Microsoft Dynamics 365

Savvy SMB Leader's Buyer's Guide

How to confidently select the right business management solution for your company.

E-book Series

This information is for you if:

- You are a small to medium-sized business (SMB) leader who is looking to embrace digitalization but are not sure where to start your journey.
- You are new to business management or enterprise resource planning (ERP) software and are looking to understand more about how the right technology platform can help you achieve your vision.
- You are looking for ways to solve critical business issues that are impacting business performance.
- You are looking for an AI and digital transformation partner that will help you achieve optimal outcomes while minimizing business disruption.

Estimated reading time
<15 minutes

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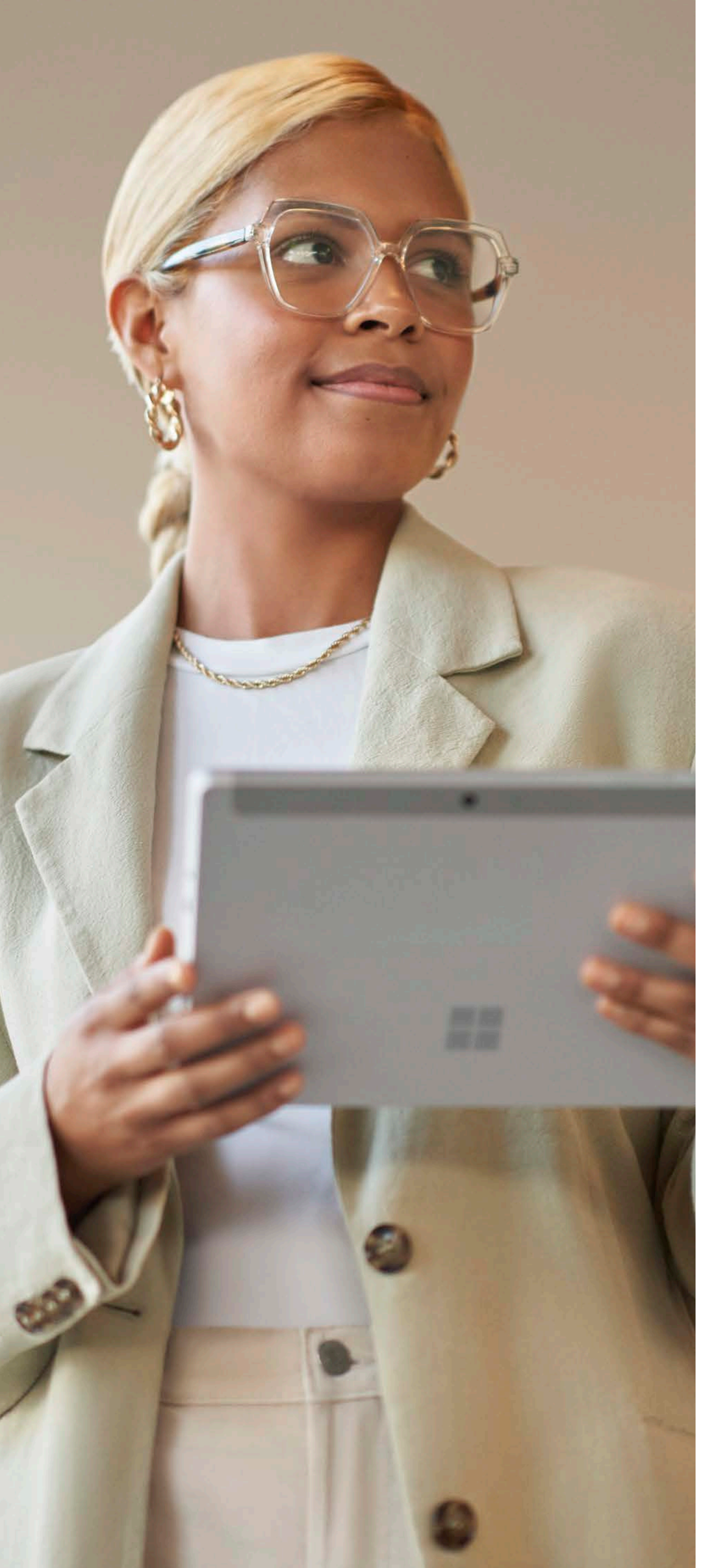


