the IT factor

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Why IT should be at the heart of your business

We live in tough economic times, as Lord Sugar constantly reminds us in The Apprentice, so more than ever the challenge is to trade profitably and ensure that you survive against pressures such as growing competition, thin margins and punishing occupancy costs.

Let's face it, electrical retail is one of the most complex of all retail businesses, so obtaining a comprehensive picture of operations is essential.

How else can you keep track of the complexity inherent in managing multiple suppliers; stock statuses; claimbacks; rentals; hire purchase; serial number tracking; extended warranties; purchasing discounts; service & repairs; database marketing; finance; EPOS and ticketing?

Operating on low margins means you have to be super-efficient in managing business processes and eliminating wasteful practices such as excessive inventory or stock shortfall.

You also need to understand how your business is performing by having accurate and timely information whenever you want it.

You can only achieve that by having effective Information Technology that operates from a single database.

Not all retail IT systems are fully integrated, so it is unnecessarily time-consuming and expensive to obtain information about any strategic or operational element of your business.

Without integration, you will also find yourself re-keying the same data into different parts of your system – with all the associated risks of introducing errors and generating inaccurate output.

So what does integrated IT actually mean?

Well, if the PoS system is integrated with (or can communicate with the stock management elements of your IT system), you can track all items through sales, returns, discounts, repair and write-off.

And, if the purchasing elements of the system are integrated with stock management then you can handle discounts, stock transfer and orders on the basis of totally accurate information.

You will also find it straightforward to comply with the requirements of suppliers such as CI(H), Hotpoint and Sony to supply them with information on sales.

Let's take a look at just five efficient and cost-saving aspects of a retail business that has invested in integrated IT:

1. **Product costs** – no need to manually change lots of prices and incentives schemes from manufacturers as batch updating facilities will do that automatically, saving time and effort and eliminating error

2. **Purchasing thresholds** – automatic batch ordering facilities will ensure you never pay over the odds for extra deliveries; plus you can ensure accessories racks are always full without holding excess stock

3. **Commission schemes** – these will be fully automated; plus you can ensure your staff never discount beyond set levels and use cash SPIVS to turn over end-of-life models

4. **Management reports** – these can be tailored and produced on demand for every aspect of the business - including stock; cash; overheads; claimbacks; repairs; effectiveness of sales promotions and advertising expenditure; which products are selling in which outlet and to which customers; which products are generating most returns; which are your best and worst sellers. The list is, literally, endless

5. **Accounts integration** – data from your POS system will feed automatically into your Accounts solution to update nominal and sales ledger without any re-keying.

The need for integrated IT becomes even more acute if you are a multichannel operation.

Under those circumstances, you are likely to have an extended range of stock items to deal with - and the last thing you need to contend with is separate stock pools for each channel.

That means you need all your operations joined up and communicating with one another so that you know at any time where all your stock is and how it is being allocated.

You can also easily manage tiered pricing for the same stock item down different channels and for different customers (e.g. retail; Amazon; affinities; staff).

You can also manage your entire web operation with very little management overhead or specialist web knowledge as it is all controlled from your core IT system.

By buying integrated IT, investing in the necessary training and really taking the time to explore all its core features, you will give your business the best possible chance of surviving and thriving by ensuring it is informed, flexible and responsive.

No retailer can afford to turn down the chance of streamlining and automating business processes, reducing overheads and stock losses, increasing productivity, tightening control of purchasing and prices and improving profit margins.

Quality IT may seem expensive at a time when you are trying to control costs, but it really can deliver high ROI if you treat it as the heart of your business.

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