



PROFITsystems E-COMMUNICATOR

Calendar

January

- 1st - PROFITsystems Closed for New Year's Day
- 8th - 10th PROFITgroups Countrywide, Toronto, ON
- 14th - 18th - Daily Process Training Class
- 28th - 1st - Las Vegas Market, Location: B-1630 booth 1 and 4
- 28th - 1st - PROFITgroups, Las Vegas, NV

February

- 4th - 8th - Daily Process Training Class

March

- 3rd - 7th - Daily Process Training Class



Sales Training and Advertising

February 11-12, 2008



Showcase for Success

Chris Millet, Senior Consultant

In the past year, I have been fortunate enough to work with many clients new to the world of PROFIT *professional*. I have seen some extraordinary successes from clients who take time to invest in prudent levels of training and education. As with any new venture, the proper amount of planning, guidance, and instruction can make all the difference in long-term success. In today's business climate, it is essential to assimilate new business systems as quickly as possible, and avoid the costly process of trial and error.

A PROFIT *consulting* client who exemplifies the kind of success from proper implementation is [Sherman's of Central Illinois](#). Sherman's is a family owned and operated furniture, electronics, and appliance business in the central Illinois marketplace. A multi-store operation which achieves an annual sales volume of \$15-20 million, Sherman's has been a PROFIT *consulting* client since early 2006.

Moving from completely manual systems to a more advanced retail software system was an undertaking that Sherman's knew needed appropriate planning and coordination. With a desired "live" date of May 1, 2006, an initial three weeks of consulting time was scheduled. The first meeting was primarily used to develop the organization to ensure there would be a staff member in place for both the initial implementation and for the future needs of the organization. The change in systems would create a greater opportunity for improvement and a higher level of responsibility. Within this initial session, an organizational chart was developed detailing the key positions necessary for a high performance

Take control of your selling strategy and implement proven selling and sales management systems. Learn how to utilize the Customer Care Center (CCC) tools to help you increase sales. Understand what is happening on the floor and take effective actions to maximize the performance of every member of your team.

Now that you have gained control of your sales floor, effective advertising is a must. With the current economic climate, discovering tricks that have helped others efficiently use their advertising dollars to get the customers into your store, will help to improve your business.

The cost for this Sales Training and Advertising advanced class is \$395 per attendee. For information or to register, please contact Dawn at 800.888.5564 or dawnu@profitsystems.com.

Daily Process Training Class

For more information about our classroom training and to make your reservation, please call 800.888.5565 or dawnu@profitsystems.com.

2007 Annual Surveys

PROFIT *systems'* vision is to be the unquestioned number one solutions provider serving the home goods industry. To help us improve our products and

operation. In addition, detailed roles and job descriptions were developed in conjunction with Sherman's current business model and goals for the future.

Once the key roles and responsibilities were understood for a successful implementation, a specific game plan was developed for each step of Sherman's move to using PROFIT *professional*. The following two meetings were used to instruct key staff members and implement procedures for timely and efficient use of the new systems. The first of these meetings focused on key daily operations and data entry. The second was a follow-up to ensure systems and procedures were functioning as intended. As Sherman's went live with PROFIT *professional*, they were able to hit the ground running and haven't looked back since.

Bar coding systems were implemented during a visit in August 2006, giving Sherman's superior control of inventory levels and greatly reducing the cost of shrinkage. From the beginning, it was the intention of Sherman's to implement bar coding. Sherman's understood that one of the keys to successful inventory controls was to have an efficient, manageable system which could keep up with the demands of a high volume and diverse inventory investment. Within the scope of bar coding implementation, a prudent level of planning is required to coordinate the project. The proper merging of software, hardware, and procedures is essential to making this transition.

Now that Sherman's had been using PROFIT *professional* for a few months and had some solid inventory control systems in place with bar coding, it was time to explore one of the main reasons why Sherman's purchased the system in the first place. It was time to implement the SMART *inventory* program. SMART *inventory* is PROFIT *consulting's* premier inventory management system which works in conjunction with key reporting from PROFIT *professional*. Working with key members of Sherman's staff, including General Manager/Owner Paul Sherman, a customized, profitability-based inventory management system was implemented for the three major categories of the business: furniture, electronics, and appliances. In October of 2006, Sherman's was well on its way to a complete and successful implementation.

As we do with many clients, PROFIT *consulting* has continued to work with Sherman's over the past year and is very pleased to see the reported gains. In the first full fiscal year using PROFIT *professional* and working with PROFIT *consulting*, Sherman's has doubled its profits and increased overall gross margin by 5%. With the difficult financial market facing the home furnishings industry, these gains are remarkable.