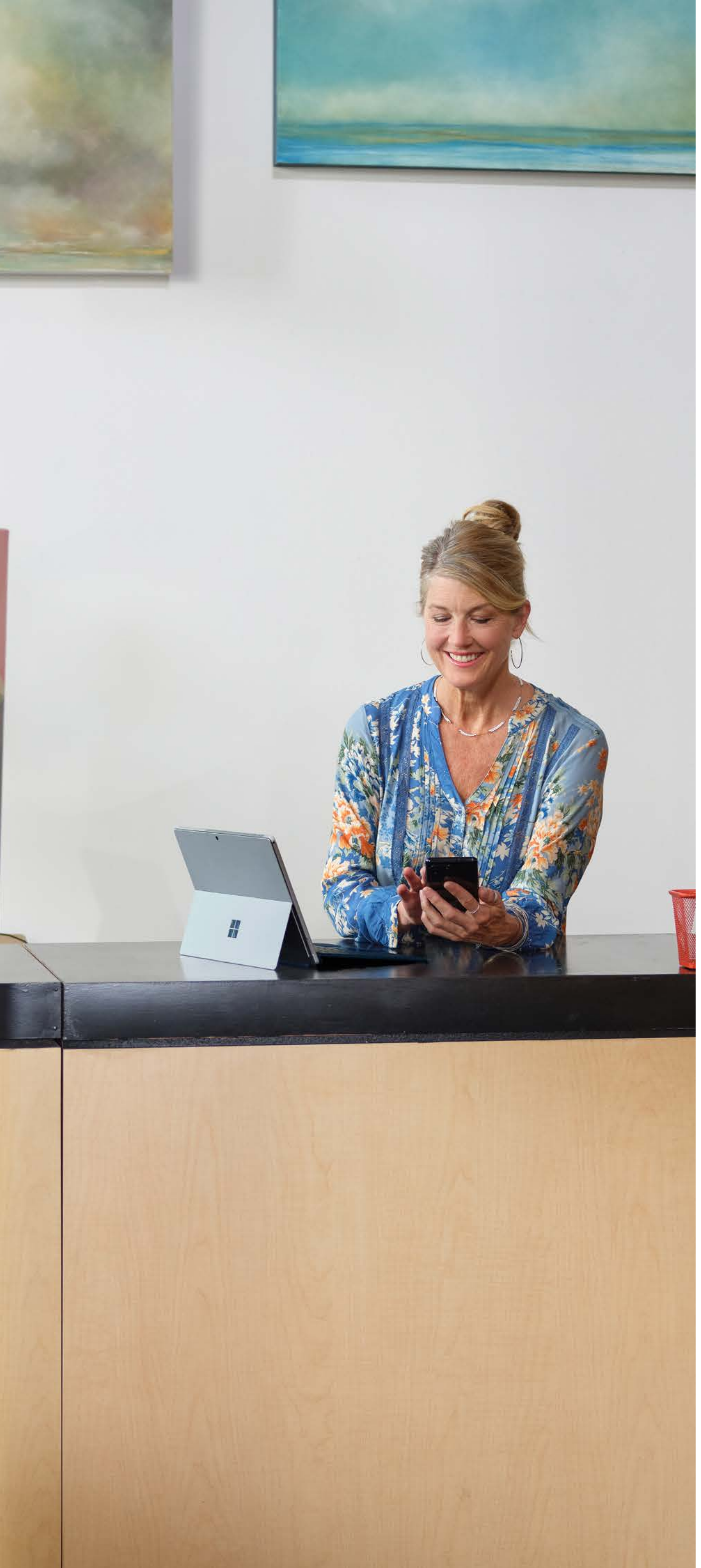
Introduction

As a leader within a small to medium-sized business (SMB), your responsibilities are boundless. Each day, pushing your business vision forward means stepping into whatever role is needed at the moment—sales, marketing, human resources, accounting, purchasing, customer service, or investor relations—sometimes all at once. When everything is moving fast and you are constrained by time and resources, it can be difficult to stop and think about the business systems that your operations rely on.

This guide is designed to help you determine if a modern cloud business management solution can help you address the current gaps in your operations and provide best practices and strategies for embracing digitalization.

Consider the following challenges facing many SMBs today. Does your business struggle with one or more of these scenarios?

- [ ] We are burdened with time-consuming financial closes and slow reporting, which prevents visibility into the state of the business.
- [ ] We do not have the functionality needed to sell and purchase internationally or open new offices globally.
- [ ] We are constrained by our lack of access to capital, reporting to secure investors, and poor cash flow visibility.
- [ ] We are managing high volumes of customer complaints due to unmet expectations around fulfillment, delivery delays, and poor quality.
- [ ] We are unable to keep up with changing customer demands, which results in disjointed customer experiences.
- [ ] We are not able to sufficiently prioritize and track leads through the sales journey.
- [ ] We lack visibility into customer acquisition and retention, as well as tools to adequately manage customer relationships.
- [ ] We do not have a process to manage purchasing approvals and lack financial and banking controls.
- [ ] We have inadequate visibility into operational costs and inventory.
- [ ] We have experienced security breaches and cannot keep up with changing compliance regulations.
- [ ] We experience slowdowns working across disparate systems and lack sufficient tools and technology to support the agility we need.



What is modern cloud business management software?

The wave of rapid digitalization in recent years has brought significant changes to our everyday lives, with technology advancements enabling a fully connected world commanded by cloud-based, mobile functionality. This evolution has not only changed the way people interact but has changed expectations around how we do business. While SMB leaders have long relied on legacy applications and disparate solutions to manage their business needs, they are now facing a pivotal moment where embracing digital transformation is quickly becoming essential to survival, especially in the age of AI. 76% of SMBs say they will increase their spending on technology this year, with 25% anticipating an increase of more than 21%.[1]

The new generation of cloud-based, comprehensive business management software is designed specifically to make digitalization more accessible than ever for SMBs, helping them capitalize on new technology to adapt faster, work smarter, and perform better. Connecting data across financials, sales, service, supply chain, and operations provides a holistic view and deeper insight into what is happening within and around the business while enabling more informed action. This new generation of business management software also leverages the power of AI to help free up capacity and enables employees to focus on their most meaningful work.

