5 Software Applications Every Small Business Owner Needs
and 3 You Can Skip

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Small Business Challenges

It’s not easy being a small business owner, particularly in today’s economic climate. You’re constantly besieged by challenges — some expected, others not so much. But regardless of these challenges, you can come out on top. The reality is, owning a successful business takes more than a good product or service. It takes dedication, passion, and a lot of hard work.

You can reduce some of that workload by using the right tools. Tools such as an awesome, dedicated, hardworking staff that is as invested in your business as you are. Tools such as a powerful computer and up-to-date equipment.

**Tools such as the right software.**
Why your small business needs the right software

Imagine trying to run a successful business without knowing how much money you’re earning. Imagine your customers giving you their email address on their latest order, where it just sits, without any further contact from you. Imagine hiring a new employee without checking their references, or not knowing how much tax to withhold from their paycheck.

The right software can eliminate those issues and help you:

- Create invoices to properly bill your customers
- Record customer payments promptly
- Track business expenses in the correct categories
- Pay your employees accurately and on time
- Withhold the correct taxes from employee paychecks
- Hire the right employee for the job
- Manage customer accounts
- Stay connected with contacts and customers
- Reward your most valuable customers

The right software can help you do many other things that aren’t on this list, making it one of the most important resources for small business owners.

If you still think of software as a bulky, awkwardly navigated program that takes months to learn, it’s time to become acquainted with today’s software, which is usually online, works nicely with your smartphone, and takes just a short time to get the hang of.

If you’re ready to grow your business with some incredible software tools, let’s move on to the next question you’re likely to ask yourself: “What software do I need for my small business?”
5 types of software your small business needs

Your small business should invest in the following types of software:

1. Accounting
2. Payroll
3. Human resources
4. CRM
5. Email marketing

These five applications will help you keep track of your income and expenses, pay your employees, avoid violating any labor laws, grow your customer base, and manage your current customers. We’ll explain the importance of each application and why you need each one, and we’ll even give you a few suggestions on specific software applications that may work best for your small business.
Accounting

I would argue accounting software is vital to the success of your small business. Whether you work solo from your house or have a staff of 50, you should use accounting software.

Why?

Because accounting software makes your life so much easier. It simplifies the entire accounting process. No more writing down every transaction you make. You’ll know exactly what you’ve spent your money on, and you’ll know when to pay the electric bill to ensure it’s not late.

Business owners use accounting software for different reasons, but whatever the reason, the benefits are the same. Accounting software eliminates the need to enter transactions into a spreadsheet, reduces the number of transposition errors made, and offers an easy way to invoice your customers.

▶ Ask yourself this: How will you know how well your business is performing if you have no idea how much money you’ve spent in the last year? How will you know how much money your customers owe you if you don’t have a way to track their invoices and payments? More importantly, how will you convince a loan officer to extend a line of credit to your business if you’re unable to provide them with proof that your business is solvent?

And then there are taxes. How will you track and pay your tax obligations if you’re not tracking things like sales tax, employment tax, and federal income tax?

In addition, accounting software helps you answer these and similar questions:

- How much does it cost to make my product or offer my service?
- Are my customers paying me on time?
- Do I have the funds to hire another employee?
- Am I spending too much money?
- Should I offer another product or service to my customers?

Everyone in business should be using accounting software since it’s impossible to truly gauge your company’s financial health without it.

If you’re ready to transition away from manual ledgers and spreadsheets, consider these quick recommendations. Look for an application that’s hosted in the cloud, meaning it’s easily accessible via the internet anytime you need it, giving you the flexibility to access your company’s finances at midnight from your kitchen table if you can’t sleep. Cloud computing also eliminates the need to install a bulky program on your hard drive, since cloud applications are hosted elsewhere.

The second recommendation is to look for something that fits your business. For example, the ideal accounting software application for a business in a growth phase will likely be different from the best application for a startup or freelancer.
For growing businesses, a good place to start is **AccountEdge Pro**. AccountEdge Pro offers easy online accessibility with the stability of an on-premise application, and it includes all of the features a small business needs while also offering comprehensive inventory management, a must if you’re selling products.

For smaller businesses, freelancers, consultants, and sole proprietors, check out **FreshBooks**. FreshBooks offers complete double-entry accounting capability along with an awesome time tracker, a must for service businesses or those that bill by the hour.

For more suggestions on accounting software applications, browse through The Blueprint’s **accounting software reviews**.

**Payroll**

If you don’t have any employees yet, you don’t have to worry about payroll right now. But the minute you hire one employee — just one — you should have payroll software or a payroll service in place.

