7 food service management software selection mistakes that spell failure

LS Retail
an aptos company

The selection process for a new food service management software is a complex and difficult task. Implementing, maintaining and upgrading a core software system over a five-year term will average $100,000 - $500,000 for the typical mid-market organization. On top of that, the software you choose will impact your operational effectiveness for the next 6-10 years.

Given the significant commitment and investment required, it is shocking how **few food service and F&B businesses invest the appropriate resources** and complete the required due diligence. The problem is, a lack of work at the beginning will show at the end. It is therefore unsurprising that many new implementation projects end up **not fulfilling the business requirements and expectations**. In the latest Panorama Consulting Solutions survey on management system implementations, 28% of the companies described their most recent ERP rollout as a failure. A further 30% was **unsure** whether their implementation could be considered successful – or failed.

Although too often overlooked, the preliminary selection steps are necessary to ensure that this critical business decision, which will affect the company for years, is taken based on empirical data and pragmatic criteria.
This white paper outlines 7 all-too-common mistakes many food service businesses make during the business software selection process.

1. **Believing that all food service management solutions are the same**
2. **Starting the process with a fixed idea of what you need**
3. **Leaving the selection process to the IT department**
4. **Deciding that "cheapest" means "best value"**
5. **Tightly controlling vendors in an attempt to decrease costs**
6. **Giving too much importance to the demo**
7. **Not getting references**

#1

Believing that all food service management solutions are the same

Many software selection processes start with the mistaken assumption that because a software solution was developed by a leading software manufacturer, it will have all you need to run your business effectively. This belief is often reinforced during software selection demos, as many of the interfaces are similar in look and feel. The costs of the different solutions are, also, often comparable – at least at a first look.

Why is it, then, that some F&B operators complete their software implementation projects successfully, while **so many other projects go askew?**

The reality is that there are **vast differences** between software solution sets, even though on the surface many seem remarkably similar. Finding out what, exactly, are the features and functionality of a solution is made more challenging by the thousands of complementary "add-on" products developed by smaller software developers to address functionality gaps. So how can a food service organization separate fact from fiction, and land on a solution that positions its project for success? The first step is to explore **three high-level solution categories:**

1

Vertical solutions

Solutions that were **designed specifically for an industry or sub-industry** are often referred to as vertical. When you are looking for a software system for your restaurant business, an all-inclusive vertical application may seem like the white light at the end of the tunnel, as the industry-specific product capabilities often easily align to existing processes within your company.

However, there are a few factors you need to consider before you take this tempting plunge. Independent, fully-integrated vertical market solutions have historically been developed by smaller software publishers, who are often constrained by **limited resources**. This usually leads to inability to provide the necessary product upgrades, which results in **stagnant software**. For this reason, the recent trend has been to move towards larger software vendors that have the financial capabilities and depth of resources to continuously invest in **product enhancements.**

2

Horizontal solutions

"Horizontal" is another name for a one-size-fits-all, generic software solution which is expected to satisfy business requirements across multiple industries. This type of solution comes with several benefits: you get tested functionality, it's easy to find a vendor/technology partner, and the cost of ownership tends to be lower. On the flip side, the fact that these solutions are designed for businesses in all industries means a **watering down of food service-specific processes.** This solution category can be a good choice if you are prepared to modify your businesses processes to fit those developed within the software. You must, however, also be ready to invest time and resources in **substantial customizations.**

3

Diagonal solutions

Diagonal software platforms pair the **breadth of horizontal software** applications with niche vertical add-ons, to create functionally rich solution sets. If you are thinking of going for a diagonal solution, it is critical to contract a **single implementation partner** with deep experience integrating the entire solution set. This approach will spare you the inevitable accountability issues that arise during multi-vendor implementations. Our advice? Don't attempt to piece a solution together yourself.

So how do you choose the right approach?

The best place to start is internally, with **requirements gathering**. Define your organization's corporate goals, objectives/metrics, and strategic imperatives. Review your business requirements, and list all the challenges that are preventing your organization from meeting its objectives.

To accomplish this, it is critical to develop an internal company vision and scope document. In this document, you will define the above objectives, making sure to identify and separate your "must haves", "want-to haves" and "wish list" items.

