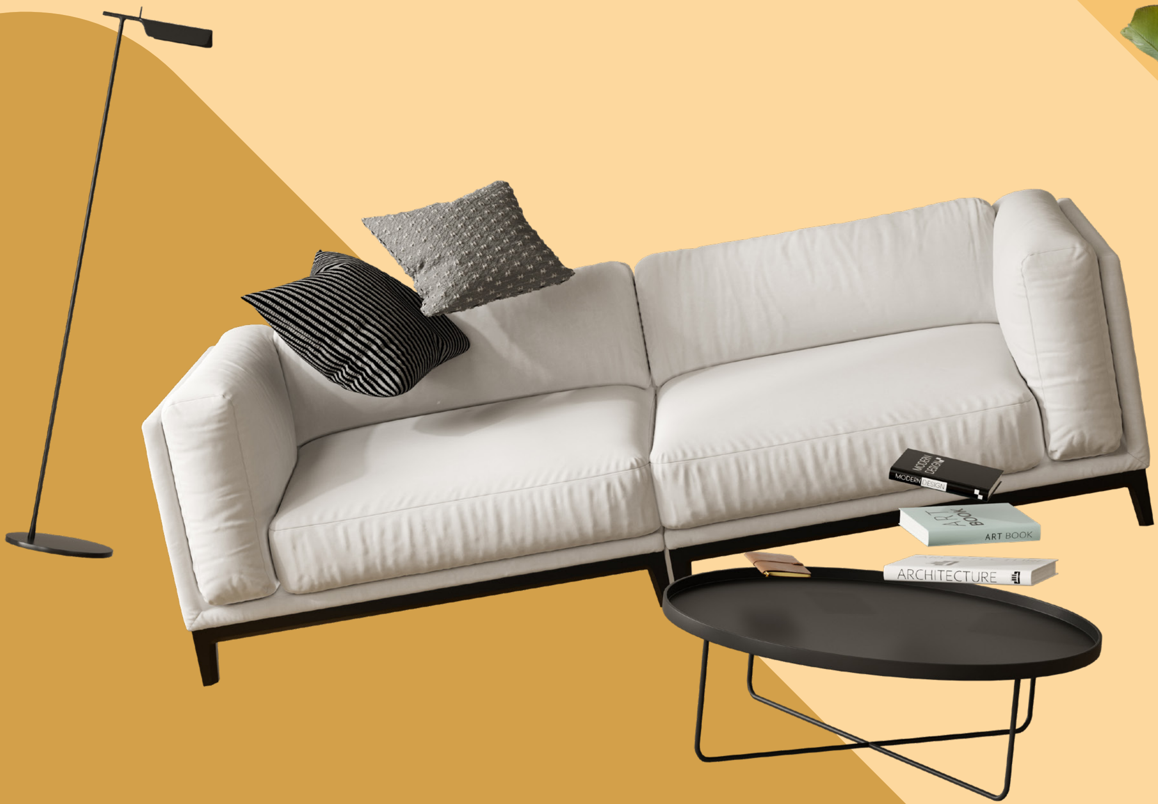


Quick tip:

Don't look for a system that has the same logic and workflows as your current one.

Do take the time to analyze your operations and rethink your processes.



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MISTAKE NUMBER THREE

Leaving the selection process to the IT department

Too often, business executives will simply **hand over the software selection process to the IT department** and expect them to do it alone. Although it is, strictly speaking, IT tech, retail management software isn't just about technology.

Unfortunately, IT departments tend to filter business requirements (even when they are familiar with them) through their own **technological bias**. This often leads to a wish list that includes all possible features and functions, not to leave anything out. But what happens is that **technology and processes become prioritized over business benefits and client interactions**, leaving you with a system that may be well up to date, but is not optimal for handling your business operations.

What should you do instead?

For successful software selection, you must make your business requirements **the backbone of your project**. ERP/CRM initiatives should be, first and foremost, **business projects supported by IT**, and not the other way around.

So, if this is not purely an IT project, how many people, and **who**, should be involved?