How does modern business management software differ from entry-level accounting, customer, or resource management tools?

Traditional technologies like bookkeeping and accounting tools, customer relationship management (CRM) and enterprise resource planning (ERP) solutions applications are each effective in helping SMB leaders manage various aspects of their business. However, these disparate systems leave data siloed and inaccessible without providing a holistic "big picture" of everything happening across the business.

A modern, integrated business management solution brings together the functionality of all these applications in a single source to connect your data, people, and processes for maximum business impact with less effort.

Modern business management software enables SMBs to:

- Automatically pull systems and processes together so their people do not have to.
- Gain a complete picture from across the business, with reports when and where they are needed, to support more informed decisions.
- Create efficiency across business processes—including through the use of AI—and be ready for growth so change does not get in the way of day-to-day operations.

How can modern business management software help?

Business continuity and success depend on effective operations, productivity, quality, speed, and the customer experience that you deliver. However, the traditional strategies and multitude of solutions SMBs have long relied on to support these efforts are no longer sufficient to keep pace with today's rapidly changing and digitally-driven economy. Modern business management solutions—rooted in cloud technology—help to fill the gaps and connect your data across all lines of business in your organization. From financials to sales, services to projects, and even across warehousing, supply chain, and manufacturing, a modern solution can enable real-time data access, visibility, and insights across your entire business. The result is a digitally reimagined business that provides you with a competitive edge.

Modern business management software can help you:

Reclaim time for important work with AI-powered tools that help teams speed through tasks, build momentum, and free time for the most impactful work.

Increase financial visibility to support more informed decisions with connected data and real-time reporting, streamlined financial closing, and financial performance tracking.

Go global with custom financial dimensions and multi-company, multi-lingual, multi-currency fixed asset management.

Optimize your supply chain with a holistic view of inventory, predictive restocking suggestions, streamlined receiving, and proactive engagement with suppliers.

Accelerate sales by prioritizing leads, optimizing pricing, and central management of all agreements and sales orders.

Improve service and deliver end-to-end customer experiences with centralized customer records and effective management of post-sales issues.

Deliver projects on time and on budget with advanced tracking and reporting to enable better resource management and more effective, insight-based decisions.

Improve agility and productivity with a consolidated system, AI-powered tools, and work-from-anywhere access to business data and tools.

Strengthen security to protect your organization from data breaches and maintain compliance.

Connect with existing systems that you already use, such as payroll, and tailor to your unique industry or business requirements.

Take your business on the go with any time, anywhere access on any device.

Be ready for growth with a solution that is always up to date and can also be tailored and adapted to fit your unique needs.

Buying a business management solution

With numerous business management and ERP solutions available on the market, selecting the right one for your company can seem like a daunting task—but it does not have to be. Through a series of easy-to-navigate steps, the E.M.P.O.W.E.R. process provides the necessary guidance to move your business from envisioning to realizing results with a solution that fits your needs.

The E.M.P.O.W.E.R. process

E

Step 1

Envisioning digital transformation

Define and prioritize your digitalization strategy, identifying the problems you wish to address and what business outcomes you hope to achieve. Spend some time considering the impact a new cloud ERP could offer across your business.

M

Step 2

Managing change

Once you have your strategy outlined, it is critical to assign an executive sponsor and clearly articulate roles and responsibilities for the project. Ensure each team member knows their role, understands the strategy, and knows how to initiate a change in the process.

P

Step 3

Partner selection

Start short-listing and comparing vendors at the beginning of your buying process. The right partner will help you maximize your digitally transformed processes and ensure continued future growth as your technology and your organization evolve.

O

Step 4

Outcome mapping

Modern ERP provides an array of capabilities across many lines of business and functions. Identifying the business and process outcomes that will define success will help you map to the critical capabilities that are essential in supporting your desired results.

W

Step 5

Writing a business case

Leverage the work completed in the previous steps to build a compelling case for change, considering the business and technological impact, quantifying the return on investment (ROI) and financial benefits, and establishing a timeline and plan for implementation.

E

Step 6

Embracing digitization

Accelerating organizational agility requires attention across five dimensions: strategy, structure, process, people, and technology. Help your organization see the value in your business transformation by creating immersive experiences across all five dimensions.