Within this document, you should include the following key information:

- A prioritized list of each department's critical needs and requirements, including a wish list.
- A description of how information flows and is shared between departments.
- Current manual and automated data collection systems.
- Organizational goals, with clear, measurable metrics (e.g., achieving at least 85% positive online reviews, delivering orders to the table within 20 minutes, etc.).
- Transaction volume data (e.g., number of customers, table turnover rate, orders, food waste).
- Financial data and reports required by accounting, auditing and banking stakeholders.
- Reports and analyses required for management and day-to-day operations.
- Integration requirements with in-house systems and desktop applications.
- Other important information that may be useful in the selection process.

When compiling this list, keep it realistic. Be aware that if you categorize more than 3-7% of your requirements as "must have", you will end up eliminating all commercially available business software solutions!

Once your organization's information is collected, compiled and organized, you must analyze each potential management solution in terms of how well it addresses each of your prioritized business objectives and requirements.

Our advice: place high focus on report output, ease and speed of data entry and transfer (for example, how quickly orders are sent from the POS to the kitchen), processing time for updating and reporting, and intuitiveness of the user interface.

#2

Starting the process with a fixed idea of what you need

Moving to a new system requires open-mindedness, and the willingness to start thinking, and working, in different ways. The new software may have a different structure to handle data, a different process design, and a different logic from what you are used to.

For this reason, one of the biggest mistakes you can make is to believe you already **know exactly what you need** in a new food service management system before you have even started the selection (and the requirement gathering) process.

A very common mistake is to simply look at your existing business processes, and try to find a system that will be able to **replicate them**, making them quicker and easier to handle – with no other change required on your side. This is the kind of shortcut thinking that, too often, leads to the **perpetuation of bad habits**. A change of system gives you the **rare opportunity to analyze and improve** (perhaps even revolutionize) your **business processes**. The most effective way to begin the journey is, therefore, not to look for a solution right away. Instead, start internally. Map your procedures, and identify which ones are outdated, inefficient, or too complex. Then make the needed amendments and adjustments – and use these improved processes as a basis to look for a system that can handle your requirements.

Another frequent error is to have a fixed preconception about what **type of deployment model** you need. Cloud-based food service management systems are becoming increasingly popular, for many reasons that range from cost savings to speed of execution. However, migrating to a cloud system is a significant, complex project which requires the will to completely change the business strategy – alongside all traditional, established ways of working.

Before deciding if you should go for an **on-premises, cloud-based, or hybrid** (part in-cloud, part on-premises) solution, you must carefully evaluate all factors. Take into consideration practical issues (e.g., "Do I have the proper internet connectivity?"), financial ones (e.g., "Will a subscription save me money, or will it end up being more expensive in the long run?"), functional requirements (e.g., "Will I need customizations to the system?"), security concerns (e.g., "Is my data properly backed up and secured, in compliance with legal requirements?"), as well as any other factor that might be of relevance to your business.

You might be worried that, if you move to a system that works in a completely different way from the old one, you will meet with internal resistance from staff used to doing things "the way we have always done it". Bad news first: you will. The good news is, you are not alone in this. There is always (some) opposition to changing systems — no matter how bad the old software is, or how much the new one will improve the daily tasks. You shouldn't let the naysayers discourage you from finding fresher, better ways to manage your business. Rather, focus on (and point out) all the benefits you, and your company, will reap after the change.

#3

Leaving the selection process to the IT department

All too often, business executives will simply hand over the software selection process to their IT department, and expect them to do it alone. Although it runs on servers, food service management software isn't just – or even primarily – about technology.

Unfortunately, IT departments tend to filter business requirements (when they are even familiar with them) through their own **technology bias**. All too frequently, this leads to a wish list that includes all possible features and functions, in an attempt not to leave anything out. As a result, technology compatibility and process compliance become more important than business benefits and customer experiences.

