

The Rise of Use of ERP for Small Business Over Traditional Accounting Software

ERP is gaining popularity in small businesses worldwide. Mr. Prateek Kapoor, director of Whiz Consulting, shares his thoughts on the trend.

TEXAS, DALLAS, TX, USA, November 4, 2022 /EINPresswire.com/ -- Businesses today are completely data-driven; every business owner wants data to be accessible to them at their fingertips. This has led business owners to hunt for innovative software to make their

business process seamless and efficient. Doing so is quintessential for businesses of every size and is now a growing need in the small business segment. We discussed the potential of ERP (Enterprise Resource Planning) for small businesses and how it compares to accounting software with one of the renowned accounting and bookkeeping outsourcing firms, [Whiz Consulting's](#) director Mr. Prateek Kapoor. Whiz Consulting has been in the industry for over a decade and has seen the growing demand for ERP among small businesses and the shift from single process-driven accounting software. Follow us as Mr. Kapoor answers critical ERP and accounting software questions.



Q. What are your thoughts about the small business segment?

Small businesses are one of the major contributors to the GDP in 2022, with 33.2 million small businesses making up nearly 99.9% of US businesses, according to U.S. Small Business Administration. With such a high number of small businesses, it becomes obvious that the competition in every industry is fierce, and innovation is the key to keeping your business up and running.

Q. Which accounting software is best for small businesses?

There are numerous accounting software that cater to small businesses. [Cloud-based accounting software](#) are perfect for handling small businesses' finances. We use Xero, QuickBooks, ZohoBooks, and a few other software for our small business clients. Almost all the popular

accounting software have grown out of their single process-oriented system to add functionalities like invoicing, payroll, payment, bank feed, inventory management, and other similar processes. If the accounting software does not have the needed additional features, it is possible to integrate the same with third-party integrations that solve the purpose.

Q. So why is there a need for shifting to ERP?

I was expecting this question, and this is something most clients ask us as well. The question arises that if accounting software is so up-to-date to a business's financial management needs and also caters to other processes that make the whole process efficient, why shift to ERP?

One core reason is the ability of ERP to manage all your business processes from one place. ERP has all features which typically accounting software has and additionally has functions like Procurement, Warehouse Management, Production, Manufacturing, Inventory Management, Order Management, Supply Chain Management, Project Management, Marketing Automation, Customer Relationship Management (CRM), and Human Resource Management. It also provides holistic business reporting allowing businesses to make a strategic business decisions.

Q. Does every small business need it?

Not necessarily, but well, it does help! When starting, most small businesses approach an ad hoc approach for their business processes. However, as the business grows, this approach becomes chaotic, time-consuming, and costly. If you want to grow your business exponentially over the years, traditional accounting software will not cut for you. ERP can help small businesses grow to their maximum potential and help with core business activities instead of getting tangled in accounting and minute details of the business.

Another reason is the risk involved for the small business owner. Many will counter my reason; however, if you are running a small business, you will realize your business is at risk just like any other medium or large business, and while larger business has the resource to tackle the aftermath of any such incident, a small business has everything to lose.

Q. But does it solve the problem?

Simply put, yes, it does. However, the right implementation is a must! You can't expect ERP to solve your problems magically without putting in the effort required to make it work for your business. Customization is the key! The more accurately you customize your ERP based on your needs, the more effective it will work.

Q. So do you have any suggestions for which ERP is best for small businesses?

This is quite a subjective question, as the answer largely depends on individual businesses needs. ERP has been a solution for medium and large business organizations. However, things

have changed, and ERP manufacturers have understood the opportunities that small business offers. In fact, due to the high demand for small businesses, most manufacturers have come up with small business modules and versions. So, most ERP manufacturers now have launched affordable versions of their software that cater to small business needs. NetSuite and Microsoft Business Central are the perfect example of this.

Q. It is too expensive, is it worth it?

Not really. While implementing an ERP system can be slightly on the costlier side, an effective ERP system will help you increase productivity and work seamlessly with real-time data of every business process. It is worth the one-time high capital investment in implementation as, over time, it will be a cost-effective solution compared to having to pay for multiple software for multiple processes.

Q. How can one use ERP, and when is the right time to shift to ERP?

The right implementation is the key to making the best use of ERP. During the implementation process, focus on five things - core business issue, must-have requirements, number of use, reporting format and future usage

As for the right time to shift to ERP, a few indicators could be - using multiple software to manage different processes, facing slow inter-departmental processes, difficulties in managing multiple entities or location, absence of real-time information results in delayed decision making and time-consuming compliance and reporting.

It has been quite enlightening, and we would like to thank Mr. Prateek for highlighting the need for accounting software and ERP. On asking for any final comment, Mr. Prateek added, "Being a [NetSuite accounting](#) service provider for over 7 years, we have seen the ERP industry grow and small businesses adapting to ERP. For small businesses, one main advantage they can have over their competition is the fast-mover advantage, and shifting to ERP is taking a step towards the same."

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