



Volume 4 - Issue 12 - October 2006

PROFITsystems E-COMMUNICATOR

Calendar

October 9th-13th
Class Week

October 16th-22nd
High Point Market

November 6th - 10th
Class Week

November 23rd
CLOSED for Thanksgiving

December 4th - 8th
Class Week

December 25th
CLOSED for Christmas

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 or email phyllisz@profitsystems.net.

Tech Tip

Carrie Anderson, Systems Support

If you are on version PROFITprofessional 11.1 and are installing PROFITprofessional 11.2 you do not need to reinstall the SafeNet licensing software. It is already installed with your current version. If you have any questions, please contact us at 800.888.5564 or support@profitsystems.net.

Are you signed up for PROFITfreight? Why not?

Layla Berglund, Director of PROFITfreight

PROFITfreight is a free service offered to any PROFITsystems client current with their maintenance contract. We offer automatic discounts just by signing up and some members have even received money back from our carriers after joining PROFITfreight. We also offer multiple services including: consultations, quotes, freight analyses, freight maximization, automatic discounts, invoice analyses, carrier recommendations, and reviews of manufacturer programs.



PROFITfreight Fun Facts

- PROFITfreight currently has 269 members with 87 of our members actively maximizing their savings potential by working with a freight representative.
- PROFITfreight has saved our members over \$837,000 with our top two general commodity carriers, FedEx Freight and UPS Freight.
- The average savings for a member simply by signing up is \$1,730 a year.
- The average savings for **each** shipment sent on one of our carriers is \$385.
- The average savings for **each** manufacturer dedicated to ship on one of our carriers is \$4,200 per year.
- The typical savings for a member who is maximizing their savings potential with a freight representative ranges from \$4,200 - \$40,000 annually.

To date, PROFITfreight is cheaper than **every** brokerage program we have priced against. Contact one of our freight specialists at 866.754.4650 for details on how we can save you money.

Important Licensing Message

Les Kush, Director of Systems Support

Microsoft has and will continue to distribute updates that have the potential of disrupting the licensing software that was installed on older versions of our software (9.x and 10.x). Rather than taking the chance of our customers having issues, we are being proactive in providing this new licensing upgrade. In the coming weeks, we will call our clients that are using PROFITsystems versions 9.x and 10.x and provide this upgrade. It does not affect clients on PROFITprofessional 11.x. For **do it yourself** folks, the license upgrade is currently available at www.profitsystems.net in the **Downloads/Updates** area. The license server download and installation can be done without interruption of daily activities. Contact us after the software is installed on the server and we will generate a new license key that can be activated at your convenience. If you have internet access, we can connect to your server and do all of the work for you. Of course, this upgrade is included with your maintenance agreement. Contact us now at 800.888.5564 or support@profitsystems.net if you would like to discuss this upgrade.

How Can the Independent Furniture Store Survive in an Age of Big Boxes and Dedicated Stores?

- *You need* access to manufacturers who require truckload minimum orders.
- *You need* truckload pricing on small orders.
- *You need* higher inventory turns and GMROI.
- *You need* to improve your clout with manufacturers.
- *You need* the ability to pull from 150,000 sq. feet of virtual inventory using an electronic catalog, with no back-up inventory required.
- **YOU NEED ROOMCHOICES, A comprehensive, turnkey gallery program that links independent furniture retailers to multiple manufacturers.**
- *You get* scheduled weekly deliveries of multiple manufacturer products on one truck with one manifest, on the same day and time every week.
- *You get* 2-3 week delivery on **Quick Ship** items.
- *You get* **Quick Custom** orders delivered within 3-5 weeks.
- *You get* freight paid regardless of order quantity.
- *You get* seamless shipping, no third party involvement.
- *You get* no-hassle returns and claims process with no freight charges.

YOU GET TO LEVEL THE PLAYING FIELD AGAINST THE BUYING POWER OF BIG BOX DEALERS AND DEDICATED STORES

Connected and Wired

Phyllis Zaepfel, Director of PROFITgroups



I have recently discovered I am teetering on the edge of information overload. I read cover-to-cover four trade magazines each month. I have a Blackberry that continuously buzzes and rings, keeping me connected to work, family, and friends. I receive no less than five newsletters via e-mail a month that help me keep up with the latest technology and evolving knowledge of the industry. I also regularly monitor two internet blogs to keep abreast of what is being published in cyberspace in regard to trends, customer service, and other related information. Of course, I consider all of this as part of the responsibilities of my job and please don't misread what I am saying; I love the work I do. The only reason I mention this is that I am certain I'm not alone in my want and need to be connected all the time.

I imagine that with the degree of information available today, along with diminishing personal free time, your customers are feeling much of the same thing. The vast amount of information, while overwhelming, is also very much welcomed. Our society has grown accustomed to, and now expects, lavish convenience and immediate gratification. During our PROFITgroups meetings, it has become apparent that staying connected to customers through the Internet is now more important than ever in the furniture industry.

