QuickBooks to ERP: Are You Ready to Make the Switch?

The ultimate guide to the transition from QuickBooks to a comprehensive ERP software platform

Guide Highlights

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Signs You Need to Upgrade

If you are a micro or very small business, meaning a firm that offers a particularly short product or professional services list, operating under 10 employees, then QuickBooks is probably a valuable ally for your financial and accounting management processes. Consider this another way; if you execute all of your customer transactions within a 25 mile radius, your entire monthly sales list can be read on two pages, and your complete inventory can be viewed through the door between your back-office and warehouse, QuickBooks will probably suffice.

However, if you find any of these business elements cause you headaches on a daily basis and you have the worrying feeling your company is operating betwixt and between 'small' to 'mid-sized', moving from QuickBooks to ERP might give you the system scope you need.

Below we have outlined three "glow-in-the-dark" performance indicators one can leverage to instigate some initial change-management momentum during a switch from QuickBooks to ERP.

QuickBooks Third-Party Applications Fall Short

QuickBooks is well-respected as a Generally Accepted Accounting Principles (GAAP) platform, and its dependability is rock-solid. Over time, as it has evolved, QuickBooks has developed integrations with a host of third-party systems that promise ERP-like capabilities. However these integrations often fall well short of complete ERP systems as they are 'resources-lite' business systems.

These kinds of integrations work fine if resource management processes can be executed on the basis of somewhat lazy, "whenever-you-say" responses. But, if an operation calls for real-time decision-making associated with critical business elements, third-party QuickBooks apps typically end up falling short. So if speed becomes critical operationally, perhaps it's time to look up rather than out.

The Growth of Your Enterprise Database is Rapid

In the same way speed-of-response can aid or limit the efficiency of enterprise resource management, an inability to add more database elements within a particular decision-loop can create an equal amount of concern. If a small business finds themselves losing business to one or more competitors because they "didn't know what they didn't know, when they needed to know it", it might be time to take a look at migrating from QuickBooks to ERP; from a generally flat data platform, to a more sophisticated relational-database solution.

Once again, the scale of the particular enterprise is going to be key here. After all, there is no reason to shell out on a Ferrari when a Ford Fiesta will work just fine. Having said that, when it comes to resource decision-making associated with an obviously expanding enterprise, an ability to manipulate more information will always be a valuable asset.

Integration vs Migration

Having identified the areas of your business that can no longer rely on QuickBooks for systematic support, you face the thorny issue of system change. Change is always hard to swallow when a small business faces the prospect of systems growth. But, when considering an essential operational dependency like a company's financial platform, decisions on whether or not to migrate QuickBooks processes to ERP can become even more daunting.

Because of the formidable challenge ahead, it is vital your business fully defines the scope of system change. But, in a world of integration and system configuration, the decisions you need to make regarding your QuickBooks to ERP transition are not black and white.

QuickBooks Integration

If your enterprise is small in scale and it appears ERP-like requirements have come to the fore, QuickBooks does offer a long list of third-party integrations that offer ERP capabilities and an alternative to a complete migration of QuickBooks, these include but are not limited to the following:

NumberCruncher Inventory and Order Management Software - NumberCruncher provides order management functionality including purchasing, shipping, order entry, production and inventory.

MISys Manufacturing - Integrated manufacturing system; manage raw materials and WIP, schedule production, use time-phased MRP, and more.

Fishbowl Inventory - Pitching itself as the number one inventory management solution for QuickBooks, Fishbowl offers manufacturing, distribution and retail companies a range of inventory management tools. These include order management, bar coding, multiple locations and more.

ACOWIN for Windows - ACOWIN integration with QuickBooks provides an option for companies looking for services and project management alongside financials.

E2 Shop System - E2 handles quotes, scheduling, job costing, performance analysis, purchasing, inventory, barcode data collection, shipping, quality assurance, and contact management.

QuickBooks Migration

If you currently operate a QuickBooks on-premise system, and have researched the integrated route but still feel you're not getting what you need, the next move toward a true ERP option in QuickBooks' lexicon may be to migrate to the company's cloud-based variant. Intuit offers a SaaS product entitled QuickBooks Enterprise that allows the user to not only directly translate a company's current data to a more expansive GAAP platform, but also allows cloud-based interaction with the third-party add-ons like the aforementioned FishBowl Inventory system.

