

12 Clear Signs You've Outgrown QuickBooks

When you were just starting your business, you decided to manage your finances on Intuit QuickBooks. You made the right choice. QuickBooks is an ideal accounting platform for businesses in their earliest stages of growth. It's affordable and easy to set up. And because it's an industry-standard product, you can easily find accounting staff who will be comfortable using it.



But there comes a time in every business' lifecycle when QuickBooks is no longer enough. And even if you're using QuickBooks Enterprise—the most robust version of the platform—you've probably run into frustrations that have only intensified as your business has continued to grow.

Yes, QuickBooks Enterprise offers a host of useful features and characteristics, such as:

- Scalability up to 30 users
- Payroll and payroll tax filing
- Payment acceptance
- Automated price calculations
- Inventory tracking
- Customizable reporting
- Dashboard views of the business
- Product versions tailored to specific industries

But by Intuit's own admission, QuickBooks isn't an ERP system:

“The Enterprise suite of services is not full ERP; it is designed to be the appropriate next step, providing features and functionality growing companies need without over-serving them.”¹

There's a clear difference between QuickBooks and ERP. Is your business ready for a full ERP system? Here are 12 common signs you've outgrown QuickBooks.



Functionality Limitations

1. You need greater control over production and inventory.

Being able to track your inventory across all locations is essential to customer service. QuickBooks does offer you the ability to track by bin locations, serial numbers, and lot numbers. You can also gain insights into your inventory by generating reports on inventory valuation, stock by item, and assembly shortages.

But to offer outstanding customer service, you need to be able to dig deeper. For example, your business may perform inventory valuation using the average cost method, or with the more common first in first out (FIFO) or last in first out (LIFO) methods. Your software should give you the flexibility to choose your method—and to change over time.

Your business software should also be there to support your toughest decisions around inventory. If you sell perishable products, it should support expiration date tracking. If you have a complex product structure, it should support item class hierarchies. And to help you avoid costly stockouts, your system should make proactive inventory replenishment suggestions.

2. Your company has become multiple entities.

There are many reasons why your corporate structure may soon need to become more complex if it hasn't already. For example, an entrepreneur who launches an HVAC contracting business may eventually decide to become a distributor for air conditioning units. He'll want to keep track of his distribution activities and his installation and service activities separately, under different business names. His business software should allow him to track these entities separately as well as to see an overall view of his business finances.

Although QuickBooks allows you to set up multiple company files, it doesn't allow you to track multiple entities in one place. You'll struggle to get a consolidated view of your corporate finances.

3. You want to customize your solution to the way you do business.

“Customization” has almost become a dirty word in business software—but it's also necessary for most companies. After all, you want your software to reflect the way you actually do business. This isn't just a matter of tweaking the user interface to look the way you want. Your business software should adapt to you—not the other way around.

With QuickBooks, your flexibility is limited. As we mentioned above, you'll lack the ability to customize your own inventory valuation methodology. You also won't be able to dictate processes such as purchase requisition approvals, configuring details such as who needs to approve each requisition, and how it should be approved.

4. You need to manage customer relationships more closely.

Over the years, Intuit has expanded QuickBooks to include basic functionality in areas beyond accounting. Customer relationship management (CRM) is one of these areas.

There are two problems with the CRM functionality in QuickBooks. First of all, it is extremely limited, consisting of a snapshot view of each customer. Second, and perhaps more significantly, this functionality has been tacked onto an already existing system. Compare that to the CRM functionality of a good ERP system, which has been built into the platform from the beginning to offer users a 360-degree view of the customer.

In an ERP system, you maintain a constant view of customer orders, quotes that have turned into sales orders, sales orders that have turned into shop orders to be built or shipped, and items that have shipped, as well as warranty issues and in-field service. In addition, you can be sure your CRM functionality will integrate with Microsoft Outlook to streamline all your customer communications.



Business Insight Limitations

5. You're wasting time on duplicate data entry.

QuickBooks is designed as the do-it-all accounting system for small businesses. This is both good and bad: Although QuickBooks really does meet the initial needs of new businesses, it also isn't designed to talk to other enterprise systems because the assumption is that you won't have much need to do so. Unfortunately, this isn't the case as companies mature and need to add more powerful CRM, Marketing Automation, and Business Analysis tools that simply don't integrate with QuickBooks.

You've probably noticed how difficult it is to get information out of QuickBooks. It uses a proprietary database that doesn't provide a true export function. As a result, you need to use

a third-party utility to access your accounting database. Your only other option is to rekey data across your systems—a time-consuming and error-prone proposition. There are also size limitations on QuickBooks that limit how far back your historical records can be kept.

Your ideal business system should run on industry-standard database technology, which is designed to handle heavier-duty business needs, provide greater capacity to handle transaction volume and historical data, and integrate with external applications. Importing and exporting data should be the least of your concerns.

