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Shopping for Floor Covering Specific Software

Some personal observations from a floor covering veteran:

As an industry veteran of over 30 years, I have worked with many software systems. .
Hopefully you can benefit by learning from my experience.

Shopping for floor covering specific – Business management software is a very a very confusing process for most clients.

Beginning on **page three** are critical questions you should ask any software provider. There is no need to be in the dark about what to expect from your business management software solution.

Do Your Homework

Why Industry Specific Software?

Only floor covering industry specific business management systems will allow you to do more business with less staff (overhead) as you grow your business.

There is actually a formula for how Automation can impact your bottom line.

In a **truly automated business**, software can save *2 hours per day/per employee*.

That's 25% of the entire business day! This allows your business to grow up to 25% in additional sales volume without having to add more employees. When you add sales volume without adding overhead, this incremental new volume is highly profitable new business. Overhead = 30% of sales in our industry.

Accounting only software does little to Automate and Integrate your business.

Do your Due Diligence

It is the questions that you do not ask which will come back to bite you. Do not assume anything.

Make a list of what you need the software to do for your business and thoroughly review the answers you are given.

Ask a question in three parts. *Example*: “Does the software do Job Costing”? “ How does the system calculate Job Costs”? “ What does the Job Costing Report look like” ? (Show it to me....)

(* See p. 3 for some very important questions you should ask regarding any business management software you are considering).

Never purchase new systems. **Always** call several referrals which have been using the system through at least one year end. If the company you are considering will not give you a long list of client referrals, you are working with the wrong company. Why? Many accounting and inventory issues do not become evident until you close out a fiscal year.

Set your Expectations

Purchasing business management software is an Investment not an Expense. Judge the value of the system by what they system will save you, not by how much it costs. If you purchase the right system, the first time, the system will make you money not cost you money.

The most expensive business management software is the one which you must replace because it does not do the job correctly or efficiently.

No industry specific software will do 100% of what you want it to do, the way you want it done. Be prepared to meet the system part way.

Why? We work in a custom industry. Every business is different, every floor covering sale is a custom job. 80% of how you manage your business is very similar to how other floor covering businesses manage their business. 20% is unique to you.

Your goal: if you can find a system that will do 80% of what you need, you are a winner.

Which software system is best for your business?

If you are a **\$1mm** business which sells mostly **Carpet** to primarily **Retail** clients, you can get by with many of the systems available in the floor covering industry. If your business model changes or your business grows, you will probably have to replace that software with a more robust system.

The typical floor covering business in North America does not fit the description above. Most of us sell If ceramic, hardwood, laminate, & area rugs. We typically sell to Builders, Commercial, Property Management, Cash and Carry, etc...

These more complicated product types and customer types bring with them a whole different set of software requirements than do Carpet and Retail. Frankly, many systems in our industry do not handle Business to Business or Hard surface in an efficient manner.

If you are the typical North American dealer, you will need a more robust business management system.

Some important questions to ask to determine if a system will work for your business

Here they are, simply ask these questions, settle only for clear and complete answers, and you will have done your Due Diligence.

Is the Accounting GAAP (Generally Accepted Accounting Practices) compliant?

If the answer is No (or I don't know), the owner's assets are simply at risk. Many open accounting systems may allow anyone, at any time, to change your accounting records.

Thousands of dollars of Inventory or Accounts Receivables may disappear with the click of a button. No audit trail remains.

Do the different reports match? For example, does the Inventory Report, the Accounts Receivable Report, the Demographics Report, etc... match the balances in your general ledger? Some very expensive business management systems do not have the capability to maintain consistent reporting and accounting. This is a serious red flag to banks or investors.

Is the business management system a SINGLE ENTRY fully integrated system?

If the system is not Single Entry capable, you may have to enter the same data into the system several times. This is Duplication of routine, repetitive tasks, the very cost you are hoping to eliminate by your investment.

Is the business management system a true MULTI THREADED Windows product?

If a system is not truly **Multi Threaded**, like Windows Word or Windows Excel, you cannot have multiple modules open at one time. Literally, you may have to close down one module to move on and work in another. Beware, not all systems that appear to be Windows are Multi Threaded.

Does the system allow the Partial Receiving of a Purchase Order?

When placing orders for hard surface, it is common to not receive all the materials in the original shipment. Most systems force you to treat the purchase order as if nothing was received or as if everything was received. Of course, neither is correct and this leads to mistakes.

This capability is a deal breaker if you are seriously in the hard surface business.

Does the Order Entry (Point of Sale) system seamlessly alert the sales person when they have sold quantity of material that does not match the number of cartons required to fulfill the order?

Again, this is a deal breaker feature if you sell hard surface. Why? Training and requiring Sales staff to enter line items in a Customer Estimate or Sale will be your most challenging conversion task.

To be successful in bringing your sales staff into the system, you must make their job Easier, Faster, and with less Mistakes. If your sales person sells 455 SF of a ceramic which is purchased in quantities of 11 SF per carton, the system must have the capability to Automatically and Seamlessly advise the sale person that they need to Sell and Purchase 462 SF.

B2B (ECommerce): Does the software allow for at least 80 characters in the style name?

This requirement is perhaps the most critical of all. B2B allows you to import your product catalogues from many of your vendors. With some vendors like Shaw and Mohawk, you can also import your vendor bills directly into the system, match the vendor bill to your purchase order, and automatically stage the bill to be paid in A/P.

This capability can literally eliminate a staff position in many floor covering businesses.