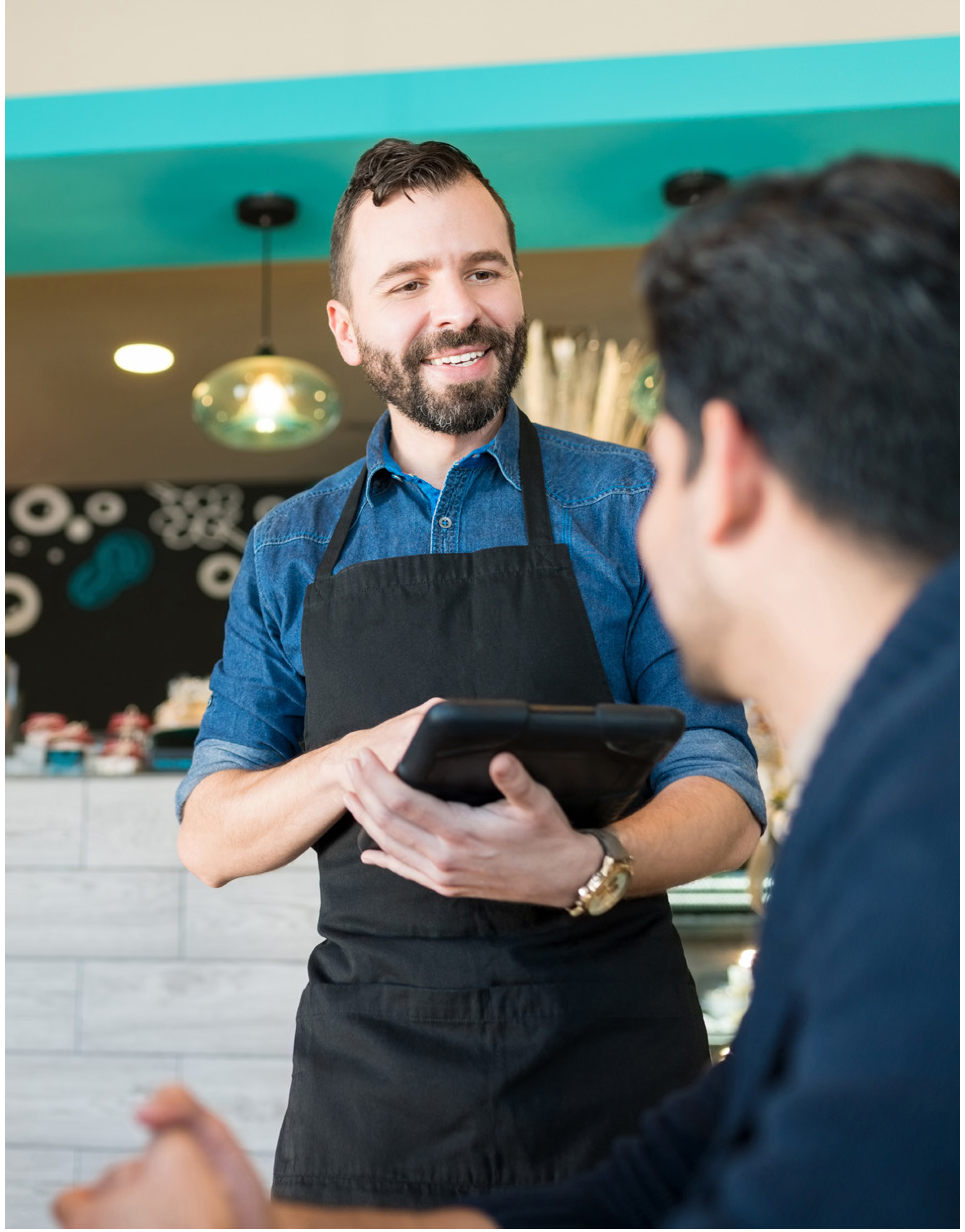
On the contrary, for a successful software selection, you must make **business requirements** the backbone of your project. ERP/CRM initiatives should be, first and foremost, **business projects supported by IT** – and not the other way around.

So, if this is not a pure IT project, how many people, and **who**, should be involved?

Experienced solution providers will request and require time with **both strategic and operational members** of your organization. That's because information gathering about corporate objectives and business processes is necessary to find, price and craft the right solution for your needs. You, and **every involved stakeholder** across the company, must make the necessary time commitment to empower and inform the solution provider to make an educated, pragmatic recommendation.

The average business software implementation lifecycle is **6-8 years.** Investing the time, energy and resources necessary to architect an appropriate foundation and business process framework, one that contemplates both current and future requirements, will pay significant dividends in the long run. If other priorities are currently consuming much of your time, the best course of action is to **postpone** this project until you can give it the time it requires.

