

# Use of Customized Software Tools Expected to Grow

BY DAN GRAHAM and PAUL DELKE



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One of the challenges we all face is constantly striving to accomplish more with fewer resources. A key to doing more with less is the effective use of technology. But to be effective, technology must have the right functionality – it must work the way your business works. Tapping into the idle power of your existing resources – both people and software – is a great way to drive sales productivity to a higher level, and many organizations are doing just that. They are using the knowledge of their human resources to get their processes right, and then developing custom software applications by leveraging the power of technology they already own to provide time-saving automation.

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## The failed promise of ERP

One of the more significant technology trends of the past ten years has been the widespread implementation of Enterprise Resource Planning (ERP) systems. ERP implementations were sold as the “silver bullet” – the way to take performance to a higher level by integrating all critical business processes under one technology umbrella. Millions of dollars in savings were promised.

So, has the installation of ERP systems lived up to these great expectations? In most cases, no. It is estimated that up to 70%<sup>1</sup> of ERP implementations were considered to be failures in some way and have serious issues with time and cost overruns, and shortfalls in functionality. Many installations have simply been abandoned after significant investments.

On the other hand, many ERP installations have resulted in significant cost savings. The majority of these savings have been realized due to overhead reductions and cost cutting. Unfortunately, it is estimated that up to two-thirds of the potential cost savings due to ERP implementation have not been achieved. The majority of the

unrealized cost savings lie in process improvements – improving the ways things are done, and taking advantage of the knowledge that can be developed and shared with effective automation.

And this is where ERP systems have often fallen short. A system designed to do all things can rarely do all of them well. When it comes to specific business processes that must be re-engineered to maximize business results, supporting ERP functionality is often lacking. If you are running a sales organization, however, that functionality is exactly what you need to drive higher levels of performance.

There are numerous reasons for the shortfalls in system functionality, but two of the most important are complexity and a failure to understand critical business requirements. Complexity is inevitable when designing a system that attempts to span across all departments and functions of an organization. This broad approach also contributes to the failure to clearly understand how to develop a system that does everything well. ERP systems have typically evolved out of one specialized area, such as accounting or contact management.

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The resulting system is then usually very good in that particular area. Unfortunately, since the ERP vendor's knowledge is based on experience in that core area, there is often a lack of knowledge of how other business processes work, and a resulting lack of robust functionality and integration in many areas. The good news is that for most organizations, solutions to this shortfall are readily available.

### **New trend in tool development**

Developing supporting automation for sales activities is best accomplished by first developing optimized processes, and then providing business productivity applications that support these processes. Once the re-engineered process has been documented, a software solution can be developed to automate the process. If you want to have the solution closely match the new process, sales organizations are finding that custom tools may be the way to go. A recent report from McKinsey suggests that more and more organizations are going in this direction.

A survey of 67 CIOs<sup>2</sup> indicates that IT spending will increase in 2004, but not in the same areas that drove spending in the late 90s. While 65% of the CIOs plan to spend on "Planning internal development of new applications," or custom tools, only 19% were "Planning implementations of major packages." The fallout from the failure of large-scale systems to deliver expected benefits has moved the focus to specialized, custom applications.

If done properly, there are a number of advantages to custom tools. They are developed to tightly match business requirements and optimized processes. They are typically specialized spot applications designed to do a limited number of very specific things, meaning they can be developed relatively quickly and at a fraction of the cost of

## **Real World Applications of Microsoft® Office**

Here are some examples of the types of tools we have developed for clients using Microsoft applications:

### **Promotion Planning and Evaluation –**

**Purpose:** Development and evaluation of promotional plans. Historical point-of-sale and retail conditions data were used to develop expected promotion lift factors, enabling users to forecast promotion results, and build an event volume and spending forecast. Events were planned with an on-screen calendar, and summary reports provided a recap of total planned volume and spending. Planned events were later evaluated against actual results, allowing return on investment to be calculated.

**Outcome:** National Office visibility to planned promotion volume, spending and ROI, reporting on actual results and greater knowledge of what types of promotions were effective lead to development of better future promotions and ultimately a greater return on promotional spending.

### **Customer Planning –**

**Purpose:** Bottom-up, account specific volume forecasting and event planning. Field sales were provided baseline sales volume in order to build a sales, trade spending and promotional plan customized for their accounts. Completed plans were aggregated at any desired level (by region, division, in total, etc.) to provide an overview of forecasted sales volume, product mix, promotional activities and calendars and trade spending.

**Outcome:** Ongoing tracking of planned results versus actual volume enabled early identification of risks to the business plan, enabling proactive risk management.