R

Step 7

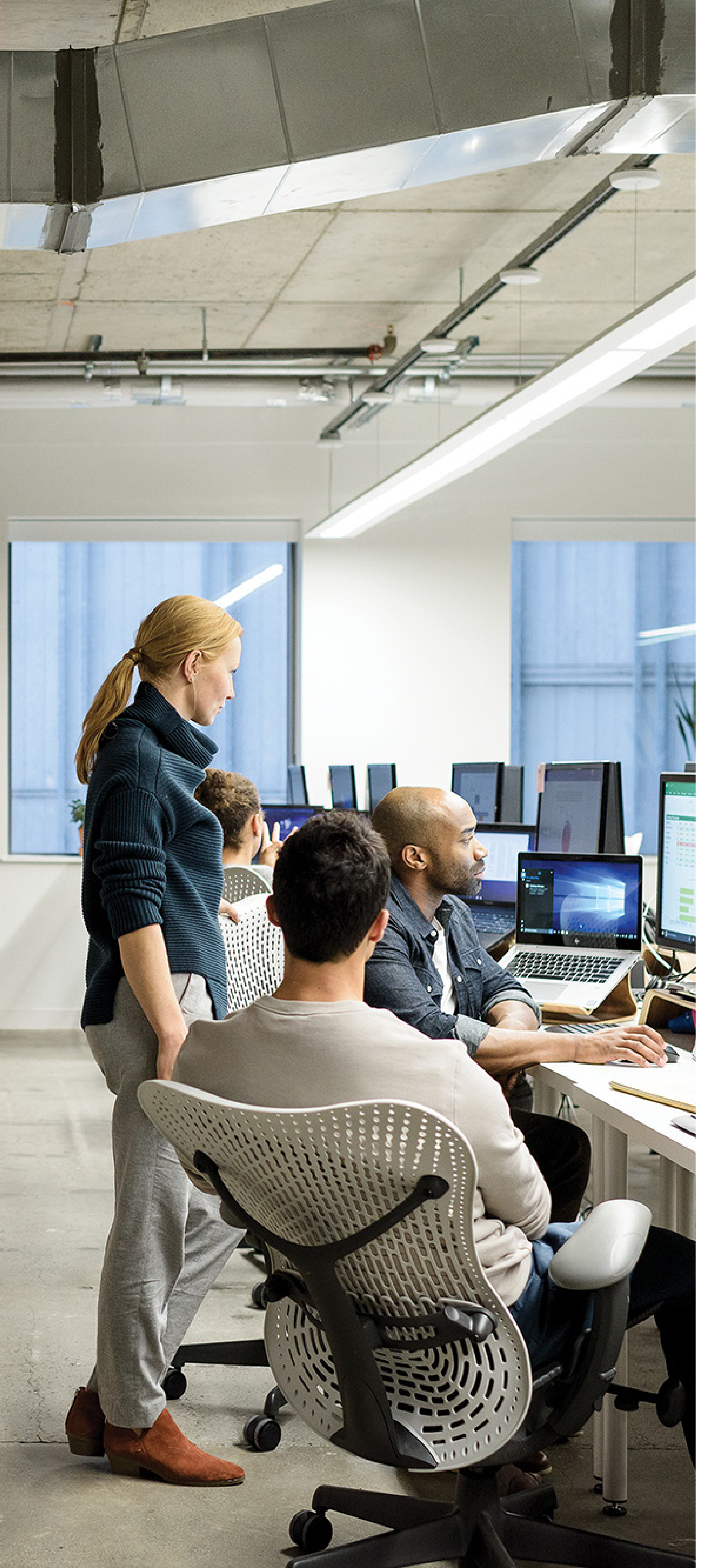
Realizing results

Modern business management systems provide an array of capabilities across many lines of business and functions. Identifying the business and process outcomes that will define success will help you map to the critical capabilities that are essential in supporting your desired results.

Envisioning digital transformation

Use the following template to help you outline your digital transformation strategy. Be sure to include an approach for all your departments. We've provided a few examples to get you started.

	Business challenges and opportunities Business blockers or opportunity to digitally transform	Goals and strategies Desired business outcomes from solving problems or capturing opportunity	Tactics and enablers Achieved through these initiatives, programs, or processes	Benefit measures Measured by these key performance indicators
Business performance	• Improve gross margin • •	• Reduce COGS by 25% • •	• Reduce inventory waste • •	• Gross profit margin • •
Finance	• Slow financial reporting • •	• Close books by the 2nd of the following month • •	• Automate bank reconciliations • •	• Month-end close cycle time • •
Sales	• Win more service contracts • •	• Increase service revenue by 30% • •	• Provide more accurate project estimates • •	• Contract win rate • •
Customer service	• High number of customer returns • •	• Reduce return rate by 50% • •	• Transform product quality checks • •	• Rate of returns • •