If the software is not capable of importing **80 characters** in the style name, you may not be able to see the complete style name, the tile size, the # of SF in a carton, the complete style name, etc... With less than an 80 character capability; the importation of carpet price catalogues may be acceptable, but hard surface could be a disaster. This could render the system to virtually a manual process when selling hard surface.

Ask the question in a very detailed manner ! Will the system support 80 characters in the Style name and **also** in the: Customer Invoice, Purchase Order, Inventory Module, Vendor Product Module(vendor costs), and the installer Work Order. If the answer to any of the above is no, you may be very disappointed with the systems B2B capabilities.

How many "business management" clients does the company have?

Note, the question is not how many Estimator clients the company has. RFMS is in 7,000 stores. Our closest competitor is in only 400 stores. Our typical competitor has only 200 business management clients.

How many Developers does the software company employ?

Most have only one full time programmer. RFMS has 16 Development Positions.

Thirteen Peogrammers and 3 Quality Control Professionals (Testers).

This greatly effects how quickly the system improves over time. Our typical competitor has only one or– two developers who also serve as Testers.

How many employees does the company have ?

The technology industry is to a great degree a cottage industry. A company can appear to be much larger than they really are.

RFMS has 80 Employees with an Annual Payroll of over \$7mm. Our typical competitor has eight employees total.

What database serves as the platform for the software system?

This is a technical question, but none the less, very important. Software is built around a data base.

The data base serves as the platform for the system. The quality of the data base effects:

Stability, Security, Processing Speed, Search Filters, Report Generation, Speed of programming development, and overall system compatibility.

RFMS is built on the **Microsoft SQL** database. Microsoft SQL is arguably the most widely accepted PC based database technology.

Does the Accounting do Payroll?

If not, the accounting module is probably also lacking in other areas. Perhaps the Accounting reports are very generic, not tailored to the floor covering industry.

Perhaps the Reports do not match the General Ledger Balances. Bottom line, the system may not be very well received by your bookkeeper.

Does the Accounting calculate SUTA and FUTA?***Does the Accounting seamlessly calculate how much Use Tax or Sales Tax you owe at the end of the month?***

This is a huge efficiency for your accounting staff.

Does the Accounting allow for the partial billing of customer invoices? If so, does the system do the partial Accounting for the Receivable?

Often floor covering consumers want to see the carpet and the ceramic together on one Agreement. Of course, usually the ceramic may be installed weeks before the carpet.

Most software systems do not allow for the partial billing and accounting of a customer invoice. Result, the business has to wait to be paid for the ceramic until the carpet is completed. Cash flow is interrupted.

Does the company have a national network of Company Representatives to service your needs?

Only RFMS has a national network of Client Service representatives (8) to call on existing RFMS Clients. These **Regional Systems Analysts** have one job, to be your RFMS Facilitator. RSA's do not call on potential new customers, their sole job is to service existing clients.

Conversion Expectations

Any industry specific software has a Learning Curve. Even systems that tout themselves as Simple or Easy typically take 6 months and more to become proficient. Ironically, more robust systems have the same 6 month + learning curve.

Typically your biggest problem will be that the sales staff will not be eager to enter line items. All industry specific software requires that you do so, this is the only way the system can Automate routine/repetitive tasks such as: Purchase Orders, Work Orders, Job Costing, Accounting, Installer payroll, Commissions, and Accounting.

How can it be that the conversion times for a “Simple” system and a Robust system are similar?

In a robust system, more tasks are performed automatically. You have to pull fewer triggers as the system is doing these tasks seamlessly in the background, as you do business.

Why does conversion take so long?

- First of all: You already had a full time job before you took on this project.
- During the process you will want to run concurrent systems for at least two months. This process is to be sure you have your accounting set up properly and to serve as a failsafe.
- Your personal timeline will depend on how many human resources you have to apply to the conversion. The current level technical proficiency among your staff will also impact the conversion timeline. It could take you longer than 6 months, but it rarely is achieved in less than 6 months, regardless of which system you purchase.

How does RFMS help with the Conversion Process?

RFMS has 10 full time Help Desk Professionals to answer client questions. This is more employees that our competitors have in total. Telephone Support is their full time responsibility.

RFMS additionally employs 10 full time Trainers and Consultants. These Trainers and Consultants travel North America providing Onsite training and implementation at our clients place of business. Trainers also provide personal eLearning assistance.

Support and Training at RFMS utilizes state of the art virtual support and training tools including Go To Meetings, Net Steaming, and Webinars.

RFMS University offers Continuing Education via Regional Seminars and Webinars.

You will find RFMS Regional Seminars at many of the industry's major gatherings.

Classroom Training is always used for new clients at RFMS University in Tuscaloosa, Alabama.

Conclusion

If you ask the critical questions above and make the comparisons in Technological and Human Resources, I assure you will agree that RFMS is the **Industry Leader**.

Simply stated, RFMS is the Cadillac SUV of floor covering specific business management software. RFMS comes standard with features necessary to manage more demanding scenarios such as Hard Surface, Paint, Carpet Cleaning, Builder options, Commercial and Contract clients and Property Management businesses.

RFMS has been in business nearly 25 years, operating with a stable software architecture platform which will grow with your business.

The **true cost** of a business management system is not the cost of the System itself, it is the time and money invested implementing the system. The most expensive system you will ever own is the one which you must replace and then re-implement because it did not truly Automate your business.

The **true value** of business management system that it provides a Return-On-Investment by helping to control costs, track job profitability, minimize mistakes, eliminate manual/repetitive tasks, and improve customer service.

Simply put, is your system of choice going to be an Expense or will it be an Investment which will not only pay for itself but also pay dividends.