You’ll find many payroll applications on the market, making this a particularly difficult choice. When evaluating payroll software and services, knowing the answer to these questions will help you find the best fit:

- Is it a full-service application?
- Is it easy to use?
- Will all my tax reporting be completed and taxes paid by the payroll service?
- Can employees access pay stubs online?
- What is the total cost?
Many accounting software applications may contain a payroll module, but if you’re uneasy about handling payroll taxes, as many business owners are, consider using a full-service payroll provider instead. In fact, the No. 1 reason people turn to payroll providers is that they don’t want to deal with payroll taxes.

That’s understandable when you consider how many you face:

- Employee income tax withholding
- FICA tax withholding for employees
- FICA tax, employer portion
- State income tax withholding
- FUTA, Federal Unemployment Tax
- SUTA, State Unemployment Tax
- Any city or county taxes that must be withheld and paid

If you’re knowledgeable about these taxes and how to properly withhold and pay them, I’d encourage you to use standard payroll software. But if the only experience you have with payroll taxes is the amount your employer withheld from your check when you were an employee, start looking for a full-service payroll solution today.

If you’re not sure what payroll services to use, start with OnPay, which you can use whether you have 5 employees or 50. OnPay offers one plan and includes complete HR tools and resources in its pricing.

The interface is easy to use, and you can enter your payroll information in minutes.

Another option for small businesses with 1 to 49 employees is RUN Powered by ADP. RUN offers complete payroll processing, and if you don’t want to deal with payroll at all, you can call employee hours in using the automated phone system, and they’ll do the rest.

ADP has been around for a long time, and they know what they’re doing, so the application is worth a second look. If you’re still not sure, check out The Blueprint’s payroll software reviews to find even more payroll options.
Human resources
You put an ad in the paper or on various websites. You interview and hire an employee and decide what to pay them, and they start work a few days later. What the heck do you need human resources software for?

Let’s take a look at just a few of the benefits of using HR software.

1. **Compliance:** Compliance might be the No. 1 reason to use HR software. Once you hire a single employee, your business is subject to numerous rules and regulations you may not be aware of:
   - **Fair Labor Standards Act:** FLSA requires compliance with overtime rules, minimum wage, and child labor laws.
   - **Civil Rights Act:** This bars discrimination on the basis of race, color, religion, sex, and national origin.
   - **Americans with Disabilities Act:** The Act prohibits discrimination against qualified applicants with disabilities.
   - **Age Discrimination Employment Act:** This prohibits discrimination against those over the age of 40.
   - **Family and Medical Leave Act:** FMLA requires that employers provide up to 12 weeks of unpaid, job-protected leave.

Non-compliance with any of these acts, along with several others, means a nice, hefty fine, something nobody wants.

2. **Time-saving:** Ever wonder how much time you’re spending keeping track of employee benefits, anniversary dates, review dates, benefits, and disciplinary actions? If you have a staff of more than five, probably a lot. Using HR software automates those functions, so if you’re wondering when it’s time for Sue’s next review, just enter her name in your HR software, and it will tell you — along with a lot of other things.
Benefits administration: if you offer benefits to your employees, those benefits need to be managed. What exactly does that mean?

For example, Jessica owns a small business with a staff of 15. She offers her employees health and dental insurance, with the business paying 75% of the premium for both, while employees pay 25% of the premium, which is deducted from their paychecks. While it’s the payroll department’s responsibility to make sure the correct amount is deducted from employee paychecks each pay period, HR is responsible for ensuring that the payroll staff is provided with the correct information regarding the deduction, including enrollment dates, when the first deduction should occur, and the amount the employee is responsible for.

It’s also HR’s responsibility to handle the enrollment for each employee, assist if they have any questions or issues, and make sure the employee is removed from the plan upon ending their employment with you. That’s a lot of work, and the workload will only increase as more staff members are added.

In the past, HR software was costly — too much for many smaller businesses. But that’s all changed. Today, HR software is within reach of most small businesses, and even if your staff is small, it’s worth the investment.

If you’re not sure what HR software application is right for you, let me suggest two good options. **Zoho People.** Zoho products are easy to use, and Zoho People is no exception. Zoho People offers a free plan as well as five paid plans, making it suitable for any size business that needs to manage its staff. Zoho People offers time and attendance management, workforce planning, and a recruitment module so you can manage staff from initial interview to employee onboarding.

**Namely HR** is another good option for both experienced HR managers and those just getting started. Namely HR features include recruiting and onboarding, performance management, benefits administration, and time and attendance. It works with your payroll application as well.