Foregoing an immediate solution is better than rushing into the wrong solution.



#4

Deciding that “cheapest” means “best value”

Business software and process automation are the heart and brain to your daily productivity, capacity, throughput, effectiveness, and success. Now, imagine you required surgery on one of these key organs in your body. Would you interview three doctors and then select the least expensive?

When evaluating a solution’s price, you should not just focus on the numbers, but think in terms of **value received**. This means factoring in the solution provider’s knowledge, experience, professionalism, and depth of resources. Inexpensive resources often will end up delivering pedestrian, uninterested, inexperienced work. Project managers and business analysts with deep industry-specific application and business process expertise do not come cheap; and while premium rates do not always guarantee seasoned, experienced professionals, **discount rates seldom result in a tier one resource.**

That’s not all you must look for. As you are selecting a solution that is going to support your business for the next few years, you must also consider the solution’s **long-term strategy**. This means looking into which vendors are staying on top of trends, and are **investing in innovation and emerging technologies**. Their solutions might be more expensive on paper – but they are the ones that will help you **stay competitive** in the future.

As with most things in life, with technology you get what you pay for. Selecting a solution provider based upon price alone is equivalent to selecting the cheapest surgeon. In addition, what looks like a cheap solution today may become substantially more expensive tomorrow when you need to create costly integrations to be able to deliver the experiences diners expect. Our advice? It’s always worth doing it right the first time.

#5

Tightly controlling vendors in an attempt to decrease costs

There is an outdated belief that keeping treasured corporate information under tight wraps, only providing a vendor with piecemeal information, will somehow reduce costs and decrease project risks. This couldn't be further from the truth. In reality, this is a **risky and expensive strategy**, with negative long-term business consequences.

Although the vendor carries the risk throughout the early stages of the selection process, with pursuit costs ranging from $10,000 to $50,000 per opportunity, businesses often fail to understand that adopting a win/lose negotiation strategy and denying requests for critical project information (business drivers, budget expectations, etc.) and the appropriate access to the leadership team ultimately leads to **increased project and financial risk**. In fact, providing limited data sets can lead to the vendor **inflating project estimates** in an effort to mitigate risk of the unknown. More importantly, strategic insights and advice that could have led to significant business process improvements and potential economic benefits are **left out** of the puzzle because of the limited data sets that were shared with the vendor.

That's not all. By treating suppliers as commodities throughout the selection process, businesses miss out on the benefits of a **strong, honest, two-way relationship** between the vendor and buyer. This produces a situation where, when project challenges or misunderstandings arise, both parties must default to the terms and conditions of the contract, rather than to common sense. And this is a game that the vendor will win, more often than not.

Food service organizations purchase or upgrade business systems once every 6-8 years; vendors implement at least 6-8 business systems each and every year. Who is more qualified to leverage these complex solution sets to a greater advantage – an organization in dire need of a technological overhaul, or a partner that solves business problems with technology solutions on a daily basis? Which begs the question: why keep the experts on the outside of such a strategic, transformational investment?

To avoid unhealthy and unnecessary project risk:

1. Examine your buying process for **transparency** and executive availability. If you are setting up a dynamic that promotes confusion rather than collaboration, stop it before it's too late.

2. Clearly define, then **share**, the project's anticipated measurable business benefits with the vendors.

3. Ask for the **vendors' advice** on incremental business benefits, process improvements or cost reduction measures that your organization may not have contemplated.

#6
Giving too much importance to the demo

As the saying goes, you should never judge a book by its cover.

Over the course of the last 20 years, organizations have convinced themselves that the software demonstration is the key piece of the puzzle in the software selection process. Once the demo is complete, the belief goes, the picture will be totally clear, all questions answered, all doubts gone. Unfortunately, this is a false assumption.

