

How do I know when my system is toast?

By David Teeger

Do you know how effective your computer system is compared to your competitor's?

Is there a net gain or a net loss to your company by continuing to use it?

How many times do retailers punish you with chargebacks that could have been avoided if your computer system were more accurate?

How many extra manual or spreadsheet type processes are you performing to complement it?

How long will it or should it last?

Does it provide good value based on the amount you paid and continue to pay for it?

Is it helping you be competitive — or hindering your ability to compete?

More important, wouldn't you like to have a concrete way to answer these questions?

The truth is most business owners plod along with the same system for years without conducting periodic check-ups to determine whether their systems are functioning well or are in need of attention. This is like assuming you're in peak condition without ever seeing a doctor for a routine physical, or using your car every day without ever having a professional inspect it for wear or damage. Now, think about how necessary your computer is to the cost effective operation of your business. Can you justify paying less attention to your computer than you would to your car or to your health?

The main reason for system neglect isn't ignorance, but more likely uneasiness with the unknown, lack of time, procrastination, fear of failure or of opening up an endless pit into which to throw money. In fact, 70 per cent of senior managers in the apparel sector believe their computer system contains a number of flaws, deficiencies in data integrity, functional shortcomings or faulty reporting capability — yet they don't investigate these problems. Whether a deadline, a meeting or an unexpected issue, something always seems to take priority.

Then, when things do go horribly wrong, the result is almost always unnecessary expense, high blood pressure and aggravation, causing those same owners to kick themselves for not getting around to scheduling that check-up in the first place.

You can save yourself unnecessary expenditure and unwanted frustration by performing a periodic evaluation of your system with tools that take the guesswork out of the process, giving you a clear picture of what needs to be dealt with, and how urgently.

Since most computer users are just that — users, not experts — they are justifiably intimidated by



the intricate universe of software solutions, new technologies, support contracts, integrations, hardware operating systems and data mining tools, making them loathe to enter that universe until the need becomes desperate. Just as you feel more comfortable taking your car to the garage when you can communicate the problem in your own language (as opposed to the esoteric language of garage mechanics, which might as well be ancient Sumerian), you feel more comfortable assessing the true value of your computer system when it's put into terms you can understand.

Tools that help you assess your system confidently strip away convoluted terminology and abstract concepts, enabling you to determine the system's value on the basis of the most important commodity you have: time. One such tool, the *Survey for Apparel Manufacturers and Distributors*, available on the Canadian Apparel website, www.apparel.ca, uses clear, relevant questions and a series of easy computations to help you answer a simple, but vital, question: Does the cost of maintaining or upgrading your current system exceed that of buying and implementing a new one?

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Here's how the *Survey* works:

By answering a number of sector-specific questions regarding the duties that make up your regular business routine, you immediately shed light on the extent to which unnecessary time is spent performing certain tasks weekly, monthly and seasonally — for example, entering order information, counting inventory or performing credit checks on customers. The aggregate answers help you arrive at a Net Annual Difference — the amount you potentially lose each year by not implementing a new system — that, in turn, leads to a figure called "payback years" — the number of years it will take for a new system to pay back its own cost.

A new computer system generally lasts seven to nine years before it starts to become irreparably obsolete, often generating more work-arounds than work-throughs. Payback for a new system is generally agreed to be three or four years. Using these guidelines, the *Survey* translates your findings into one of the following categories:

- If the payback years you arrive at are fewer than three, it's time to change your system, and quick. (Do not stop at GO and do not collect \$200!)

- If the payback years fall between three and four, it is strongly recommended that you start to investigate alternatives, since your system ought to be replaced within a year or so.
- If the payback figure is five to six years, you're okay for the time being, though you may want to consider purchasing add-on tools for individual areas in which functionality is lacking.
- If the payback years are greater than six, you can breathe easy, take a vacation and let your computer run the business!

Often, our computer systems become like an old pair of sneakers. They may feel dated or beyond peak effectiveness, but we convince ourselves they're good enough to do the job, since it's a heck of a lot better than having to go through the effort of purchasing new ones, even though everyone is telling you they smell. But, just as sneakers with inadequate support can lead to injury — costing time, money and avoidable stress — computers that are past their prime represent significant risk as well. This is particularly true if they are counted on as the

keystone of an entire business operation, and your customer is a savvy retailer with the most modern of systems who keeps talking about supply chain visibility.

With the right tools, assessing this risk in a comprehensible, quantifiable way can be as easy as replacing your old pair of sneakers. In fact, committing to the decision to upgrade your computer system is no different than finally purchasing those trendy new "runners". In the final analysis, you end up running a lot better and worrying a lot less — and your whole system benefits as a result.

To obtain your copy of this survey, go to www.apparel.ca. ■

David Teeger C.A. is a partner at Teeger Schiller Inc., with offices in Toronto and Montreal. For the past 25 years, he has been involved in computer-based consulting assignments and system selections as well as implementations for the consumer products sector, including manufacturing, importing, distribution, retail and associations. Learn more about Teeger Schiller at www.teegerschiller.com.

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David Teeger

Director

David Teeger C.A., C.A. (S.A.) graduated as a Chartered Accountant in South Africa, and upon arrival in Canada he obtained his Canadian C.A. designation and joined Richter & Associates, a management consulting firm, where he concentrated his practice on various business sectors including household goods, fashion, automotive parts, public associations, and retail chains. He performed many roles in his 15 years at Richter, including managing the professional services organization in North America and all business operations throughout Europe.

David's professional capabilities include computer audits, feasibility studies, system analyses and assistance in the selection, negotiation and implementation of computerized solutions.

As a founding partner of Teeger Schiller Inc., he has focused his practice on consulting to management. His team of professionals has helped businesses select and successfully install a variety of ERP business solutions and add-on systems including business intelligence solutions to give new life to existing computer systems. David's clients not only rely on him to successfully manage the implementation of their new systems, but to manage the change that occurs in their organizations as a result of the use of these new tools.



Elliot Schiller

Director

Elliot Schiller, Ph.D., C.M.C. began his career as a Chemical Engineer working for Grumman Aircraft, in Long Island, New York. He obtained his Ph.D. at the University of Pittsburgh with funding from the U.S. Atomic Energy Commission, and, after being awarded a Presidential Fellowship, he went on to perform research and development activities at Brookhaven National Laboratory.

Since coming to Canada, he has primarily assisted consumer products and retail organizations in a variety of strategic management initiatives, traveling around the globe on behalf of his clients. In 1987, Elliot joined Richter & Associates, and it is here that he first met David Teeger.

As a founding partner of Teeger Schiller Inc., he has focused the SR&ED / Grant Division on obtaining grants and tax incentives for over 100 companies in the small to medium sized business sector. His team has provided services to the discrete / processing manufacturing, material development, textiles, apparel, automotive and computer sciences sectors. Annually, Teeger Schiller Inc. secures more than \$5 million in government funding to assist its clients in having their business initiatives supported by government funding.



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