



PROFITsystems E-COMMUNICATOR

Calendar

March 5-9
Class Week

March 12-14
PROFITgroups – Kaizen group meeting in Miami, FL

March 26 - April 1
[High Point Market](#)
Building: IHFC
Booth: 42

April 16-20
Class Week

April 24-26
PROFITgroups – Appliance group meeting in Victoria, BC

May 1-3
PROFITgroups – Thomasville group meeting in Scottsdale, AZ

May 7-11
Class Week

May 9-11
PROFITgroups – Movin On Up group meeting in Destin, FL

May 21-23
PROFITgroups – +10 group meeting in Albuquerque, NM

Classroom Training

For more information about our classroom training and to make your reservation, please call 800.888.5564 or email 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

Purchase Order History Report

Michelle Michaels, Software Support Specialist

In response to your requests, we added a Purchase Order History report (Print/Reports/Orders/History) to PROFITprofessional 11.2. This new report allows you to easily view open purchase orders and even received purchase orders.

Here are just a few of the possibilities of this new report:

- To help you to reconcile merchandise received for a single purchase order or for a specific date.
- To recreate what was on a specific order number for your vendor's reference.
- To help you recreate a similar purchase order.

This report is very flexible. The options you have are date(s), order number, status (open, received, or both), vendors, and categories. You also have four *sort-by* options.

The Purchase Order History report has an option to print in summary, which will give you a list of order numbers, their date, the quantity, cost, acknowledgment information for open orders, and due date. Printing the report in detail will show the same information as the summary and also includes each item (item ID, description 1 and 2), it's category, quantity, cost, status (received or open), acknowledgment information for open orders, due date, and date received (if applicable).

Also, this is a new report and we improved how the options work! Vendors and categories can be specifically selected now. You don't have to use a range. For example, you can print for just Ashley, Klaussner, and Thomasville, and just categories FLO and OLR, excluding the vendors and categories in between.

Another new option is the ability to save settings. If you find yourself often running this report for the same date range and the same vendors, you can click the Save Settings button. Then, every time you go to print this report, your options will already be chosen.

In PROFITprofessional 11.3, due out at the end of this year, we are further enhancing this with a View/Order History screen.

If you have any questions about the Purchase Order History report, please contact Software Support at 800.888.5564 or support@profitsystems.net.

Microsoft Vista and PROFITprofessional

Alan Lind, Systems Engineer / R&D



Microsoft's operating system, **Vista**, has been five years in the making and is now the standard operating system for new computers. Because it is brand new, it will be changing continuously, creating a learning and adjustment period for you, the user, your technicians, and us, as we test it with our software. We fully intend to support this new operating system, but we have not thoroughly tested it with our software.

Since you, as the consumer, will not have much choice when buying new computers, we would like you to take the following into consideration when thinking about upgrading to the new Microsoft Vista operating system:

- PROFITprofessional will **ONLY** be supported on the Business, Ultimate, and Enterprise versions of Vista.
- Pervasive SQL 9.5 is the **ONLY** version that is supported with Vista.
- Older versions of PROFITsystems software may **NOT** work with Vista. For example, PROFITsystems 10.3 has printing issues and PROFITsystems version 8.1 will **NOT** work because Pervasive SQL 9.5 does **NOT** support DOS operations on Vista.
- Some of your supporting hardware, such as printers, and some wireless devices, may **NOT** work with Vista.

and would like more information or references, please call 800.325.2018 or email phyllisz@profitsystems.net.

Please consult the manufacturer for compatibility.

- User control permissions provide a challenge when installing new software. Consult with your technician to create the permissions and users necessary to do the installation.

We here at PROFITsystems appreciate everyone's patience as we work together to overcome the new challenges that Microsoft has created. If anyone has questions, please contact Systems Support at 800.888.5564 or support@profitsystems.net.

Are You Thriving or Just Surviving?