6. You need greater insight into your business.

QuickBooks makes it easy for anyone to generate reports—but it doesn't give you all the tools you need to make decisions about maintaining profitable growth.

QuickBooks also can't offer adequate flexibility in reporting. You need more than just the ability to run queries and see the results. Look for business software that lets you set up visual, intuitive dashboards containing widgets that connect you to key performance indicators (KPI) and applications from inside and outside your organization.

It's much easier to gather the business insight you need if you can also customize your reports to present the exact data you want in the format you prefer. QuickBooks does allow you to build custom report templates. But your decision-makers need to be able to customize reports on the fly to reflect their own needs—and to get the same view of data on any mobile device. In fact, your employees should also be able to customize their dashboards to give them instant access to the information they need to know to perform their job.



Technology Challenges

7. You're not getting innovation for your money.

QuickBooks offers smaller companies a basic accounting platform at a fair price. Over the years, Intuit has continued to add to the product as user needs have dictated.

But because QuickBooks is not meant to be an ERP platform, you can't expect Intuit to deliver innovation that radically enhances the way you run your whole business. At best, you'll continue to see specific new features that save time in your accounting processes. If you want to take

advantage of business functionality that helps you enhance your profitability, you'll need to make the move to an ERP platform.

8. You're tired of having to install software on machines to give new employees access to the product.

QuickBooks is available as a hosted solution. Many companies that seek the “anywhere, anytime” benefits of cloud software have embraced QuickBooks Desktop Enterprise with Hosting. But this version of the product isn't a true cloud solution—it requires users to download and install a client program on their device.

A modern cloud ERP platform, by contrast, will allow you to access your business applications from any web-enabled device without installing software. There won't be any additional service to buy or special configurations to endure.

9. You're running out of user licenses.

When you first signed on with QuickBooks, you got enough licenses for 30 concurrent users—and that probably seemed like a lot. But as your business has grown and added locations and headcount, you probably found yourself blowing through those licenses quickly.

A good ERP system won't force you to limit your usage of the platform—or force you into paying exorbitant fees to expand your license count. It will grow with you and allow you to pay incrementally more as your usage increases.

10. You can't get straight answers in the documentation.

QuickBooks leans on its user community for documentation. While some users are knowledgeable and generous with their time, their answers won't carry the same weight as the people who designed the software. And so when a problem arises, you may need to spend precious time sifting through user responses and weighing one posting against the next to decide whom you trust most. You'll then need to try the suggested fixes one after the other in the hopes of finding a resolution.

When you subscribe to a good cloud ERP platform, you can be sure the vendor will provide attentive, expert assistance. You'll rest assured that you're getting the very best product knowledge available.

11. You want the benefits of SaaS but need to pay for it as a capital expense.

One of the most appealing things about SaaS for a growing company is the ability to get started on the platform by paying a recurring subscription fee, rather than a gigantic software licensing fee. Many smaller companies appreciate being able to record their SaaS fees as an operating expense rather than a capital expense. They can do so with QuickBooks.

Your situation may be different. There may be specific accounting reasons for you to purchase your SaaS platform as a capital expense. Look for a cloud ERP provider that offers you this option.



Obstacles to Growth

12. Potential funding sources don't take you seriously.

Looking for funding sources for your growing business? Congratulations!

But even if you've kept detailed records in QuickBooks, you should know about a potential pitfall: With QuickBooks, **there's no audit trail behind your accounting data**. Keeping accurate books is one thing. Being able to drill down to the reasons behind the facts is another. What you need is the ability to click through to see who made each transaction and when. You'll then be able to identify the root causes of any financial irregularity.

Many investors will tell a smaller business that runs on QuickBooks to migrate to a "real" accounting system and establish an audit trail before coming back to reapply for funding.

This ties back to our original point: QuickBooks is a great option for small companies that want to get their feet on the ground with accounting software that's affordable and easy to use. But when you're ready to take that next step in terms of capital and revenue, the rest of the industry will expect you to show that you're keeping big-league financial records, too.



What to Do Next

Your business has grown so much on QuickBooks. Don't stop now. Build your platform for future growth by upgrading your operations to a true cloud ERP system.

Need help in your research into today's ERP? We provide a wealth of resources that can help you make the right choice. Visit us today at www.synergyresources.net/lets-talk/.

If you already know you need a new system and are ready to start the selection process, we've put together a free comparison checklist you can use to evaluate the merits of multiple ERP systems. The checklist is customizable: you can fill it out, placing priority on whatever features or benefits are most important to you, and then easily compare multiple companies.

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1. "It's Time for ERP Software....Or Is It?" <https://enterprisesuite.intuit.com/resources/erp/>. Retrieved November 13, 2017.