



MANAGING TECHNOLOGIES IN A SMALL COMPANY

A guide for managers of companies with
10 to 50 employees

ACT TECHNOLOGIES

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- The main symptoms of poor management
- Costly mistakes to avoid at all costs.
- The impact of technology on profitability
- A comparison of options for your enterprise

10 Main Symptoms

In 2023, enterprise technologies are generally stable and well performing, so there is no reason why your organization should tolerate the following issues:

1. Issues related to the reception or delivery of email.

Ex: Spam, emails that never arrive, shipments blocked by your customer's filters.

2. Slow or crashing internet or network connections.

Ex: Spam, emails that never arrive, shipments blocked by your customer's filters.

3. Virus or spyware infections on a workstation

Ex: Appearance of advertisements, dubious error messages, fraudulent emails.

4. Redoing your work because of loss

Ex: Word document lost during a crash, long email that we must start over...

5. Lost passwords or software licenses

Ex: Password for your web host, Microsoft Office license keys, etc.

6. Slow or unstable workstations and/or software

Ex: Slowness when launching an application or when starting the computer ...

7. Not having the option to work remotely from home.

Ex: Difficult to access your documents or work software from home...

9. Unexpected or Surprise expenses related to reoccurring problems.

Ex: Replacement of a server, purchase of replacement parts, emergency labor, etc.

8. Employees complaining about computer systems.

Ex: Complaints related to software versions, performance of positions or emails

10. Generalized failures affecting the productivity for all employees.

Ex: E-mail service failure, Internet link failure, file server failure, etc.

All these problems have one thing in common: they are symptoms of poor technology management. Unfortunately, many small and medium sized business (SMB) have a “blind spot” when the time comes to organize the activities necessary to support computer and network infrastructure. However, the consequences are comparable to mismanagement of your finances or your employees! Imagine the impact on your business of sending a virus to your largest customer, or having to redo a full week of work following a server failure.

These events are not improbable scenarios: In 2013, 36% of Canadian companies admitted to having had problems related to computer viruses (Source: Symantec).

It is estimated that for every 5 year cycle, 20% of small businesses will experience significant data loss. Of these businesses, 93% will cease trading within twelve months of the incident (Source: Richmond House Group).



MISTAKES TO AVOID

If your company suffers from one or more of the symptoms described above, you will probably recognize yourself in at least one of the behaviors below:

1. NOT HAVING A PLAN

Small businesses are not known for their abundance of strategic planning. However, it is imperative to have a general idea of our situation and our objectives. The lack of a simple plan for framing technologies pushes companies to make last-minute decisions that, often, turn out to be failures.

In IT, the norm is a 3-to-5-year plan since this corresponds to the life cycle of most equipment. This planning will help align IT decisions with your business objectives and provide an adequate budget. The master plan doesn't need to be complicated and should be designed by an experienced IT manager in conjunction with company management. Having a good plan will allow you to make informed decisions and thus maximize the value of every dollar spent.



"Poor planning."

2. BEING REACTIVE INSTEAD OF PROACTIVE

The adage "prevention is better than cure" is generally recognized as universal evidence. The message is clear: the consequences of neglect are more costly than the savings associated with it. Yet technology is often managed reactively. We wait to lose important data before making a backup copy or we wait until the entire company stops functioning before planning to replace a server. These behaviors are rooted in our psychology and may seem logical, but a rational analysis will allow us to see that their consequences are extremely expensive.

Keeping an aging and outdated server warranty for a sixth year will save you \$1000, but its hard drives will have one in two chances of failing operation during the same year. Without supervision, this server will suddenly crash or die.

For a company of 20 employees with an average salary of \$50,000/year, this breakdown will cost you approximately \$22,000 in wasted time, thousands of dollars in specialized labor, and will damage your reputation with your customer. If this bet were offered to you by any casino, you would laugh in their face.

Yet, SMB managers often find themselves on the wrong side of this equation. It is essential to have a structure that allows the proactive management of the computer and network infrastructure including:

- Preventative Maintenance
- Server operation monitoring
- Installation of security patches
- Regular backup verification
- Hardware replacement lifecycle

To do otherwise would be like waiting for your house to flood then asking about flood insurance.



3. GIVE THE WORK TO AN AMATEUR

Lawyers, doctors, accountants, and architects all belong to professional orders that impose rigorous criteria of competence. These professional orders exist because their members provide an important service to their clients and the quality of this service must be monitored. Surely you wouldn't want an "amateur architect" drawing up the plans for your future home, much less you would want a self-proclaimed doctor operating on your gallbladder. However, several companies entrust the responsibility of their computer equipment to a person who does not have the required skills.