So have you tapped into the Internet's potential for customers and your business? If not, why? You can bet there are many of your competitors in sync with our age of wired information. Have you researched the possibility of communicating your store's existence and story electronically to customers and more importantly potential customers? Could any of this be valuable to your business?

If you need more information about how to stay connected with your customers, consider joining us for the next PROFITgroups performance meeting. We are continually discussing the latest issues affecting your business, customers, and ultimately your lifestyle. Please call 800.325.2018 or email phyllisz@profitsystems.net.

The Quick and the Dead – Proper Financial Management

David McMahon, Senior Consultant

The speed at which businesses react to financial changes can be the difference between a high profit company and a below average performer. The poor performers fail to achieve their full potential because they lack the financial management to realize when these changes happen. They typically view their bank balance as their measure of success and ultimate financial performance. This is akin to putting the cart before the horse as cash comes from profitability and the use of balance sheet funds. This failure to maintain a true financial picture and subsequent lack of control via proper systems often leaves companies asking, "Where did my money go?" at the end of the year. It is even commonplace that sales can be increasing from year-to-year while cash flow is declining.

In contrast, properly operating companies not only maintain a true picture of their business, but they systematically review their financial statements. On a monthly basis, this involves reconciling both their Profit and Loss and their Balance Sheet against their sub ledger reports to insure financial integrity. They then compare their actual numbers with past comparatives and targeted goals. This allows them to react quicker than their competitors to business changes.

At least on a semi-annual basis, high profit companies compare their figures with their peers. This allows them to see if they are missing opportunities and to take action fast. They think outside the box and realize that unless they understand how similar retailers are prospering they cannot see where and how to improve themselves. To do this they use a variety of sources: Profit Maximization Analysis by PROFITconsulting, PROFITgroups, and various seminars with financial disclosure. One idea, properly executed, can easily make the difference of two points on their bottom line!

The most successful retailers take financial management a step further; they prepare solid financial projections for the future. They chart a path using pro forma financial statements. This forecast becomes their blueprint for success as it details their budgeted numbers and projects their Profit and Loss, Balance Sheet, and Cash Flow statements. It specifies the actions that they need to execute to achieve their numbers. If the business misses a target in any area, they know and can adapt – fast.

To set proper projections and budgets, the owners of these businesses need a complete understanding of how the best stores in the industry are operating under a variety of metrics and how it applies to their accounting systems. The following items need to be analyzed in detail to create proper pro forma financial statements:

- Sales – Close Ratio, Average Sale, Number of Opportunities
- Gross Margin
- GMROI (Gross Margin Return on Investment)
- Operating Ratios – Payroll, Administration, Occupancy, Warehouse and Delivery, Advertising, Selling, Finance, Customer Service
- Inventory to Sales Percentage
- Fixed Assets and Depreciation
- Accounts Payable to Inventory
- Receivables and Customer Deposits

- Loans and Interest
- Cash Injections and Draws

With these metrics established, the company can see what they must do to achieve results in their environment. They know what their Profit and Loss, Balance Sheet, and Cash Flow should look like and how to achieve their objectives.

The best companies establish these projections and review them periodically. This enables them to react quickly to areas of weakness and reward areas of strength. They can focus on an area that is underperforming before it becomes a disaster. For example: one company was meeting all of its sales numbers on written and delivered, but the gross margin and GMROI were underachieving. This would have caused this company to miss its targeted cash flow and profitability. They realized this at the end of their quarter and took action. They found that the problem could be corrected by improving the speed of their delivery and implementing a proper inventory aging system. They reacted fast and succeeded in reaching their goals.

Champion retailers are fast!

Quick reacting businesses are the future of retail and will prosper. It is the only way they can beat their competition and keep their owners, employees, and customers happy. Stagnant businesses will eventually die.

PROFITconsulting provides a program called SMARTfinance to a select group of furniture retailers. Feel free to contact us at info@profitconsulting.net for assistance with your financial development.

New 11.2 Reports

Krissy Lanza, Software Support/Conversion Specialist

With the introduction of Management Reports in PROFITsystems software version 10.1, reporting options were greatly increased. Reports can be found that would give historical data, help determine taxes, and track inventory. Due to the ever evolving changes and enhancements made to PROFITprofessional, it was time to incorporate a few of the Management Reports into PROFITprofessional version 11.2:

Inventory History Report

Print/Reports/Inventory/History

This report has been enhanced. You now have the ability to filter the report by activity type. You can choose to see the items receiving history, negative receiving history, sold information, when the item was returned, or any adjustments that have been made to the item.

Purchase Order History

Print/Reports/Orders/History

This report will allow you to print open purchase orders or received purchase orders. You can also print a combination of opened and received purchase orders. The best feature of this report is the ability to recreate a purchase order for a vendor after it has been received into the system.

Written Sales Changes

Print/Reports/Sales/Changes

This report allows you to print any changes that occur on a sale or range of sales. You can track the entire activity of a sale on one report.

Sales Tax Report

Print/Reports/Sales/Tax

This report can be printed for written or delivered sales. The reports will break down each tax code that is payable and show a subtotal for each tax authority you have.

For more information on these reports or reports not listed, 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!

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