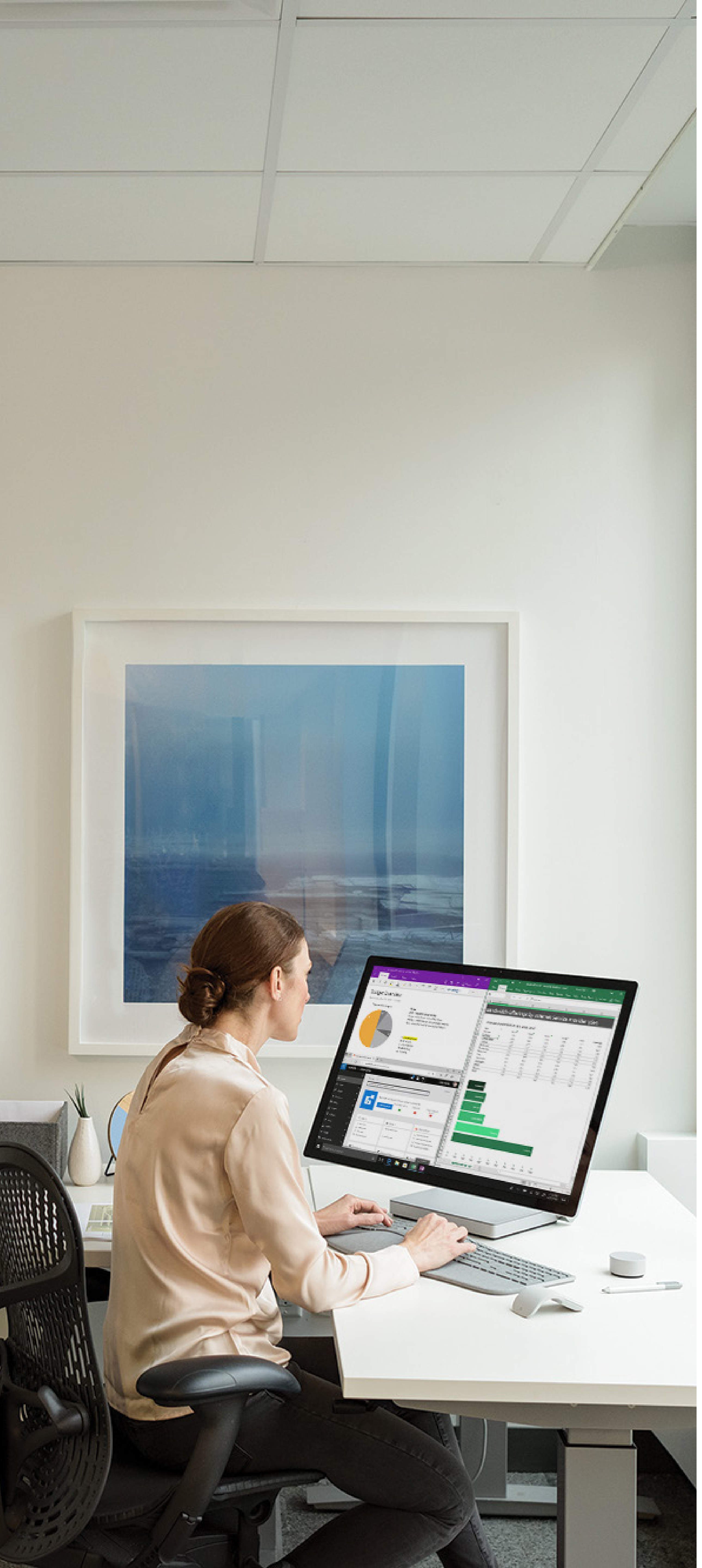


Managing change

As Benjamin Franklin once articulated, "By failing to prepare, you are preparing to fail." Every successful project starts with a detailed plan of action. Buying a new business management or ERP solution requires creating a plan to manage change. Forging ahead without carefully outlining dependencies, roles, and responsibilities could easily jeopardize the success and impact of your new solution.

Use this checklist to help validate your change management readiness:

- [ ] You have assigned an executive sponsor to lead and oversee the transformation.
- [ ] You have outlined the key roles associated with various aspects of your transformation and each of their responsibilities and have informed everyone accordingly.
- [ ] You have all business leaders and managers informed on the changes to support adoption throughout the rest of the organization.
- [ ] You have a high-level strategy and vision that outlines desired business outcomes.
- [ ] You have established (or are developing) a timeline to detail what changes need to happen when.
- [ ] You have set key performance indicators (KPIs) for this project and identified what success looks like.
- [ ] You have a strategy in place to effectively communicate what changes are taking place, why they are necessary, and how employees may be affected.
- [ ] You have established feedback mechanisms to continuously gather input from employees and stakeholders, allowing for adjustments and improvements throughout the implementation process.
- [ ] You have arranged training programs and resources to ensure all employees have the necessary skills and knowledge to use the new software effectively.
- [ ] You have defined a post-implementation support plan to provide ongoing assistance and address any issues that may arise after the software is fully deployed.
- [ ] You have a process in place to monitor and mitigate any risks, disruptions, and issues that may be experienced as part of the implementation.
- [ ] You have identified potential blockers to adoption and have a process for change enablement.



Software selection

With hundreds of business management solutions available today, it can be challenging to know where to start your search. Even before looking at specific capabilities, the first step should be determining what is important to you in a technology vendor. With the right partner and the right solution, even complex business processes can be transformed with confidence.