However, these value points will not help you if you are looking for more sophisticated manufacturing or production scheduling, comprehensive project management, extended internal data-manipulation, effective drill-down relational analysis, or finally, leverage enhanced reporting capabilities requiring deep SQL database transparency.

If this litany of constraints, whether they're operational or technical, have lead your business to the conclusion that it is time to bail out of QuickBooks all together, the next step is to begin a comprehensive requirements gathering process.

Requirements Gathering Pitfalls

Effective requirements gathering offers the ability to define finite differences between elements that are ‘assumed’, versus practical ‘reality.’ Consequently, when considering the enterprise migration from a QuickBooks platform to a more sophisticated ERP system, the execution of a solid requirements process allows a migration manager to avoid many of the minefields present in any QuickBooks to ERP upgrade.

However, simply acknowledging the necessity of an efficient requirements process is not enough. Before one can execute a requirements round, one must develop a structure that directly supports success at the most elemental level. In the case of a requirements gathering process for any ERP migration, this can be achieved by inverting one’s thinking, by considering the impacts of what can go south if one doesn’t do the right thing at the right time.

Producing Incomplete Requirements

The First Law of Holes states, “if you find yourself in a hole, stop digging.” However, when it comes to systems requirement development, the proverb is rarely considered, let alone applied effectively at an enterprise level. The practical impact here is a considerable loss of time and increased costs while recovering and/or creating information that ‘should have already been known’ at the outset of the Quickbooks to ERP migration process.

For example, let’s take a look at a simple General Ledger (G/L) migration from QuickBooks to SAP Business One; the ERP brand’s small business accounting module. In this event, while QuickBooks offers typical general accounting processes, it does not allow for flexible G/L account segmentation, on the other hand, Business One allows up to 10 account segments to be applied.

Consequently, should a user simply move his/her QuickBooks data to SAP, without first considering the latter’s extended structural capability, it is likely that time and monetary costs will increase because the enterprise’s entire G/L ledger structure will have to change. Granted, this is not a direct technical issue per se, but from a financial management standpoint, the point of migrating to a pure ERP system from QuickBooks in the first place is typically based on manipulating more data, rather than less, going forward.

Incorrectly Identifying Requirements

This mistake is the most typical of all requirements development failures. To be frank, most individuals don't enjoy the tedious and often highly invasive process of drilling-down into 'how and why' things work (or don't work) at an enterprise level. These people tend to 'assume' accuracies that do not exist. However, if one doesn't spend the necessary investigatory time at the front-end of a requirement, there will be an 80% greater chance a QuickBooks to ERP migration will offer inaccurate information leading to operational failures.

For example, and again working off a QuickBooks to Business One scenario, consider the necessary requirement for reconciliation of QuickBooks between its sub-ledgers and final G/L balances. In this case, if a user does not ensure all sub-ledgers balance to QuickBooks internal G/L before moving the data across the bridge, subsequent errors will extend forward, and the user will ultimately face fixes after the fact or worse.

Losing Requirements During Migration

Believe it or not, this happens regularly, and can be particularly bad for the continued employment of any enterprise manager. The impact of 'losing requirements' during a QuickBooks to ERP migration is bad enough when it applies to the failed movement or integration of data that leads to inaccurate reporting. However, enterprise migration managers can even be guilty of the complete loss of focus on a non-data based requirement during the migration process. The negative impact of this will be keenly felt during any QuickBooks to ERP migration as many processes will need to be translated across the system divide.

At the end of the day, if a manager takes a strategic view of the entire process of requirements-building, on top of taking the time to ensure completely transparent migration requirements apply throughout, the migration should be successful.

This, in turn, leads to a host of increased ROIs well beyond what one might typically expect from a QuickBooks to ERP migration. These include but are not limited to; faster enterprise time-to-market response, enhances in overall systems and business productivity, the expansion of team efficiencies throughout the company, an ability to leverage real-time visibility, and finally, the creation of additional products and services that typically lead to extended revenue over time.