This person will probably be able to manage short term, but the solutions they put in place will be poorly adapted and expensive to maintain.

While it is tempting to entrust your Computer and Network infrastructure to someone that is cheaper or doesn't have the same experience, those with a higher skillset and more experience will likely achieve better results at a much faster pace while meeting your expectations. Of course, simply paying a higher hourly rate does not guarantee this expertise. We will see a little later the criteria relevant to the selection of a competent technical resource.



4. PLAN AN INSUFFICIENT BUDGET (OR NOT PLAN ONE AT ALL...)



CIO Magazine conducts an annual State of the CIO survey and gathers data to compile an average spending budget across numerous companies. For 2013, it found that the average IT spending as a percentage of revenue is 5.2%. This was a slight increase from the 2012 average, which was 4.7%.

Overall, as of 2013, businesses seem to spend between 4-6% of their revenue on IT. Company size generally has a large effect on the budget size and should be taken into consideration when planning your fund allocation.

- The average small company (less than \$50 million in revenue) spends 6.9% of its revenue on IT
- Mid-sized (between \$50 million - \$2 billion) spend 4.1%
- Larger companies (over \$2 billion) spend a relatively tiny 3.2%

In North America, the average annual IT budget in 2015 for SMBs with 10 to 50 employees is \$2,500/employee. For a company with 30 employees, this represents a total budget of \$75,000/year. This amount includes hardware (servers, computers, peripherals), telecommunications (internet provider,

telephony), software (Windows, Microsoft Office, Antivirus), hosted services (emails, backups, "Cloud" applications) and professional services (planning, support, maintenance, projects).

However, many SMBs still consider investments in technologies as costs to be aggressively controlled in the same way as administrative expenses. Businesses with lower-than-average budgets will tend to operate on the "end of the penny" by handing the work over to amateurs and purchasing equipment or software that is poorly suited to their needs. These decisions marginally increase the risks associated with outages and data loss, in addition to affecting profitability and employee motivation. Done correctly, the planning of the IT budget will be aligned with the master business plan (3 to 5 years) and will take into consideration the complexity of the needs as well as the financial means of the company.



If these behaviors remind you of your own situation, it's not too late! Your business can reap the benefits of good technology management if you recognize the importance of taking action to regain control.



Do I really need all this?

Here are the typical reactions when this information is exposed to a business executive.

- That is a lot of money.
- We are a small company; we don't need such a complicated system.
- We just want someone to call when it breaks / burns / explodes!
- We don't need an IT Budget; we'll just buy computers when they break.
- Once the equipment is installed, we should be able to manage ourselves.
- Since we have computers and the internet, it has not increased our profitability.

These are completely normal reactions. After all, if technology was an expense like rent or insurance, I would have to do everything to reduce the cost. If, on the other hand, I want to use this technology to increase the performance and profitability of my business, then my thinking will have to evolve with this objective in mind.

Could I increase my turnover by keeping the same number of employees? Automate costly or demotivating activities? Improve the quality of services delivered to my clients? Increase the performance of my salespeople? Could a dollar invested in IT give me two dollars? Five bucks? Ten bucks?

Yes, without a doubt.

If technology has not allowed your company to increase its profits so far, it is probably because all of your competitors benefit from the same technologies.

Do you have emails? They have emails. Do you have file sharing tools? they have file sharing tools. If you are “average”, you do not have a competitive advantage, you simply benefit from the absence of a competitive disadvantage. Yes, you are more productive than 10 years ago, but so are your competitors.

Even if your company has invested considerable sums in technology in recent years, productivity will not necessarily be there. Investment in IT alone does not guarantee success, it must be strategically aligned with your objectives, and it must be planned, executed, and managed by competent resources. Without expertise, technologies can be a money pit. Done poorly, these solutions can even reduce your company's productivity.

Technology is obviously not the only source of competitive advantage, but it is the source representing the greatest opportunity.

It's not uncommon to see productivity gains of around 50% or even 100% when the right tools are in place. In our own company, the preparation of a quote that used to take several hours now takes about fifteen minutes thanks to the use of specialized software (CRM).

So, the question will be: do you want to tolerate your current situation and remain a victim of technology? Or do you prefer to take control of it and make it a competitive advantage?



What are my options?

I understand that technology must be an investment linked to the performance of my business. I understand that the planning, execution and operation of this technology must be done correctly or I expose myself to unsatisfactory or even disastrous results.