There are dozens of factors involved in choosing the most appropriate software for your food service business, and the look of the graphical user interface or the demo should not be on the top of your list. However, many solution providers still rely upon the “let’s demo it” technique when attempting to convince prospective buyers that they have the right software for the job. And many businesses are lulled into a **false sense of comfort** by the look and feel of the software. Instead, selection teams should focus on the food service software and vendor/partner **elements that represent significant risk and/or cost**. This means asking questions such as:

- What are the design and architecture of the software?
- Is the software current, and is it regularly updated?
- How proven is it in the food service industry, and globally? Does it have a success history to show?
- Does it offer mobility to my employees and to customers?
- Can it handle the key functions (e.g., takeout, split bill, table management, reservations, meal planning, etc.) I need?
- Will the software work harmoniously with my current network?
- Will my employees readily accept it?
- Is it user-friendly, and easy to learn?
- Is customer support available in all the different regions where my restaurants are located – or where I plan to expand to?
- Can it scale as my organization grows?

Quite often, when solution providers are asked for information about the products they implement, the first thing they do is insist on showing you a demo. This approach is misguided. First and foremost, get an answer to the key questions outlined above. Only then, get a demo, and use it as the cherry on top of the pie. If the software looks modern and pleasant, that’s a nice extra; but this should not be the guiding factor in your decision.

#7

Not getting references

Once you have found a solution you think might work, the journey is not over. Before you get started with the project, take a moment to carefully check the **software provider's track record**. Contact a minimum of three relevant references (existing clients, ideally operating in your food service category or region) to discuss their experience with the vendor. It is important to be considerate of time when calling a reference; ensure there is **structure to the questions** you ask. While it is unlikely that a solution provider gave you the name of an unhappy customer, make sure you ask questions that are of primary concern to you, as you might uncover important issues – or quell some of your doubts.

The same thinking goes for the **implementation partner** you decide to work with. This is the company which will effectively take care of setting up your new management system, working alongside you and your team throughout the project. A good relationship with your implementation partner is necessary when it comes to insuring the success of the process. The ideal partner will understand your business and your organizational objectives, and have **proven knowledge** of the system you are deploying. Do your research into the company, and if you get a chance to talk to some of their current and **former clients**, listen to what they have to say. When implementation partners do not retain over 90% of their clients, it's a red flag that could indicate rudimentary project management experience, a cursory understanding of your industry, weak technical skills, or limited business acumen (or, worse, all of the above). You should also get some customer references directly from the partner, and use the chance to dig deep into all the issues that are relevant to your business. To help you with this phase, we have created a list of some of the **top questions** to ask the reference:

Question	Response	Weight	Score
How long have you been working with this particular solution provider?	>3 years =10 1–3 years = 5 <1 year = 1	1	
Have they kept their commitments?	Yes =10 No = 1	3	
How is dealing with the project managers, consultants and technical support people?	Excellent =10 Good = 5 Below average = 1	3	
How is dealing with their other departments?	Excellent =10 Good = 5 Below average = 1	1	
Did they deliver the project on time, as per the project plan agreed to in advance?	Yes =10 No = 2	3	
Did they deliver the project on a fixed price contract or completed it exactly on budget?	Yes =10 No = 2	3	
Did you get all of the functionality you were promised?	Yes =10 No = 2	3	
Did they show up at the time promised to perform the contracted services?	Yes =10 No = 2	2	
How quickly has the solution provider addressed the project and technical support challenges?	<4 hours =10 4–8 hours = 8 >8 hours = 1	3	
How satisfied are you with the solution provider's overall performance?	Very satisfied =10 So and so = 5 Not satisfied = 1	2	
Bonus question: What would you change about the software, if you could?	A few details = 10 Some key components = 5 Almost everything =1	1	
Total score:			

How to interpret your score:

>200: Go ahead: this is a company that has proved its competence.

50-100: There may be some problems lying ahead. Analyze if it's worth sticking to this partner, or if you'd better look elsewhere.

100-200: This seems like a good fit. Make sure to clarify all the doubts you still have with the provider before you start working.