### **Customer & Market Opportunity Identification –**

**Purpose:** Automated identification of market and customer opportunities based on analysis of syndicated data and share trends. The tool automatically created customer ready PowerPoint charts with smart text based on analytical findings.

**Outcome:** More effective and efficient use of sales resources meant less time was spent on analysis and more time was spent on selling against the right opportunities.

a vanilla module for the same general purpose from an ERP vendor. There is limited risk due to confined scope and relatively small budgets. Finally, and perhaps most importantly, the tool can be developed in an operating environment that the end user is very familiar with, reducing training time and expense. If you want to minimize development and training expense, leveraging products already owned and understood, such as Microsoft® Office, should be considered.

For years, to suggest such an approach would have drawn the ire of any IT professional. The proliferation of Microsoft Excel based "homemade" spreadsheets was one of their ongoing headaches. It was impossible to control

the way things were done, there was no data integrity, and any work that was done individually could never be collected for aggregation and review centrally. This was just the type of environment organizations wanted to eliminate with the implementation of an ERP system.

Recent developments, however, have made such an approach effective, and in many ways attractive. Current releases of Microsoft products have been greatly enhanced with additional functionality, and these products have substantial "hidden power" that is rarely used. Most people have not kept up with the features that have been added to each release of Office, some of which allow easy and seam-

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less integration with existing corporate systems. Microsoft has also committed to the development of custom tools with their Microsoft Partner Program, where they collaborate with and support certified development partners. In addition, when development is controlled centrally, and “one off, skunk works” projects are eliminated, there is complete control of versions and process. The combination of a disciplined development approach, Microsoft’s ongoing support, and the powerful new functionality can eliminate IT concerns.

In addition, the Microsoft® Office System is installed on over 300 million desktops worldwide, meaning it is likely an organization already owns Office, and their people are familiar with the system. Although we work in many toolkits, for these and other reasons discussed below, we find that there is growing interest in developing custom tools in the Microsoft suite of products.

### **Integrating “islands of information”**

At the heart of every enterprise are numerous data-driven business processes that determine how information is to be collected, reported, published, shared, and stored. All of these data-based processes, including sales forecasting, activity planning, management reporting, and other business activities, influence the way organizations collaborate on work, as well as how they communicate with employees and customers. It also influences how they store or archive information for reuse and retrieval. Effective administration, analysis and communication of this critical data greatly impacts the effectiveness and productivity of a sales organization.

A major challenge has long been how to integrate these various “islands of information” within an enterprise into

the corporate data structure. Once this is accomplished, any member of an organization can access any required data from anywhere within the company. Unfortunately, information not contained in corporate databases, such as user developed spreadsheets and business documents, was almost always left outside of this structure. These disparate databases, and the resulting challenges with integrating the critical data required for running the business, were one of the prime reasons the ERP vision was so attractive.

The new Microsoft® Office System now gives organizations the capability to tie all these disparate data sources together in a simple, powerful and comprehensive fashion. In this environment, organizations can connect the laptop environment to enterprise systems and data, provide tools that enable sophisticated analysis and reporting, and make workers more informed and productive.

### **“Custom” means solutions that fit**

Custom developed tools can include numerous user designed features that enable someone like a sales associate to initiate processes from within the applications on their laptop - for example, routing a customer promotional plan to the national office for review or accessing analytical reports. Allowing extensive user involvement in the design of how a system “works, looks and feels” is another big advantage of custom development. In our experience, encouraging extensive end user involvement during development, and paying attention to what they say, is probably the most important predictor of a high level of user acceptance for a new system.

Custom solutions are highly flexible in nature, while also being relatively simple to modify and easy to maintain.

Custom development can now ensure ease of use, functionality that matches process, data integrity, validation of entries, and ease of deployment of solutions. The end result is sales productivity tools that can be developed efficiently, have data integrity through links to corporate systems, have the specific functionality you want, and are accepted and used by the Salesforce.

### **“Now, the best of both worlds”**

How can an organization have the best of both worlds; the benefits of an ERP backbone and tools with the specific functionality critical to effectively and efficiently run their sales organization? One solution that many organizations are embracing is to use their ERP system for what it does best – managing large amounts of disparate data in one place – and then adding customized applications on top of that system to meet specific business needs. Recent developments in PC software packages have made such an approach even more attractive. It is now practical to leverage the process knowledge of your own people and industry experts, and then build targeted automation tools using the functionality of software you already own, the Microsoft® Office suite of products. 

<sup>1</sup> *The 70-percent failure, InfoWorld (www.infoworld.com)*

<sup>2</sup> *The McKinsey Quarterly 2004 special edition*