



PROFITsystems E-COMMUNICATOR

Calendar

May 8th - 12th
Class Week

May 29th
Closed for Memorial Day

June 5th - 9th
Class Week

June 13th - 16th
PROFITuniversity in Las Vegas

July 4th
Closed for Independence Day

July 10th-14th
Class Week

July 24th-28th
Las Vegas Market

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 and would like more information or references, please call 800.325.2018.

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

PROFITsystems 20th client conference 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 for information on early bird prices.

Dogs and Dandelions

David McMahon, Senior Consultant



Dogs are like dandelions. If you ignore them, they multiply - fast!

Imagine your beautiful lawn. When one dandelion springs up, no big deal; it still looks pretty. You hardly even notice. A short time later, a few more pop up. You do nothing, no worries. A while after that, BIG PROBLEM. Your gorgeous green grass is gone. It has become a field of weeds. When ignored, dandelions multiply - fast. Is this your showroom?

The same is true of Dog furniture. One or two items that don't sell cause no alarm. However, if you have no effective action plan for identifying and destroying these cash killers, your showroom will resemble this field

of weeds.

In many operations a sequence of events occurs: A buyer orders new merchandise at one of the markets. He forgets about it. The merchandise arrives and most of it is eventually displayed and merchandised. 20% sell well and maybe they are reordered. 80% produce \$0 or negative gross margin dollars and the buyer does nothing. It's the salesperson's fault. Right? At the next market the buyer reorders again and the sequence continues until --- TENT SALE, AAHHH.

This scenario was true of 90% of the operations that I visited the first time over the past ten years. Curious, that most furniture operations are average or below average profitability, as well...

The cost is HUGE! You lose sales and cash flow because of bad merchandising practices, stock outs of best sellers, low gross margins, and the general carrying costs of inventory. Companies often compensate by cutting operating costs when the real cause is poor inventory management.

How to avoid dandelions:

- Train your key people in the model of dynamic inventory (dandelion) management.
- Setup aging systems to spot dogs (dandelions) early.
- Take action immediately by using automated markdowns, price tags, and spiff systems.
- Be consistent. Yes, it takes some work. But the results are worth it and it is essential to compete with the best stores.
- Buy new items only after you sell your dogs and you are at a high profit inventory to sales ratio.

Before you start running to your software system and pressing buttons, it is important to note that your situation is unique. You should implement systems for your specific circumstances, in order to maximize the effectiveness and minimize loss of gross margin dollars.

Be a dandelion killer - don't let them overtake you.

If you would like the assistance of someone who successfully makes companies money faster by doing it right, please contact us at info@profitconsulting.net.

PROFITfreight

Layla Perry, Director of PROFITfreight

"PROFITfreight has given me an added advantage on shipping costs to my store. The people are great to work with and I've already saved thousands of dollars in just a few months. It gives me the opportunity to get a solid freight quote on merchandise shipping to my store and many times it is a much better rate than what the factory offers or even what I've been paying all along. For me it's another great tool to ensure I receive the best value on my freight costs. Freight is becoming a bigger cost of goods and I've found you have to buy freight like you buy your goods. Why pay high freight rates without shopping and comparing?"

**Marc McDonald
Leisure Living
Salt Lake City, UT**

PROFITfreight serves as a freight buying group for current PROFITsystems customers. We offer a variety of services including preferred carrier discounts to participating members. You can start receiving PROFITfreight preferred carrier discounts within 30 days, just by signing up!

Tech Tip

Carrie Anderson, Systems Support

We have found nearly all conversions that go bad, do so because of bad data. To minimize and or correct data prior to a conversion run a Data Integrity Check and take care of any errors well in advance of your conversion appointment. As stated by our CIO in our last eCommunicator (April 2006), maintenance of your data by running a Data Integrity Check regularly can help minimize unexpected downtime. To run Data Integrity Check go to File > Utilities > Miscellaneous > Perform Data Integrity Check. If you have any questions or get any errors please contact Software Support at 800.888.5564 or support@profitsystems.net

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!

Michelle Michaels, Editor

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