Leverage the following list of considerations in evaluating vendors to help you identify the right match for your business:

- [ ] **Support**: What kind of support and professional services does the vendor offer, and can I expect to receive help when I need it?
- [ ] **Reputation**: How long has the vendor been in business? Do they have a trusted reputation within the market, and are they likely to maintain longevity?
- [ ] **Experience**: How experienced is the vendor with supporting businesses of a similar size and industry? Do they offer customer case studies and references?
- [ ] **Security**: What technology and cloud platform are the vendor's business management solution built on? Do the platforms offer the regulatory compliances your business requires? Do they offer identity protection, role-based access, and encryption?
- [ ] **AI**: Does the platform levera artificial intelligence (AI) capabilities to help increase productivity, streamline processes, and empower leaders to make more informed decisions?
- [ ] **Deployment**: Is the solution built on a future-ready cloud platform, and how much time and effort does it require to deploy? Does the vendor provide training courses, content-aware help, and guided tours to help accelerate onboarding?
- [ ] **Scalability**: Can the solution allow me to easily add additional users, database storage, companies, financial dimensions, and additional capabilities as my company grows?
- [ ] **Availability**: Does the vendor have a global cloud presence that can support my needs no matter where my business is located or where we expand, and does it provide mobile applications to support remote access and agility?

- **Connectivity**: Does the vendor offer the ability to connect data across business applications and departments? How easy is it for my people to access productivity tools like Microsoft Outlook, Teams, and Excel?

- **Performance**: Is the vendor invested in ensuring advancement in cloud technology?

- **Integration**: How easily does the solution integrate with other critical solutions, platforms, or services, and does it require heavy lifting to connect the assets that I need?

- **Extensibility**: Does the vendor offer additional solutions and partnerships to extend the capabilities of the solution and enable personalization to fit my needs?

- **Innovation**: Is the solution regularly updated with new capabilities that respond to market and technology advancements or regulation changes that affect my industry? Is the vendor invested in a product roadmap and moving the solution forward?

- **Maintenance**: How is the solution maintained, and how are updates deployed? How much effort is required on my part to manage it?

- **Pricing:** Is the software licensing cost simple and transparent? Is it affordable? Are there hidden future fees, such as escalating costs with increased transactions?

- **Accessibility**: Does the solution provide accessibility features to support inclusivity? How easy is it to use? What does the user experience look like? Is it configurable and role-based?

Outcome to critical capabilities mapping

Modern cloud business management systems provide an array of functions across financials, sales, customer service, projects, warehousing, inventory and supply chain, manufacturing, and business intelligence. The right solution should not only provide the capabilities you need to reimagine your day-to-day operations today but also support the needs that may arise tomorrow.

As a rule, organizations should aim to get at least 80% of the functionality they need from a business management solution "right out of the box" without needing to make any significant modifications. This leaves the remaining 20% to come from solutions from independent software vendors (ISVs) and other custom applications to fine-tune the solution to meet any highly specific capabilities. In other words, the solution you select should be one that is pre-configured to include nearly all the capabilities you need from day one.

However, buying a business management solution is not about ensuring it has every feature available in the market today; you should focus on getting the right capabilities to drive process innovation and support the business outcomes defined in your initial strategy.

Here are some of the business outcomes and capabilities that a business management solution can support:

- **Enhance productivity through AI**, workflow automation and governance, with connectivity to familiar business tools like Outlook, Teams, and Excel to increase ease of use and adoption. Leverage role-based advice and guidance to ensure users have the right access to the right information.
- **Increase financial visibility** and make more informed decisions with better reporting and tracking. Support custom financial dimensions, intercompany transactions, automatic bank reconciliations, fixed assets, cost accounting, and financial performance indicators—all while adhering to financial standards.
- **Optimize your supply chain** with a holistic view of inventory, purchases, and orders. Predict restocking needs and engage with suppliers while improving demand forecasting, drop shipments, order planning, purchasing governance and logistics, warehousing optimization, manufacturing production, assembly, and quality management.
- **Boost sales** with lead prioritization and improved customer relationships through contact, campaign, document, email, opportunity, and sales order management.
- **Improve customer service** with enhanced planning and dispatching while streamlining contract, service order, and price management. Better address customer returns and needs to improve satisfaction.
- **Deliver projects on time and on budget** with improved resource management—including time and expense tracking, people, and materials—to make effective, insight-based decisions through advanced reporting.
- **Increase agility** with the ability to work and connect to business data and tools from anywhere. Access your data in the cloud and easily add new users, new companies, new financial dimensions, or additional storage.
- **Go global** with cloud availability and multi-language, multi-currency support that adheres to local regulations and taxes.
- **Maximize value** with extensibility and customization to fit your unique needs through app development, business intelligence dashboards, business process optimization, chatbots, and connectivity to ISV solutions.
- **Support future readiness and growth** with an always-on, always up-to-date cloud-based solution that can scale as you grow and provides the modern analytics and artificial intelligence capabilities that the future of business requires.
- **Protect your business** with increased, cloud-based security and compliance that keeps your data protected while enabling business continuity.

