Systems Selection
ENSURING A PROPER FIT

by Rainer Paul

The direct selling industry has many unique systems needs, and in most cases companies find that there is not a single software solution that meets all their business needs. Therefore, companies have no choice but to select software from several providers, which requires careful selection and integration planning to avoid costly overruns and implementation failures. Let us first review the areas of systems needs:

A robust and scaleable direct sales genealogy/commission engine/ order management system. If the company is operating in multiple markets with a seamless global genealogy plan, then that direct sales system also needs to be a single, global Web-based system.

A strong set of distributor-facing Web sites. The distributors can see in real time their performance, such as individual and group volumes. They need an order entry area where distributors and retail clients can enter orders. In addition, they need a distributor business tools area that helps distributors build their businesses through communication tools, such as e-mail blasts, e-cards, voicemail, auto-response messages and contact management.

A corporate Web site in multiple languages. Many of these Web pages must interface with the genealogy, commission and order-management system.

An Enterprise Resource Planning (ERP) system. ERPs can integrate purchasing, demand forecasting, inventory control/ warehouse management, manufacturing, order fulfillment, and shipping data and processes.

All Direct Selling and ERP Systems Are Not Suitable for all Direct Selling Companies

As mentioned earlier, a thorough review of business requirements and systems functionality is a must. The direct sales software business consists of quite a few companies, ranging in size and with different technologies. Therefore, carefully consider your needs when choosing a vendor to work with.

The ERP world is even more challenging. There are hundreds of ERP systems offered in the United States today. Finding the right one with the right technology and the right support for the right price requires experience and a proper sorting-out process.

How to Choose the Right Vendors

The key to finding the right vendor for each of these three systems is to narrow the choices to five to six vendors, and develop a Request for Proposal and Functional Specification Survey that each vendor must complete. In addition, a Demo Script should be prepared that each vendor must follow when presenting their system's functionality. Demo data should also be supplied along with an explanation of the compensation plan rules. The vendors should then be requested to use this data in their presentations for review by the company's selection team. This selection team should have key representatives from IT, functional and senior management.

Vendors should then be required to submit names of companies where similar system implementations were successfully completed. In addition, members of the selection team should preferably visit these companies or at least conduct telephone reviews.

After the demos are completed, the negotiation of license fees, yearly maintenance fees, implementation and training costs and hardware/operating system requirements takes place. Implementation costs can range from one to seven times the cost of the software licenses, so proper implementation planning is critical. This is where an experienced "vendor independent" consulting company can save the company hundreds of thousands of dollars. If in-house expertise is lacking, the consulting company can prepare a consolidated project plan for the direct sales, Web, and ERP implementation steps and should assume the role of general contractor. Their role is to ensure that a) the selected software vendors are closely working together, integration points are clearly defined and issues are being resolved in a timely matter, and b) internal functional users are adequately involved, reach agreement on improved business processes and understand and signoff on the new system's requirements.

Following a well thought out systems-selection process and establishing a committed project team with knowledgeable individuals goes a long way toward achieving a successful system implementation. ⊛

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