



# PROFITsystems E-COMMUNICATOR

## Calendar

**March 6th - 10th**  
Class Week

**March 6th - 10th**  
PROFITgroups - Thomasville Group  
Palm Springs, CA

**March 13th-14th**  
MEGA Conference in Calgary

**March 28th - 30th**  
PROFITgroups - Kaizen Group  
Memphis, TN

**April 3rd - 7th**  
Class Week

**May 8th - 12th**  
Class Week

**May 29th**  
Closed for Memorial Day

**June 13th - 16th**  
PROFITuniversity in Las Vegas

## Classroom Training

For more information about our classroom training and to make your reservation, please call 800.888.5564 or email [karim@profitsystems.net](mailto:karim@profitsystems.net).

## PROFITgroups

We are looking forward to seeing our PROFITgroups members at the next meeting. If you are considering becoming a PROFITgroups member and would like more information or references, please call 800.325.2018.

MEGA Conference  
Leland Rychel, Senior Operational Consultant, is speaking at the MEGA Conference in Calgary on March 13th and 14th. He will cover:

- How to implement Customer Service into PROFITprofessional
- Understanding the General Ledger

For more information, contact Michael Vancura at MEGA: 800.361.5928 x230 or [mikevancura@hotmail.com](mailto:mikevancura@hotmail.com).

## PROFITuniversity 2006

Renee Thornton, Communications Manager

Don't miss the opportunity to attend PROFITuniversity 2006 at our special early bird prices. This year, you will experience many stories of success and motivation, new additions to our PROFITprofessional software, and

## Do you REALLY know which products are your winners?

Dave McMahon, Senior Consultant

Knowing your winners can be the difference between being a high profit store with great cash flow and going out of business. Years of research has proven that 80% of your gross margin dollars come from your winners. Therefore, it is vital that you know exactly what they are, so that you can take care of them properly.

So, ask yourself, "Do I know which products are my winners?" Store owners and managers almost always answer me with a resounding "Yes, of course". However, in my experience visiting hundred's of retail operations, I believe that this is true less than 10% of the time. It's not that these people are lying - it's that they are under the incorrect assumption that they really know or someone else knows. My reasoning is this:

**First, it is impossible for a human being to remember everything.** Sure, most people can remember the very best of their best items. These items are your RED-HOT number 1's and sell frequently. However, number 1's only make up a small percent of your winners - 20% in fact. The rest of your winners come from your 2's and 3's. And, this is where many companies lose sales and profit. Bottom line, a human cannot perpetually remember the correct status of thousands of items that each have different life cycles.

**Second, most managers don't analyze properly.** Many never analyze at all and it shows in their results. PROFITprofessional is a hugely powerful inventory management system that, when utilized properly, has significant impacts on profitability. Best sellers are identified by running Sales Analysis in detail for a particular time period. Run a category or vendor report on written sales and rank it by volume with a value of greater than \$100. On the report, look for your 1's, 2's, and 3's. Knowing how to do this is a start. However, you must understand a few other important factors to be sure you are looking at good data. Make sure you have recently run Calculate Ranking based on written sales, as this actually applies the ranking number to the item within its respective category. Make sure you don't have unnecessary items in the system; these will cause a diluting of the information and lesser items may show as winners. You should purge unused items at scheduled times. In fact, I am a proponent of maintaining an item file that contains only your current line-up of merchandise and special order items. Also, consider redefining your special order items to one or more special order categories so that those items rank separately. These steps will give you the best data to identify your winners!

**Third, most managers don't analyze periodically.** Running Sales Analysis without routine is akin to checking your stock portfolio infrequently. You will get burned and lose money, as you are unaware of changes in status, since items all have different life cycles. You need to keep on top of inventory attrition and know when a best seller becomes a dog or when an item becomes a best seller. You or your merchandise manager must evaluate your winning line-up properly at least once per month. I have seen companies that are so bad at this that they spend more time ordering toilet paper. Don't be one of them! Truly know your winners and then take the appropriate actions to get the most sales and profit from them.

For more information, contact me at [info@profitconsulting.net](mailto:info@profitconsulting.net).

## Exciting News for PROFITfreight Members!

Layla Perry, Director of PROFITfreight

As I am sure you have heard by now, our general commodity program has really taken off. As a matter of fact, it is going so well that the two of our top carriers just recently offered to extend "automatic discounts" to anyone who is a current member of PROFITfreight. This means that any product that ships to you on FedEx Freight or Overnight Transport will automatically qualify for the most current PROFITfreight discount. The discounts offered will be applicable on *all shipments billed to you* (inbound freight collect or outbound prepaid). This means that once your company is setup for automatic discounts, you will start saving money immediately.

Throughout this process we have heard quite a few customers say, "We don't really have anything that comes in general commodity". However, we have found from our weekly reports from these carriers that there are a *lot* more of our customers receiving product from general commodity carriers than any of us originally thought. For example, when you indicate "bestway" there is a good chance that you will receive your product via one of our carriers or possibly, by another more expensive general commodity carrier. Our freight specialists can help you identify these types of shipments and maximize the savings potential for your company, in-turn increasing your bottom line. As noted by industry expert, Dan Bolger, in a recent Furniture Today article, "Saving \$100 is the same as making an additional \$3,000 in merchandise sales" for the average furniture store. So, the way we see it... **why not save money whenever you can?**



how you can implement all of this into your company with ease.

PROFITsystems' 20th client conference, PROFITuniversity, will be held June 13-16, 2006 at the Rio All-Suite Casino Resort in Las Vegas, Nevada.

Call 800.888.5565 or email [conference@profitsystems.net](mailto:conference@profitsystems.net) for information on early bird sign up prices.

To sign up for our free freight program call a PROFITfreight representative at 866.754.4650.

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## PROFITsystems client, Mike Albert, NHFA Retailer of the Year

Mike Albert, owner of Pilgrim Furniture called to thank us for all the help we have given him over the years. He has won the [National Home Furnishings Association Retailer of the Year](#) award and said, "We couldn't have done it without you".

Many congratulations to Pilgrim Furniture!

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## Tech Tip

*Carrie Anderson, Systems Support*

If you have computers with Windows XP Professional, please install:

- Service Pack 1 for .NET Framework 1.1  
(A portion of PROFITprofessional is the .NET framework)
- Windows XP Service Pack 2  
(This includes important security updates)

To check for important [Windows updates](#), click [here](#). The website will search for system updates available for your computer.

**Update from previous tech tip:** Please **do not** install Microsoft .NET Framework 2.0. This can produce Crystal Printing errors that will prevent you from printing. You can check to see if this is installed on your computer by opening the Control Panel, then Add/Remove Programs. If you find Microsoft .NET Framework 2.0 is installed on your computer, please remove it.

If you are using PROFITprofessional 11.x and make any of the above changes, we recommend that you run the PSI NGEN tool. To launch the PSI NGEN tool:

1. Go to Start
2. Programs
3. PROFITsystems
4. PSI\_NGEN Tool
5. Click Launch PSI NGENs

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 PSI, this is the place to find it. In conjunction with our website [www.profitsystems.net](http://www.profitsystems.net), 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!

Michelle Michaels, Editor

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