Migration Planning & The HSW Loop

You have now determined your enterprise processes need to be lifted up to the next level. You aim to achieve this by migrating from QuickBooks to a more sophisticated ERP system offering deeper processing capability. Subsequently, you have taken your conclusion to senior and line management, in the form of a requirements analysis, who have also been sold on the change; but what now?

Well, aside from the obvious need to identify and purchase a next-gen ERP system, along with securing a competent technical partner to help you guide the balls as they roll around on the table, the next critical set of processes will be planning an ERP migration project. This project will be driven by a clear goal of keeping the entire ERP evolution from falling by the wayside. In the case of QuickBooks migration, there are three essential categories of work, what I refer to as the 'HSW loop'.

Hardware

In this case, 'H' stands for Hardware, meaning an inventory and quality investigation regarding all, (and I mean all), hardware, firmware, and/or peripheral systems that blink, buzz, doink, and whirr, in order to execute, store and support information across one's QuickBooks system.

This area of focus also extends to data rate measurements, accessible static and/or dynamic bandwidth, gateway/routing limitations, and signal delivery capabilities and dependencies regarding one's particular cable infrastructure. The goal in this case is to determine whether the enterprises' physical environment will scale-up easily while attempting to avoid QuickBooks migration issues beyond the upgrade processes themselves.

Software

'S' stands for Software and, again, we're talking about all software systems that support, secure, manage, balance, and/or execute data across the enterprises' QuickBooks infrastructure. In this case, the inventory and quality investigation regards the central potential of non-compliance between what the current QuickBooks platform requires and utilizes, versus what will be required from any new ERP system.

Wetware

'W' stands for Wetware. In this case, the manager is looking for process similarities, and/or dissimilarities, associated with QuickBooks protocols, versus future ERP system protocols. This process should make an attempt to clearly understand any system colloquialisms, sometimes referred to as 'bad habits'.

Identifying these colloquialisms will require a considerable degree of patience and tact, since every enterprise/divisional workforce harbors non-standard processes that are typically justified as being 'simple systems work-arounds.' However, if a QuickBooks workaround is not clearly identified and understood, when it comes to migrate to a new system, issues of process non-compliance will create additional turmoil when it is least appreciated.

While these three focus points only begin to form the foundations for what will be required of a serious migration plan, they will give you some bread crumbs to follow. As the old saying goes, 'start where you stand or you'll never get anywhere.'

Migration Best Practices

There are a host of practical challenges associated with the decision to migrate from QuickBooks to ERP. Perhaps the most daunting of these issues regards intrinsic scale-of-operations differences between what can fairly be referred to as a 'small-business' system in the form of QuickBooks, versus a more sophisticated enterprise platform like a Tier 1 or 2 ERP system.

While these dissimilarities may focus on system size, function, and data elements, before one can get to the wheat as it were, one must first clear away the chaff. In the event of an ERP migration, this means working through the myriad of 'wetware' issues.

These 'wetware' issues arise from an enterprise-sized lack of confidence driven by the decision to discard central financial/resources capabilities in favor of going headfirst down the rabbit hole, hurtling toward one or more big, and usually scary operational unknowns. To counter these issues, it is essential to follow well established best practices during your system migration.

Know What You Are Buying and Why

This primarily applies to senior management cadres that, on the one hand, may enjoy the concept of real-time resource reporting when sitting at lunch, but don't clearly understand how deep these systems subsume and control operations on a daily basis. The response here is simple. Learn about the value of a new system first, then follow-up by actively pushing any new value or knowledge all the way down to the enterprise floor.

For example, when comparing QuickBooks with a Tier 1 or Tier 2 ERP system, there are a host of extended capabilities immediately available to any expanding enterprise including;

Account Number Sophistication - Low flexibility in account segmentation in QuickBooks, versus comprehensive account segmentation in many ERP systems.

Inventory - Basic inventory tracking in QuickBooks versus a constellation of capabilities such as average cost valuations, serial numbering, record batching, multi-warehouse management, FIFO record management, and average and standard costing.