Phyllis Zaepfel, Director of PROFITgroups

Would you agree that our industry is changing? I think most would. I had the pleasure of sitting in on a seminar Connie Post presented on the subject of innovation. The presentation included reference to an article, "Get Creative" published in Business Week Magazine. The article noted, "The knowledge economy, as we know it is being eclipsed by something new called: The Creativity Economy". The basic information presented in the article was that: what was once central to corporations (price, quality, and much of the left brain, digitized analytical work associated with knowledge) is fast being shipped off to lower paid, highly trained Chinese and Indians, as well as Hungarians, Czechoslovakians, and Russians. Increasingly, the new core competence is the right brain stuff (creativity) that smart companies are now harnessing to generate top line growth. The game is changing. It isn't just about math and science anymore. It's about creativity, imagination, and above all, innovation.

When former Staples CEO and VC expert Tom Stemberg was asked in a recent interview, "What makes the strong retailers stand out today?", he responded: "They're perpetually focused on the customer".

We know customers are a business's life's blood. You need them in your stores and you need them to buy the goods and services you sell. So how do you get them and better yet keep them from patronizing the competition? I believe the answer comes by being innovative. Remember the old saying: "That and 50 cents will buy you a cup of coffee"? Well, not if you buy your coffee at a Starbucks. Would any of our parents believe that we would one day spend \$3.50 or more for a cup of coffee? How about bottled water, multiple times a day, at \$1.70 plus a bottle? Why are we willing to forego a regular cup of coffee and a glass of ice water and pay the price for premiums? It makes us feel better, that's why.

So what is it we can do in our stores to make our customers feel better?

Senior sales consultant, Toni Lester, tells us it is not about furniture, it is about rooms. She preaches levels of service (aka, experience), not just peddling furniture. Service is something I have been touting for decades. I, however, recently have replaced the word **service** with the word **experience** and it is easily interchangeable. A **customer experience** department makes more sense to me, because that is what we provide, an experience. One can be much more creative with the experience offered than with tangible products.

There are many inventive retailers out there that get the whole **innovation** concept. I am fortunate to get to meet with them regularly through our PROFITgroups program. I hear so many amazing, creative ideas that are discussed in the course of our performance group meetings and roundtable sessions. Same day delivery or 7-day a week delivery, restaurants in stores, theater seating in front of big screen TV's playing children's movies (where the kids can stay while Mom's shop), cappuccino and espresso bars, room planning tools in every department, chair massages while waiting for finance approval or a will call, okay, I made the last one up, but why not?

I'm presenting this to you this because we should all be challenged to thrive. What will you do to create an experience for your customers that they will remember? What innovative ideas can you come up with? Look to your own organization. When was the last time you had a brain storming session? You are surrounded by people with great ideas. Ask for those innovative ideas. Use the premise that no idea is too crazy or too extreme. Take the list, approach all of the ideas with an open mind and then create that unforgettable experience.

If you need more ideas, or you want to try time tested innovative ideas that are a sure thing, consider joining a performance group today. Call PROFITgroups at 800.325.2018 or email phyllisz@profitsystems.net.

Examining the Customer Experience

Toni Lester, Senior Consultant

I recently had the honor of presenting a seminar at the Las Vegas Market, sponsored by the WHFA and the NHFA, entitled "Examining the Customer Experience". After spending many weeks researching our industry and compiling this presentation, I became pretty nervous about this particular subject. Would business owners and managers respond well to the downsides of our industry and be willing to embrace fresh ideas for improving the customer experience? Thankfully, the response was overwhelmingly positive, which leads me to believe that forward thinking and savvy independent retailers are not only recognizing the need to improve the customer experience, they are, in fact, seeking solutions!