With these outcomes and high-level capabilities in mind, take some time to look at your current business processes and create process maps to identify friction points and bottlenecks. Challenge your teams to ideate on how to transform these processes, like leveraging automation to reduce the number of steps and manual action required. Have your teams consider how technology might drive efficiencies and identify the transformed business outcomes you would like to achieve. You can then begin to map your ideal outcomes to the necessary capabilities in a business management solution.

Writing a business case

Creating a strong business case for a cloud business management solution can be very beneficial. It allows you to clearly identify the return on investment (ROI) by comparing direct costs to benefits. It also helps you demonstrate the overall business value, making it easier to gain support from your leadership team and employees. The following worksheet will help you get started when developing your business case.

Define the challenge

Identify the key business challenges you are looking to solve or the goal you are trying to achieve.

1.
2.
3.

Determine the best solution

Outline a plan for how you will use a business management solution to solve your problem and which solution best suits those needs.

Pain points	Solution (new process, automation, desired outcome)
•	•
•	•
•	•
•	•

Outline the Total Cost of Ownership (TCO)

List the costs and related investment considerations for purchasing the desired business management solution.

-
-
-
-

Calculate the ROI

Leverage Forrester Consulting's total economic impact (TEI) methodology to get proven ROI calculations to help you determine the ROI of a business management solution.

Forrester Consulting TEI methodology

Outline the benefits

List the benefits and related business gains that the solution can provide in addressing your pain points.

Pain points	**Benefits of solving or business outcome**
•	•
•	•
•	•
•	•

Establish a timeline

Outline the estimated time you will spend evaluating and implementing the new solution.

Week/Stage 1:

Week/Stage 2:

Week/Stage 3:

Week/Stage 4:

Date: Implementation complete

Establish a training, user adoption, and communication plan

Before deployment

Who:

When:

Communications:

Training courses:

At go-live

Who:

When:

Communications:

Training courses:

After go-live

Who:

When:

Communications:

Training courses:

Leverage change management

Apply change management best practices to ensure buy-in and user adoption across the business.

- [ ] **Enable a top-down approach**: Get business leaders and managers on board and up to speed to support adoption throughout the rest of the organization.
- [ ] **Establish clear goals:** Set clear and motivating goals and objectives to increase understanding of how the new technology will help individual users succeed and improve processes.
- [ ] **Manage resistance**: Address concerns of those who are resistant to change and demonstrate the value that the changes will bring.
- [ ] **Adopt a culture of change**: Establish a culture of change to enable easier transitions in the future and a company-wide acceptance of innovation and improvement.

Embracing digitization

Setting yourself up for success is about more than just the right technology; it is about your overall digitalization strategy, process mapping, and, most importantly, your people. A successful transformation means ensuring that your plan accelerates organizational agility throughout your business and across each of these five dimensions:

Strategy

To be successful, your digitalization strategy needs to create a shared purpose and vision across all teams within the organization. Be sure to document your strategy and create visualizations to get everyone excited about the outcomes a new approach will drive for them, your customers, and the business.

Structure

Teaming— how your teams operate in supporting customer outcomes— is essential to your business success. Your organizational structure needs to empower team alignment, accountability, and collaboration. It is important to create role clarity and outline the expertise that is required to drive business impact. This can often require reskilling of employees to move your strategy forward.

Processes

Continuous process optimization is iterative innovation that every single person in your company needs to be accountable for driving. Employee engagement and retention are improved when people feel a sense of ownership and are rewarded for recommending changes that will improve departmental KPIs. Help encourage both adoption and process optimization in your digitalization strategy by tracking operational performance metrics tied to departmental processes.

People

Thriving in a rapidly changing market requires that every person in your business be able to adapt quickly to new ideas, products, and business models. Agility and adaptability are becoming the new measure of aptitude. Historically, companies focused on experience and expertise, or what is referred to as a person's "Intelligence Quotient" (IQ). The new focus on digital advancement and agility has introduced the "Adaptability Quotient" (AQ), which measures a person's ability to embrace change with an open mindset. There are ways to help your people improve their AQ to become more instrumental in driving innovation.

Technology

Technology is advancing rapidly, resulting in constantly evolving markets and customer expectations. Technology may be the foundation, but it is put into action through your strategy, structure, processes, and people. The most important part of this dimension is to keep from getting stuck on outdated platforms or legacy software that does not adapt with you as you change and grow. Simply implementing your initial digitalization strategy is not where you stop; adopting a culture of change makes for easier transitions to future technology and instills a company-wide acceptance of continuous innovation and improvement. Ensure your business management solution is as adaptable as your business and will grow with you.

Realizing results with Microsoft Dynamics 365 Business Central

To make your business dreams a reality, you need business solutions that can keep pace with a constantly changing world. That is why successful SMBs have moved to the cloud with Microsoft Dynamics 365 Business Central.

Business Central provides SMBs with a comprehensive business management solution that connects finance, sales, service, and operations teams within a single easy-to-use application. With Microsoft Copilot in Business Central, you can harness the power of next-generation AI to boost productivity, spark creativity, and improve business performance. Give your company an edge by driving innovation backed by the world-class security, flexibility, and scalability of the Microsoft cloud.

