

Maximizing Your IM/IM/POS System

State of the Industry

In our first two articles in this series, I described in some detail the need for transformation and change in the way the CBA retail channel does business. With the advent of Christian products becoming more and more popular, sophisticated mainline retailers have emerged as major competitors. It is no longer acceptable for CBA retailers to “do things the way we’ve always done it.” What can we do then? We need to adopt the very same “best practices” that have propelled mainstream competitors to the forefront. If the CBA retail channel is to succeed, we must be determined to help make it succeed, and that will require predetermined action steps from all segments of the industry. Here is what retailers can do.

The first action step we as retailers can take is to broaden our perception of being a “ministry.” Yes, first and foremost we are a ministry! But we must also realize that if we don’t run our “ministry” like a business, we simply will not be able to provide the profits necessary for us to continue our “ministry”, serve the believing and unbelieving community and make a living!

The second action step for retailers is to recognize our strengths over the mainline retailers and then continue to develop and enhance that competitive advantage. What are those current strengths? My hope is that these are recognizable to you immediately. The first is a combination of product selection and breadth followed by our comprehensive product knowledge. It is almost impossible to find those strengths in any store outside the CBA channel. Those two primary assets are then followed by

excellent customer service, which is really no more than the appropriate application of our first two strengths. Are you capitalizing on those strengths now? Does your store have the kind of inventory depth and breadth that will attract seekers and believers from your community or are they going to Barnes & Noble, Borders and Amazon.com?

Tools of the Trade— Your IM/IM/POS System

Having laid out addressable action steps, what are the tools needed to accomplish those tasks? In my experience, one tool stands out far above all others, your IM/IM/POS system (Inventory Management. Point of Sale). Many have touted technology as the solution to every problem. Even though many of us have experienced technologies solutions, we have also experienced a horde of problems created by technology as well! Although it may not be the solution to “all” problems, I am confident that a properly utilized retail IM/IM/POS system is at the core of the solution for today’s Christian retailers – of all sizes and shapes. We need the power of computers to do the mundane, time consuming task of handling the thousands of items and transactions that occur daily within our stores. Lets’ take a look at this amazing tool, your IM/POS system, and see how you can maximize its use in your store.

Can’t Afford a IM/POS System?

I often hear this statement when doing seminars around the industry, “oh, I can’t afford a IM/IM/POS system.” My response is quick and simple - “you can’t afford NOT to have a IM/POS system.” I then mathematically prove that statement with a very simple ROI (return on investment) calculation proving that the purchase of IM/POS system will save more than the purchase cost of the system. Retailers should not look at buying a IM/POS system as an expense! It is a capital investment that when spread out over a three to five year period will return your original investment in savings and provide additional savings above the original investment. There is a catch however - you must be willing to use your IM/POS system to its fullest capacity to get its fullest value. That will

be the focus of our next few articles and the Retailer Momentum Seminars being conducted around the country each Spring and Fall.

What Can Your IM/POS System Do For You?

To help us better understand what a IM/POS system can do for us, let's look at the functions it performs in our stores.

IM/POS System Functions

Basic Functions

- Check Out/Cash Register
- Sales Analysis/Physical Inventory
- Buying & Inventory Selection
- Ordering/Receiving/Shelving

Secondary Functions

- Customer Relationship Management
- Financial Management
- Kiosk/Web Integration

These functions have been classified into two basic groups, Primary Functions and Secondary Functions. The use of the word secondary does not infer that these functions are any less important than the primary functions. This choice was made simply because the secondary functions are often add-on modules to the basic functions supplied in a conventional IM/POS system by the system vendor. In this article, we will briefly describe each of the outlined functions and in our following articles, we will go into depth about how to use each of the primary functions to help you achieve the three competitive advantages outlined above.

Basic IM/POS Systems Functions

Check Out/Sales Analysis

If you have a IM/POS System, this is the function you are most familiar with. Unfortunately, this is where many retailers stop. Their IM/POS system gets used as an

expensive cash register and little of the data that gets collected is analyzed and properly used to make inventory decisions.

Sales Analysis/Physical Inventory

The sales analysis function truly is the heart of your IM/POS system. In future articles and in the Retailer Momentum Seminars being conducted for Ingram Book Group in the CBA and ABA markets, we will concentrate a good portion of our efforts in helping you determine what you should analyze, how often you should analyze it and how you apply the information derived from the analysis.

Buying & Inventory Selection

We previously stated that inventory selection and breadth were the key areas Christian retailers need to concentrate on to meet and beat the competition. Combining the Sales Analysis and Buying & Inventory Selection functions is exactly how that can be accomplished. To simplify the buying and selection process, we have defined four separate and distinct product groups, each of which requires a different buying & inventory selection process. They are:

- New Titles – SKU's (stock keeping unit – in our industry most commonly an ISBN or UPC) with less than six months sales history in your store.
- Backlist Titles – Any SKU with more than 6 months of sales history in your store
- Core Inventory – SKU's with national sales histories that may not be stocked in your store.
- Seasonal Items – Any SKU related to a specific calendar event or season.

Ordering/Receiving/Shelving

Many of you are probably wondering why "Ordering" is included here and not under the "Buying & Inventory Selection" section. There is a very subtle, yet very important differentiation between the two. "Buying & Inventory Selection" is directly related to a

decision about stocking an item and how many to stock. “Ordering” is directly related to a decision about where you get the product, who offers the best Gross Margin/Discount, what is the order cycle time, what are the freight considerations, what is the vendors average GMROI, etc, etc. In other words, “ordering” has everything to do with the financial aspects of your inventory while “buying and inventory selection” has everything to do with WHAT you stock and not WHERE you get it from. This is a very important distinction and one we will spend considerable time developing.

Secondary IM/POS Systems Functions

This series of articles will not address any of the secondary IM/POS functions. Perhaps a future series will address them as there certainly is high value in doing so. These functions, although extremely important to the overall success of a store, fall outside the mission of this series of articles.

Customer Relationship Management

CRM, or Customer Relationship Management module in your IM/POS system should be viewed to be as vital as the cash drawer! Add-in CRM modules to your IM/POS system will help you track customer sales and extend your marketing outreach. As the saying goes – there are only two ways to increase sales, sell more to existing customers and get more customers to come to your store! There are a wide variety of features and functions built into the CRM IM/POS system modules that will help accomplish both those objectives.

Financial Management

All substantial IM/POS system vendors offer you a way to integrate your accounting functions into their IM/POS system software. Very bluntly, if a IM/POS system doesn't offer this option, either with its own software or integrated to a third party package like QuickBooks or Peachtree, don't even consider purchasing it as your IM/

POS system. We'll leave training and education to the accounts to give you the basics on assets, liabilities, balances sheets and income & expense reports.

Kiosk/Web Integration

As technology advances and broadband (high speed) internet connects become more readily available, stores will need to integrate their brick and mortar inventory with a virtual inventory available through the store to ship directly to the customers home.

Join us in our future issues as we will take each of the four basic IM/POS functions and go into detail about what you have to analyze, when you need to analyze it and then what you should take based on your analysis.

Bob Steele, conducted the original Business Solutions Seminars for Spring Arbor from 1980-1986, and has presented more than 400 business and training seminars in multiple business sectors including automotive, manufacturing, banking, engineering, government and retail.

Bob's expanded experience level brings balance and additional insight to the Christian products marketplace. He is currently developing seminar workshop curriculum for Ingram Book Group, Spring Arbor and the American Booksellers Association.

*Bob Steele
TrinityGroup
Franklin, TN
615-599-57611
bobsteele@trinitygroup.biz
www.trinitygroup.biz*