



# The Importance of Business Information Systems

By Brian Newhouse, CPA

Some “tools of the trade” are specific. Carpenters need hammers. Programmers need computers. Good business information systems, however, are a critical tool for *all* businesses. They allow you to monitor profitability, manage inventory and products, respond to customer demands, improve financial management and provide banks, partners, investors and key stakeholders with vital and timely information.

Well designed and implemented business information systems should provide the information management and outside parties need to make informed and timely decisions about the operating health of the company. The old adage “Knowledge is Power” is especially relevant when, for example, a business owner considers the

need to have information available to assess the profitability of a new product they are selling or their bank needs timely and accurate financial information about the company to assess the borrowing capacity before the owner undertakes a significant expansion.

In addition, better use of company resources and quicker response time to customers can be a significant competitive advantage to companies that implement effective systems to automate routine business tasks. Businesses however do need to undergo a strong analysis of the return on investment of implementing a new system; as many companies can historically attest to, not all investments in technology end up saving the time or money that was originally expected.

And, most importantly, remember that a business information system is only as good as the people supporting and using it; the best designed systems are useless if no one in the company can figure out how to access the right reports or input information into the system correctly. More often than not, a system fails not because the software itself was designed poorly, but because the users were never trained correctly on the system in the first place.

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