Experienced solution providers will request and require time with **both strategic and operational members** of your organization. Information gathering about objectives and business processes is necessary to find, price, and structure the right solution for your needs. **You, and every involved stakeholder across the company**, must make the necessary commitment to empower and inform the solution provider. If other priorities are currently consuming much of your time, the best course of action is to **postpone** this project until you can give it the time it requires.

Implementation lifecycle of the average business software is 6-8 years, so investing the time, energy, and resources necessary to architect an appropriate foundation and business process framework, one that considers both your current and future requirements, will have lasting benefits for your business.

Foregoing an immediate solution is better than rushing into the wrong solution!

MISTAKE NUMBER FOUR

Deciding that “cheapest” means “best value”

One of the easiest mistakes to make when choosing retail management software is to set your eyes on the **least expensive solution**. And this makes sense – why spend more when you can spend less? But the cheapest software can be **deceiving** in what it promises.

The retail software you choose will become the heart and brain of your organization, determining how productive and effective you can be. Before you become too enticed by promises, **consider what the software can actually deliver** – a bigger investment might very well be the better path for your business in the long term. When evaluating a solution’s price, you shouldn’t just focus on the numbers but think in terms of **what you get out of it**. This means factoring in the solution provider’s knowledge, experience, professionalism, and depth of resources. Inexpensive resources will often end up delivering dull and uninvolved work. Project managers and business analysts with deep industry-specific application and business process expertise **don’t come cheap**; and while premium rates don’t always guarantee experienced professionals, **discount rates seldom result in an expert resource**.

And that’s not all you must look for. As you’re selecting a solution that’s going to support your business for the next few years, you must also **consider the solution’s long-term strategy**. This means looking into vendors that are staying on top of trends and investing in **innovation and emerging technologies**. Their solutions might be more expensive on paper – but they’re the ones that will help you stay competitive in the future.

Also consider what may look like low prices at first glance often comes with **thick contracts, and inflated costs** along the way. In the long run, a cheap solution today may become substantially more expensive tomorrow when you need to **create costly integrations** to be able to deliver the experiences your customers expect. The best way to avoid this is to select software that does it right from the beginning.

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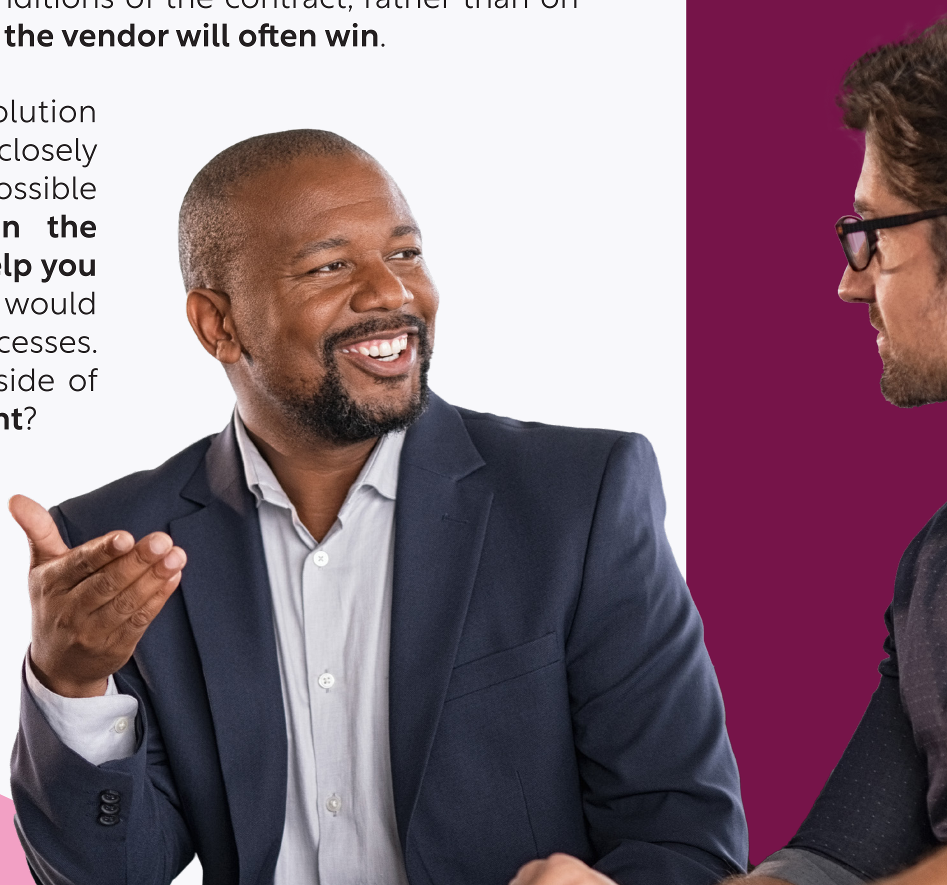
Tightly controlling vendors to decrease costs