Embracing change and implementing positive solutions requires a thorough understanding of the negative aspects customers encounter or perceive when shopping for and purchasing home furnishings. The primary customer disconnect our industry faces is simply that most retailers today build their showrooms, systems, training, selling strategies, services, and marketing around their *product*, not the *customer*. This begs the question, "Is shopping for home furnishings easy and fun?" Sadly, the customer answer is often, **No**. Let's take a look at common customer complaints and frustrations about our industry:

Unfriendly

We've known for years that purchasing home furnishings is much more an emotional decision than a logical decision. There is more information available to customers today about decorating, design, planning, furnishing selections, and places to purchase, yet customers do not feel confident or assisted as they shop, and ultimately, buy. Instead, they feel pressured, and sold, rather than *helped*. Even our showrooms and our unique selling proposition's confuse our customers. Adding to customer frustration, there is little point of purchase information that they can easily access and take home to evaluate solutions in their own environment.

High Pressure

Customers walk into our showrooms with an expectation of professional help, understanding, and guidance in accomplishing their dream home. They want recognition of this celebrated **life** event. The stark reality is that when a customer enters our stores, they feel unwelcome, or even worse **sized up**, even **stalked**. When customers do want help, they often can't find it, leading to the perception that customers are not appreciated and browsers are not welcome in our stores. When customers do buy, they often express that they were *sold*, not helped.

Generational Gaps

Many home furnishings companies have lagged behind technological advances. Baby Boomers, Generations X, Generation Y, and the Millennium Generation all rely on the internet and web based information to decide where and what to buy. Check out epinions.com to see how many consumers research and buy today. The younger generations spanning birthdays beyond Baby Boomers have money and taste. They want and deserve clout. These younger consumers also are very demanding, in that they want anytime, real time access to information on what they may purchase, and if they did purchase, they expect instant access at their timeframe of order status and delivery information.

A Retailer Experiment

Take a moment to reflect on your own business, not as an owner, or as a manager, designer, or employee, but as a *customer*. If you had *no* experience in the home furnishings industry and you had a project in your home to do:

- Where would you start?
- What would your expectations be?
- What would you care about?
- What would your concerns be?
- What help would you need to make a confident buying decision?
- What would you expect after you made a purchase?
- Does your store address all these issues with simple customer focused solutions?

Good News for Thought

Interestingly, many customers are getting tired of **big box** stores that provide similar products and lower levels of service. This is great news for the independent retailer, as smaller companies can react much quicker to changes in the market place.

An Open Dialog

Please send feedback, responses and suggestions for improving the customer experience to tonil@profitsystems.net. I will compile an informal retailer survey and forward all responses back to those that participate. **Also, stay tuned for part two of this article, "Solutions for Improving the Customer Experience"**.

Improve Your Focus When Buying New Merchandise

David McMahon, Senior Consultant

It is extremely important to give your customers the latest and greatest selection of product. It keeps your showroom fresh and fashionable. The best sellers that are amongst this merchandise will produce the biggest share of your gross margin dollars. So when you go to market to purchase a new lineup, it is important to focus on areas that your

customers desire. Doing this will save you time and deliver your customers more of what they want.

One week prior to going to market you should hold inventory management meetings to determine where you should focus your efforts. Analyze each category's sales, gross margin, GMROI, and current inventory level. Pay close attention to the GMROI of your best selling categories. From this, determine if you are at an appropriate inventory level to be buying new merchandise. If your GMROI for the category is above your target for that category only then you can invest in new merchandise.

After you determine which categories you wish to purchase for, rank your vendors within those categories. Again focus on GMROI. This is how many dollars in gross margin the vendor has produced for you per dollar of inventory invested in its category. You may notice that two vendors can produce comparable sales numbers however one vendor may produce a much greater return on investment. This is because you need to carry more inventory of one vendor to produce a similar ROI. Thus, the vendor with the lesser amount of inventory that produces the same gross margin frees up extra cash!

The Rule: Rank your vendors under the category and buy new only if the vendor is pulling the categories average up.

Email me at davidm@profitsystems.net to discuss improving your focus when buying new merchandise.

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, 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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