Scalability – QuickBooks on-premise exhibits retrograde speed as one's enterprise data mass expands. On the other hand QuickBooks Enterprise and Saas ERP offer cloud capability that scales-up on demand.

Identify and Secure a Solid Implementation Partner

Knowledge represents nothing unless action accompanies it. When taking a hard look at an ERP implementation, it's paramount any 'incoming' systems partner binds itself to the same culture as an enterprise itself. This means if your company is somewhat lazy about migration scheduling, then a systems partner should offer the same level of response (why one would operate this way is beyond me, but it is what it is). On the other hand, if your company fosters and values hard-charging business response, then a systems partner should offer the same level of activity.

Sell On, Sign On

This element can not be over-sold, nor can it be a one-time event. If everyone is not on the same page, an enterprise software migration will fail. In this case, the right approach here is to sell, sell, sell; then encourage your enterprise workforce to 'sign on' to the change either formally or informally.

This activity should be driven from the top down, by executing system education sessions well ahead of the time a company's systems partner appears at the door. This early buy-in process pays huge dividends down the road, and at the same time, will gain early favor from the workforce ranging from the executive to shop floors.

Respond Then Respond Again

This bit of confidence-building goes to the heart of any migration-based enterprise evolution. Whether a company is expanding from spreadsheets to QuickBooks, or QuickBooks to ERP, the premise of emotional support driven by an immediate response to any query must be met quickly, directly and accurately. There is nothing more damaging to a migration evolution than to have a worker ask a question and get minimal or no support, particularly when management is trying to sell an enterprise systems change.

Granted these are just a few ways to approach the challenges associated with a QuickBooks to ERP migration, since each enterprise is different. Nevertheless, if you start working on 'wetware' challenges first, employee buy-in will be achieved, thereby creating a more efficient overall end-to-end migration process.

Change Management

Whether you're upgrading from QuickBooks to a new on-premise or SaaS system, in a small or mid-sized company, the need for an effective management plan based on mitigating the impacts of workforce change is critical. In his 1995 book "Leading Change" Harvard Business School's John Kotter outlines several straightforward steps that offer an active change continuum while producing a minimum of toil and trouble inside the enterprise workforce.

Create a Sense of Urgency

This step articulates a way to create momentum leading to the buy-in of the largest enterprise group possible. For example, your enterprise inventory group may be facing reporting slowdowns stemming from your QuickBooks on-premise system. The promise of one or more systems upgrade options can create positive excitement that will not only help a workforce see light in the tunnel operationally, but will also clearly support any upgrade proposal in the future.

Form Strong Coalitions

As the old saying goes, 'there's safety in numbers,' and this axiom applies particularly in the case of change management. Consider a CFO who feels his enterprise QuickBooks financial modules are archaic and difficult to deal with, but is unwilling to go to a subordinate IT manager for help first. Chances are if the IT manager is sharp, and knows his operating environment, the CFO's business squawks are on his or her radar. After all, they probably feel the same way about the quality of their own departmental reporting. This common ground can immediately serve as a team window both managers can easily operate through, creating a ready coalition that can drive an enterprise toward a future QuickBooks upgrade decision.

Create And Communicate A Vision

As the fable goes, sometime around the turn of the last century a cannery was having a hard time selling its inventory of pale salmon to a locally sated customer base. Consequently, the management came up with a unique 'if you can't fix it, feature it' marketing slogan, by advertising their salmon was 'Guaranteed not to turn pink in the can,' subsequently creating a firestorm of new business. The same approach can be applied to enterprise system change; establish selling points for process change and establish a vision for the future system landscape.

The creation and communication of a vision associated with a QuickBooks to ERP system transition is essential for change management success. If a manager is not willing to ‘talk the talk’ every day, it will be highly-unlikely one will ever have a chance to ‘walk the walk’ sometime in the future.

Kotter’s change management approach is based on common sense to be sure, but it is much more than that, since the doctrine is easily applied to virtually any sized company, or technological requirements, including the upgrade from a QuickBooks system to ERP.

This guide was written by Rick Carlton, ERP Focus Columnist, with contributions from Tom Feltham, ERP Focus Editor

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