There are plenty of businesses out there that try to keep their information hidden, providing vendors only with bits and pieces because they believe it will somehow reduce costs and project risks. In reality, this strategy is **risky and expensive** with negative long-term business consequences.

Although the vendor carries the risk throughout the early stages of the selection process, businesses often fail to understand that denying requests for critical project information (business drivers, budget expectations, etc.) and the appropriate access to the leadership team ultimately leads to **increased project and financial risk**. In fact, providing limited data can lead to the vendor **inflating project estimates** to mitigate risk of the unknown. More importantly, strategic insights and advice that could have led to significant business process improvements and potential economic benefits are left out of the puzzle.

Additionally, businesses will miss out on the benefits of a **strong two-way relationship between the vendor and buyer** if they aren't willing to be forthcoming during the selection process. This produces a situation where, when project challenges or misunderstandings arise, both parties must default on the terms and conditions of the contract, rather than on common sense. And this is a game **the vendor will often win**.

Retailers need to trust the solution provider's expertise and work closely with them to achieve the best possible outcome. **The more information the vendor has, the better they can help you** and understand which technologies would be optimal for your business processes. Why keep the experts on the outside of such a **transformational investment**?



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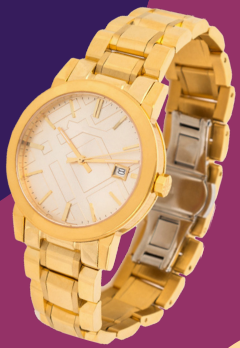
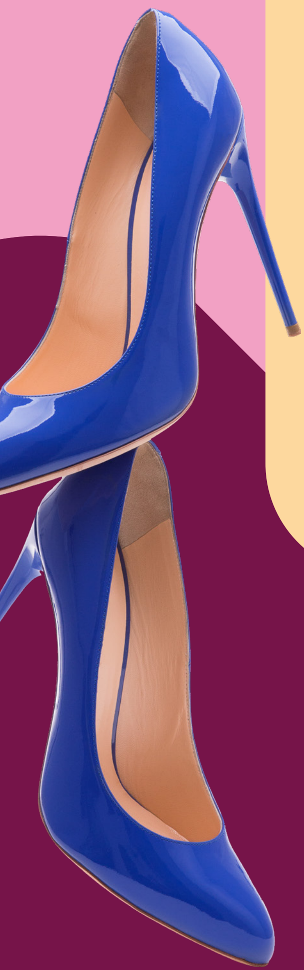


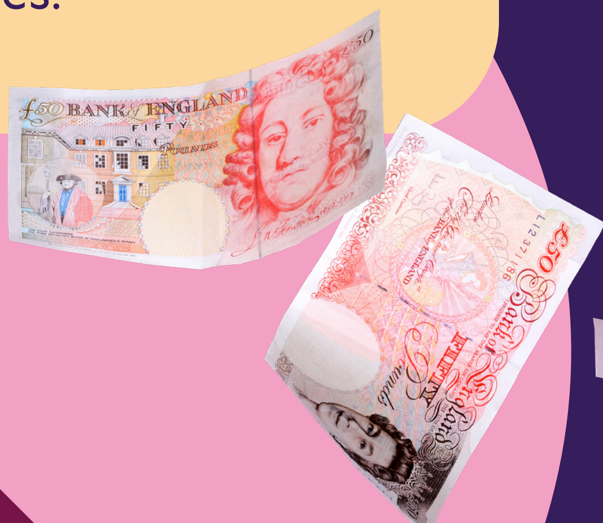
To avoid unhealthy and unnecessary project risk:

1. Examine your buying process for **transparency** and executive availability. If you are setting up a dynamic that promotes confusion rather than collaboration, stop it before it's too late.