If neither of these options is right for your business, check out The Blueprint’s [HR software reviews](#) for plenty of other choices.
CRM

The argument can be made that every business should have a customer relationship management (CRM) application. Even brand-new businesses with 10 contacts should have a CRM they can use to double those 10 contacts to 20, and continue to double them until they have a CRM full of contacts and customers. Even if you do the majority of your work from your dining room table, or if you can count your current customers on one hand, CRM software can be useful.

If you’re under 30, you probably don’t remember the Rolodex, the state-of-the-art analog CRM of its day. A CRM software application works a lot like a Rolodex, except you don’t have to worry about running out of space on a card if you want to add your contact’s favorite wine, their birthday, or the name of their spouse or kids. Instead, you have a dedicated area in the software that belongs to them, where you can enter as much detail as you’d like.
While a CRM is mainly a sales tool, it’s also a great contact management tool that allows you to follow up on a lead immediately, or get in contact with a customer immediately after they place an order to see if they need anything else. CRMs also let you record customer conversations — from a two-line text to a 15-minute telephone conversation.

Remember, if your customer isn’t happy, it could negatively impact your business. And while CRM software won’t eliminate customer issues, it can go a long way toward reducing them. And while you may not be able to avoid all customer entanglements, CRM software allows you to respond quickly to any issues that do arise, keeping your customers happy.

Not sure which CRM is right for your business? Consider Freshworks. Loaded with features, Freshsales may appear to be better suited to larger businesses, but the basic version would work well for smaller businesses, offering features such as standard lead management, marketplace apps, Freshworks integration, and API access.

Salesforce is another option. While not known for its ease of use, Salesforce offers excellent customization capability for your industry, even nonprofits, and includes all standard CRM features such as lead management, engagement, analytics, and community management and reporting.

If you’re curious about other options, be sure to check out The Blueprint’s comprehensive CRM reviews.

**Email marketing**

In many cases, email marketing is included in CRM software applications, but if you’re using a bare-bones CRM, or you’re not using a CRM at all, consider purchasing email marketing software.

Not exactly sure what email marketing software is — or why you need it?

First, think about this. How many emails do you get each day? How many of those are unsolicited emails? How often do you actually read those emails?

The names on your email list, if you have one, would probably react much the same way. It’s your job to give them a reason to open emails from you. But how do you do that? By delivering email content your customers want.
For example, if you own a sporting goods store, would you send your baseball-playing customers an email about a sale on bowling balls? Or email your weightlifting customers about women’s softball jerseys?

By slicing and dicing the information you have on your customers, you can send them emails targeted to their interests, working with custom profiles you create to ensure they only receive content that’s relevant to them.

The best time to start using email marketing software is when your business is still in the growth phase, as it will help you better understand your customers, retain the customers you have, and grow your business by allowing you to reach more customers with the products or services they want.

As a small business, you’ll want to use an email marketing software that makes your job easier, not more difficult, so be sure to check out Mailchimp. Well-known in the email marketing industry, Mailchimp includes a free plan, making it ideal for smaller businesses just getting started. It also lets you set up various campaigns, personalize your messaging, and even measure how well a campaign has performed.

Another good choice is HubSpot. Its comprehensive suite of marketing tools may be too much for smaller businesses, but consider it as your business grows. To learn more about other email marketing applications, check out the email marketing reviews on The Blueprint.
Software applications small business owners can skip

While the right software can be immensely helpful, not every business needs every tool — especially if you have a limited budget.

**Invoice generator software**

I’ll be honest. You’ll find many good invoice generator software applications in the market today. They create professional-looking invoices quickly and easily. But then what? You still have to collect money on those invoices. You still have to follow up if your customers pay late. You still have to account for those transactions in your general ledger.

Some small business owners would be better served by forgoing the invoice generator software and putting that money toward an accounting software application that offers good invoicing capability.
On-premise only software
On-premise software is still widely used by businesses large and small. But if you’re just starting, it’s smart to purchase an application you can use anywhere, any time, and that means the cloud. If you absolutely must purchase on-premise software, be sure you can host it on a virtual server, which will provide you with remote access should you need it.

Modular software
I have nothing against modular software, particularly for enterprise-level businesses with different needs. Yes, modular software makes the claim you can buy what you need and add the rest later, but in many cases, you end up with an incomplete system unless you purchase numerous modules.

As your business grows, you can consider modular software, but for right now, an all-in-one application is likely the best option.

Consider software an investment in your business
You didn’t become a business owner to spend all your time working on administrative tasks. By purchasing the right software today, you’re making an investment in your business that can pay dividends for years to come. Stop spending so much time on the day-to-day tasks of running your business and start spending more time doing what you love and what generates revenue.