In October of 2007, Sherman's joined and attended their first PROFIT *groups* meeting. PROFIT *groups* are industry related performance groups which allows our members to share best practices and develop and strategize business improvements.

services, we ask for your feedback on what we do well and where we need to improve. If you haven't completed the 2007 Annual Survey yet, you can find it online [here](#). We will conduct two prize drawings from the completed surveys - one for a \$200 maintenance credit and one for a gift basket for you and your staff. Please submit your completed survey by January 7th, 2008 in order to qualify for the drawings.

We appreciate your business and look forward to a great 2008! Please contact the Customer Satisfaction department for any questions, concerns, or comments at 800.888.5564 or dawnu@profitsystems.com.



We are looking forward to seeing our PROFIT *groups* members at the next meeting. If you would like more information, please [visit our web site](#). If you are considering becoming a PROFIT *groups* member or would like references, contact us at 800.325.2018 or phyllisz@profitsystems.com.



**Coaches Corner by
PROFIT consulting**

Here are some of the

Sherman's commitment to PROFIT *systems* performance groups continues to show the desire for constant business development.



To sum up, perhaps Paul Sherman puts it best by saying, "Sherman's had a solid reputation and a great team, but we were running the business the same way we had for decades. Beginning with your first pre-implementation visit to create our new management structure, it was invaluable to go through each area of the business to create clear metrics to judge performance. The real financial rewards began after all elements were in place, following your visit to implement the SMART *inventory* program last October. Paying commission on gross margin had really kicked in, steadily increasing margins."

"Systematically marking down dogs each month and replacing the sold ones with better merchandise increased both sales and margins. There are too many benefits to fully implementing your systems to comment on briefly, but one thing you told me sums it up: small, steady improvements in each metric of the business add up to HUGE results. The last year has been, by far, our most profitable ever. Thanks for your part in helping us achieve this, and I look forward to your next visit!"

If you have the desire for your business to be a "Showcase for Success", please contact PROFIT *consulting* at info@profitsystems.com for more information!

NHFA High Profit Store Comparison and Analysis is Available!

David McMahon, Business Coach

Year end is the perfect time to compare your performance against your peers. We perform this NHFA high profit comparison so you can clearly see what parts of your business are performing well and which parts need improvement. The following items are analyzed:

products and services that we currently deliver:

- [Business Analysis & Recommendations](#)
- [Financial Forecasting](#)
- [Inventory Management Systems](#)
- [Financial Management](#)
- [Customer Service Systems](#)
- [Operation Consulting and Procedures](#)
- Distribution Systems Implementation
- [Delivery Routing Systems](#)
- [Sales Management](#)

Contact PROFIT consulting at info@profitsystems.com.

- P&L
- Balance Sheet
- Cash Flow Metrics
- GM, Turns, and GMROI
- Sales per Square Foot
- Sales per Employee
- Break-Even
- Inventory to Sales
- SKU Blend
- Inventory Markdown Aging
- Categories
- Vendors

Below are two screen shots of the 22 page report:

The Profit Maximization Analysis (PMA) takes about three hours to complete. One of our PROFIT consulting "Business Coaches" will then discuss the results and make observations and recommendations that will set the stage for increased cash flow and profitability!

Join our "Best Practice Stores" in getting a great start to 2008. Contact Wayne at wayne@profitsystems.com or 719.332.9824.

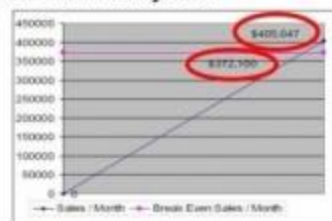
❖ P&L Analysis – Net Income:

Other Expenses	Your Company	% of	High Profit	% of Sales	Difference
Other Income	\$83,373	1.72%	\$92,351	1.90%	-.18 %
Interest Expense	\$0	0.00%	-\$14,582	-0.30%	.3 %
Other Non-Operating Expense	-\$15,809	-0.33%	-\$19,442	0.40%	-.72 %
Profit Before Taxes	\$100,051	2.24%	\$374,263	7.70%	-5.46 %
Minimum Opportunity	\$265,212		Opportunity at Double - Digit - 10%		\$375,915

Do you know your net income every month? Your PMA projects your net income and highlights your opportunity. This company has a 2.24% bottom-line. Our High Profit stores produce an average of 7.7%. That's an annual opportunity of \$265K. Our best store do in excess of 10%! If you are not doing 10% per year before taxes, you have a great opportunity.