When Business Central and Microsoft 365 work together, SMBs can enhance productivity and redefine how work gets done. With data connected from Business Central to familiar apps like Excel, Outlook, and Teams, employees get the information they need without switching between applications.

Join more than 40,000 small and medium-sized businesses that have moved to the cloud with Business Central to work smarter, adapt faster, and perform better.

Adapt faster

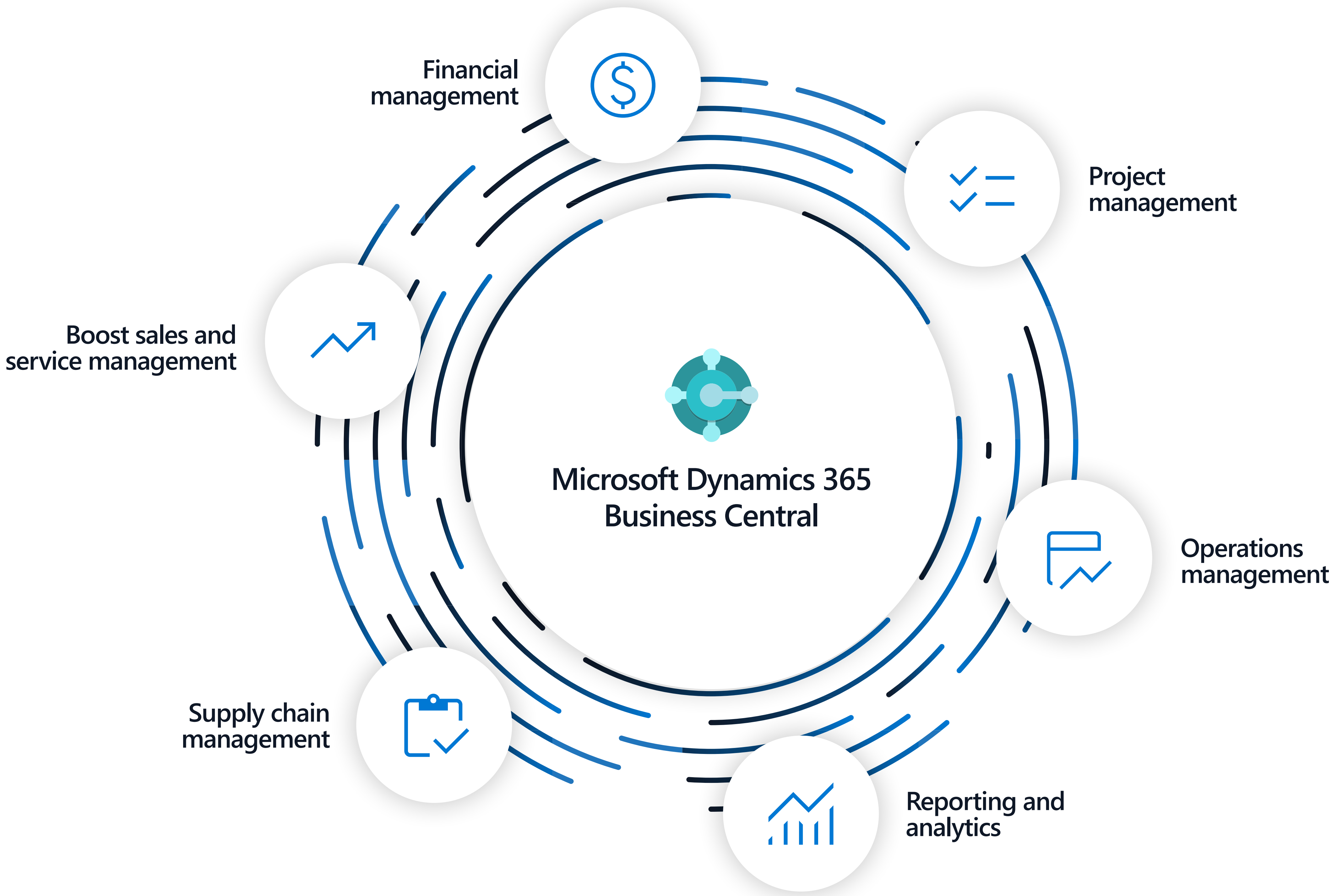
Transform business operations with the security, flexibility, and scalability of the Microsoft cloud solution that grows with your business.

Work smarter

Empower people to be more collaborative, productive, and impactful with Microsoft Copilot and connectivity to Microsoft 365, including Outlook, Excel, and Teams.

Perform better

Perform better with guided workflows and timely data that drive continuous process optimization, accelerate financial close, and improve decision-making.



Today’s marketplace is not just competitive; it is constantly changing.

With every day and every minute bringing something new, be equipped for what is next and unlock limitless possibilities with Dynamics 365 Business Central.

Learn more about Business Central

Source:
[1.] IDC WW Small and Medium Business Survey, Feb 2024
[2.] McKinsey and Company, How to implement transformations for long-term impact, May 2023.