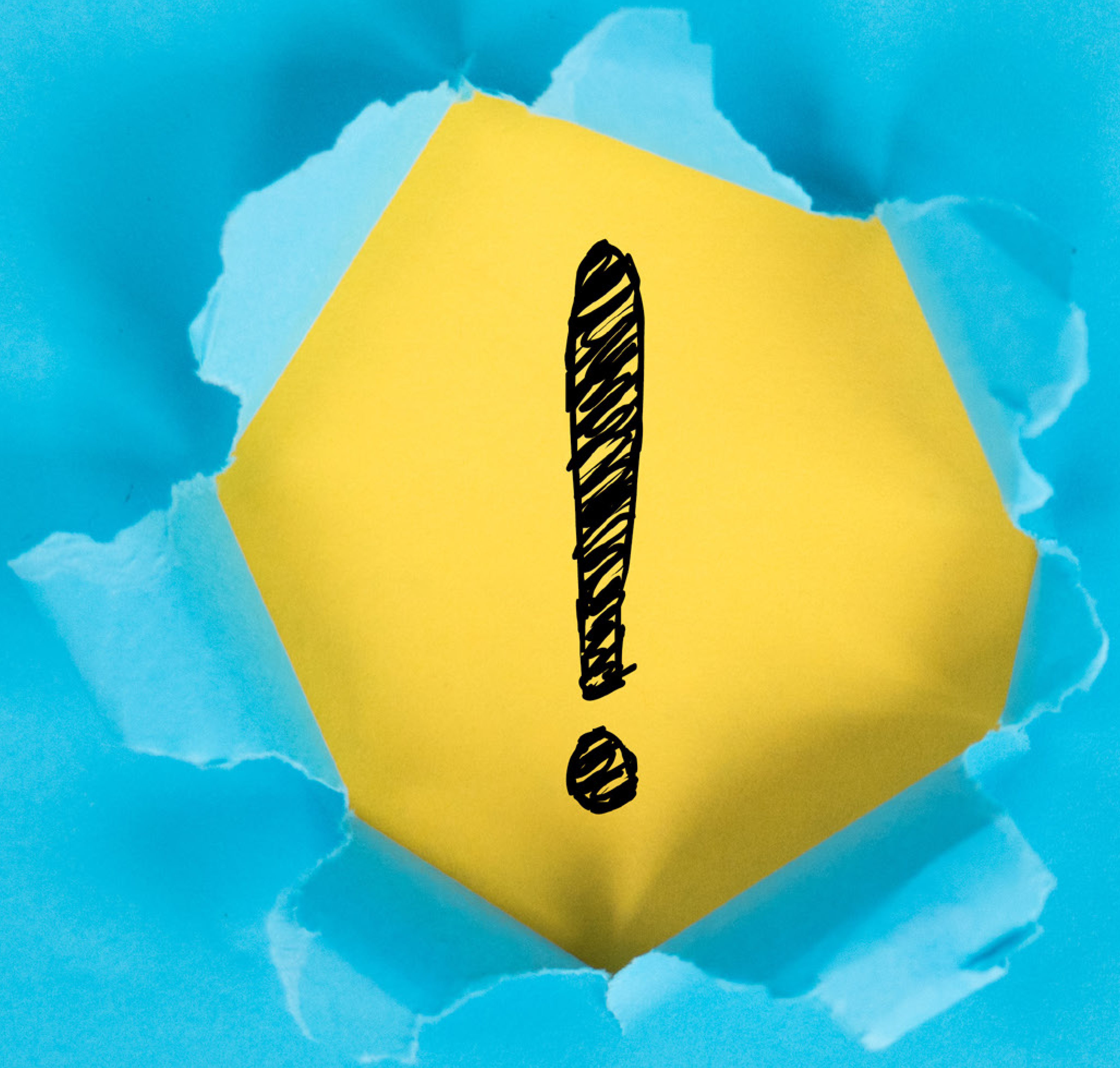
<50: There are some clear issues with this company's work. Better start considering other companies.

Making the right choice for the future

Replacing your food service management software is a high-involvement, highly demanding process. At the same time, the software solution you choose will significantly impact your business and business processes for the next 5-10 years – so this is not a decisions to be taken lightly.

Throughout the process, keep in mind the 7 software selection mistakes outlined in this paper. Use them as a litmus test to select a food service software system that enhances your business results, rather than falling for one that will, along the way, undermine your productivity and flexibility.

Follow this methodical process, and you will significantly increase your probability of project success – where success is determined by being **on-time, on-budget,** and delivering **measureable business value** today, and in the future.



Stop before you make a costly mistake!

Is the sheer amount of similar food service software on the market making you dazed and confused? Do you need help to understand what you actually need, and how to work through contradicting business requirements?

Contact us

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