2. Clearly define, then share, the project's **measurable business benefits** with the vendors.

3. Ask for the **vendors' advice** on incremental business benefits, process improvements, or cost reduction measures.





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MISTAKE NUMBER SIX

Giving too much importance to the demo

Don't judge a book by its cover! Many businesses go into the software selection process with the idea that **the demo will be the answer to all their problems** – but this is rarely, if ever, the case. There are dozens of factors that go into choosing the right retail software, so the look of the user interface or the demo shouldn't be the number one priority, though you can still consider it at a later stage. But many solution providers still rely upon the "let's demo it" technique to **convince prospective buyers** that they have the right software for the job. And this creates a **false sense of comfort** for many retailers who have been persuaded by the look and feel of the software.

Instead, selection teams should focus on the retail software and vendor/partner elements that **represent significant risk and/or cost**. This means asking questions such as:

- What is the **design and architecture** of the software?
- Is the software **current**, and is it **regularly updated**?
- How proven is it in my industry, and globally? Does it have a **history of success** to show?
- Does it offer **mobility** to my employees and customers?
- Will the software **work harmoniously** with my current network?
- How long will it take to **train employees** to use the system? Is it **user-friendly**, and easy to learn?
- Is **customer support available** in all the different regions where my stores are located – or where I plan to expand to?
- Does it **work across different sales channels** (e-commerce and physical stores), and can it connect them?
- Can it **scale** as my organization grows?

Quite often, when solution providers are asked for information about the products they implement, the first thing they do is insist on showing you a demo. But before you accept their offer, make sure you can **get an answer to the key questions above**. These questions can help you decide whether a demo is even worth it or not, saving you time in the selection process by helping you determine if the software **meets your criteria** to begin with. If the software looks modern and pleasant, that's a nice extra; but this **should not** be the guiding factor in your decision.

MISTAKE NUMBER SEVEN

Not getting references

Even if you've found a solution you think will work for your business, the journey doesn't end there. Take a moment to carefully check the **software provider's track record** before you start the project. **Contact a minimum of three existing retail clients**, ideally operating in your industry or region, y to discuss their experience with the vendor. While it's unlikely that a solution provider will give you the name of an unhappy customer, make sure you **ask questions that are of primary concern to you**, as you might uncover important issues – or settle some of your doubts.

The same thinking goes for the **implementation partner** you decide to work with. This is the company that will effectively take care of setting up your new retail management system, working alongside you and your team throughout the project. **A good relationship with your implementation partner is necessary when ensuring the process's success**. The ideal partner will understand your business and objectives and have **proven knowledge** of the system you're deploying. Do your research into the company and talk to some of their current and **former clients**, if you get the chance, to listen to what they have to say. When implementation partners **don't retain over 90% of their clients**, it's a red flag, possibly indicating a lack of project management experience, understanding of your industry, technical skills – or at worst – all of the above.

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You should also get some **customer references directly from the partner** to dig deeper into all the issues that are relevant to your business. To help you with this phase, we have created a list of some of the **top questions to ask a customer reference**:

1. **How long have you been working with this solution provider?**
2. **Have they kept their commitments?**
3. **How is it dealing with the project managers, consultants, and technical support people?**
4. **How is it dealing with their other departments?**
5. **Did they deliver the project on time, as per the project plan agreed to in advance?**
6. **Did they deliver the project on a fixed price contract or completed it exactly on budget?**
7. **Did you get all the functionality you were promised?**
8. **Did they show up at the time promised to perform the contracted services?**
9. **How quickly has the solution provider addressed the project and technical support challenges?**
10. **How satisfied are you with the solution provider's overall performance?**

Bonus question

What would you change about the software if you could?

Stop before you make a costly mistake!

Are the dozens of similar retail software on the market making you dazed and confused? Do you need help understanding what you need and how to work through contradicting business requirements?

Our experts are here to help.

Contact us

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