Profit Maximization Analysis

❖ Break-Even Analysis :



What are your monthly Break-even sales? This is the point at which your fixed expenses are covered and you incur only variable expenses – the rest is PROFIT! This company's total monthly sales average \$405K. They need to reach \$372K per month before it makes a penny. By better inventory management and shifting expenses from fixed to variable you can decrease you break-even sales!

Data Integrity Routine

Susan Kaelin, Senior Software Support Specialist

Data Integrity Check has been officially renamed to Data Integrity Routine (DIR). This application (File/Utilities/Miscellaneous/Perform Data Integrity Routine) performs a series of checks and balances to ensure that various data files in your PROFIT *professional* database are in sync. We recommend running this utility monthly to maintain data integrity.

You will need to make sure that ALL users have logged out of PROFIT *professional* and stay out of the application until the DIR is complete. The only user logged into the system should be the user running the Data Integrity Routine. Below are all of the options available and explanations of their purpose:

Unattach Locations - This checkbox changes the status of all reserved locations (excluding *items) to available. This is used during initial bar code setup.

Consolidate Locations - This checkbox combines items in like locations that are not serialized or that do not have location comments. Non-unique bar code items will consolidate, unique bar code items will not due to the unique bar code ID's. For instance, if you had nine single line items for an item in merchandise availability and they were all in the same location, selecting this option would combine them into one line item with a quantity of nine. This is a recommended step for non-bar coded users before beginning a physical inventory as it will help with the entering of counts.

Post Conversion Utility - This checkbox is used for conversions and customers who were on a version prior to 11.28.2007. This checkbox does two checks:

- It verifies that the data files do not contain any non-standard or invalid characters that are not verified by SQL.
- It also identifies invalid dates and changes them to a valid date format.

Salesperson Effectiveness Utility - This checkbox verifies that the Customer Care Center (CCC) bridge table does not have any duplicate records.

Refer to the help document by pressing F1 from the Data Integrity Routine screen for a complete list of what is checked during this process.

In most cases, if there are errors the first time you run DIR, the system will attempt to correct them. If you receive errors the first time, we recommend running the DIR until you get a report with zero errors found. If you have any questions contact PROFIT *systems* Software Support at support@profitsystems.com or 800.888.5564.

PROFIT*systems* Announces Agenda for Colossal Meeting at Vegas Market

"Business in Changing Times -- Maintaining the Edge and Profitability"

We will host our Colossal Group Meeting during the Las Vegas Furniture Market in late January. The theme this year, "Business in Changing Times -- Maintaining the Edge and Profitability" promises two days of speakers and panels to give attendees insight and guidance into today's dynamic marketplace. This year's conference agenda is designed to energize home goods retailers, including the independently owned stores, as several of the speakers and panels deal with issues particularly relevant to them.

The Colossal Meeting takes place Thursday, January 31st and Friday, February 1st at the Excalibur Hotel. Topics will include:

- Re-imagining your Business to Improve Retail Sales
- Harnessing the Power of the Internet
- The Bright Future of Independent Business
- What's New - What's Next
- and more!

...along with an exploration of case studies, industry insights, and best practices that have made previous Colossal Meetings so successful. Speakers include industry veteran Sev Ritchie, Hearst Integrated Media's Kelly Peterson, and Gary Kitchen, CEO of Chordus, among others.

Both days begin with a continental breakfast at 7:00 a.m. and five different speakers and panels, as well as a networking lunch, before adjourning at 4:15 p.m.. Thursday's program concludes with dinner and entertainment at Excalibur's world-famous Tournament of Kings.

"The Colossal Meeting's have been chock full of practical information that I can take back and immediately apply to my business," said Chris Ehgoetz, president of Arizona-based Michael Alan Furniture. "It's a great chance to network."

"We can find some new lines to carry in Vegas, but it's also important to use the time there to learn something new as well," said Doug Correia, owner of Jacksonville, Fla.-based Woodchuck's. "The Colossal Meeting's are packed with great discussions that really get me thinking about ways to improve the way I do business."

PROFIT*groups* is accepting new members and is currently forming new groups. If you are interested in more information on PROFIT*groups*, contact Phyllis Zaepfel at 800.325.2018 or phyllisz@profitsystems.com.

The PROFITsystems E-Communicator is your best source for news and information on PROFITsystems, technology, and the retail furniture industry. If you need to know about our conferences, software, or just what is new around the halls of PROFITsystems, this is the place to find it. In conjunction with our website www.profitsystems.com, we are working to provide you the most information in the most timely manner possible. If you have not registered for access to our online PROFITresource Center, please sign up at our home page today!

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