To date, every person I worked with on an IT file was an “expert”. How do I know if the person I work with has the necessary skills? How do I know if the amounts I am being asked to invest are reasonable? Are the proposed technologies and plans suitable for my business needs?

That is the question. Since you are not an expert in information technology, it will be even more difficult for you to judge the technical skills of the person or team to whom you wish to entrust these responsibilities.

Let's look at our options...

1. ASSIGN RESPONSIBILITY TO AN EXISTING EMPLOYEE

Paul is an engineer, Mathieu is a programmer, Eric is an accountant, but he likes computers. Why not just give them those responsibilities?

After all, in an SMB, we often wear several hats. In addition, we will save money, since we are already paying the salary of Paul, Mathieu or Éric. The problem is that the technical skills of these employees, although remarkable, are not compatible with your needs.

Entrusting your IT to these employees would be equivalent to having your wisdom teeth removed by a veterinarian. Competent? Absolutely. Adapted to your need?

Probably not.

2. HIRE ONE (OR MORE) QUALIFIED EMPLOYEES

If technology is a competitive advantage, it would be interesting for this advantage to be part of our internal skills. We should therefore hire an employee who will take on this responsibility.

Although this logic is undeniable, in practice this theory does not hold water. First, your company will need to budget for an employee with not only the technical skills necessary to support users, but also to architect, configure and manage servers and enterprise software.

Unless you already have an IT manager working for you, your new employee will also have to manage themselves, participate in budget planning, align their IT projects with your business objectives and communicate the results of these concise details to management.

Let's say that this person exists (he doesn't exist), that he wants both to install screens for your secretary AND to participate in your strategic meetings (unlikely) and that, moreover, he decides to work for a small company despite its limited opportunities for advancement... let's say that person's salary would probably be very high.

In “real life” these responsibilities are shared between several people. Support technicians, system administrators, and managers are incompatible roles that require distinct skills and abilities.

These differences are as significant as the difference between a sales representative and a financial controller or between an engineer and a customer service agent.

Hiring these employees would therefore, realistically, involve three separate salaries and a less than optimal use of these resources.

3. HIRING A CONSULTANT OR SELF-EMPLOYED

Since our needs do not represent a full-time job, we should seek the services of a person who can help us part-time or according to our needs.

Again, the logic is good, but the practice is more complicated. A part-time consultant cannot act proactively. He cannot “Take Responsibility” in your business, he can only respond to your requests.

Are the skills of this consultant adequate? Will this person be available when you have a problem in 1 year, in 2 years, or in 5 years? Are the suggested solutions suited to our needs? Maybe, but maybe not.

In any case, it will probably be too late when you find out the answer to this question.

4. HIRE A BREAK/FIX COMPANY (Computer Science)

Since there are computers, there are problems with these computers. Since there are problems with computers, there are companies that specialize in fixing these problems. In the industry, these companies are called “Break/Fix” because they are essentially “problem fixers”.

If you think technology management is all about troubleshooting problems and fixing them to get on with your day, then this solution probably seems adequate. On the other hand, if you recognize the immense opportunity that these technologies represent for your company, you will understand that plugging holes is not up to your ambitions.

5. OUTSOURCING IT SERVICES TO A COMPANY

Outsourcing, also called "managed services", is a model that has greatly developed thanks to innovations related to information technologies and communications.

As trades become more specialized, and tasks can be optimized using computer systems, it becomes possible for these companies to offer complex services to other companies by integrating into their daily processes

These companies allow their customers to benefit from performance gains and economies of scale by controlling expert teams with specialized software and processes. All questions related to sound technology management have already been addressed by hundreds of companies before you, so it is advantageous to benefit from this expertise without reinventing the wheel and playing “technological roulette”.

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Outsourcing is a bit like hiring an employee who specializes in several fields, who can self-manage, who knows his job perfectly and who is equipped to perform it optimally. Obviously, this employee is "shared" between several companies, so it is imperative that his work be framed in such a way that his roles and responsibilities are similar from one company to another.

Since the outsourcing company is highly involved in your strategic decisions and in your operations, choosing the right company is an important decision. Some outsourcing companies specialize in very large enterprise, while others focus on specific verticals like manufacturing or retail.

You guessed it, the outsourcing company is particularly well suited to the IT needs of SMBs. However, outsourcing is not suitable for all businesses. The "TPE" (very small business) with less than 10 employees can often get by without a formal structure, and the "large SMBs" with several hundred employees will be able, if they wish, to develop this expertise internally with adequate budgets.

If you concluded that outsourcing is a good choice for you, the please reach out to us to find how we may suit your needs.



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